

THE EFFECT OF PUBLIC REVENUE MANAGEMENT ON SERVICE DELIVERY

CASE STUDY OF MPATTA SUB-COUNTY MUKONO DISTRICT

BY

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DECLARATION

I, **NAGUJJA JUSTINE EVAH**, declare that the work presented in this dissertation is original. It has never been presented to any other university or institution. Where other people's works have been used, references have been provided. In this regard, I declare this work as originally mine. It is hereby presented in partial fulfilment of the requirements for the award of Master Degree of Business Administration of Uganda Christian University.

NAGUJJA JUSTINE EVAH

Signature.....

Date.....

APPROVAL

This dissertation has been submitted for examination with my approval as university supervisor

MR. KABANDA MARTIN

Signature.....

Date.....

SUPERVISOR

Dedication

I dedicate this work to my dear Husband, my Late Mother Nakayima Elizabeth and my lovely children Elizabeth, Timothy, Allen, Elsie and Elyon for their patience during my absence while compiling this work.

Acknowledgement

Compiling this task was never a simple task. It involved a lot of sacrifice but more important it is a culmination of efforts by a number of people; to whom, I will eternally be grateful.

My sincere thanks to everyone who contributed towards the successful completion of this research study

Am very grateful to my supervisor, Mr. Kabanda Martin for his dedicated support and intellectual guidance during the course of this study, without your effort, completion of this dissertation would not have been possible. May the Almighty God bless you.

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Abbreviation

MOFPED: Ministry of fiancé planning and economic development

PFAR : Public finance and accountability regulation

TAI : Treasury accounting instruction

IFMS : Integrated financial management system

PPDA : Public procurement and disposal of public assets

PFAA : Public finance and accountability Act

AG : Auditor general

LG : Local government

MOLG: Ministry of local government

GDP : Growth domestic product

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CHAPTER ONE INTRODUCTION

1.1 Introduction

There is a lot of scandals in the public sector in Uganda and dwindling levels of aid. This deems important for this study to be conducted. Chapter one covers the background to the study, statement of the problem, purpose of the study, research objectives, research questions, hypothesis of the study, conceptual framework, justification, significance of the study, time scope and the definition of key terms.

1.2 Background to the study

Historical Background

Revenue management as a public finance discipline has changed significantly over the years. Before the 1970s, most cash management activities involved paying bills and collecting fees, fines, and other revenues. Excess funds sat idle in bank checking accounts or were invested in local bank certificates of deposit. Beginning in the 1970s, citizens began demanding more services from local governments while concurrently rebelling against increased taxes. The demand for more services and shrinking revenues caused finance officials to develop ways to maximize the use of their funds. At the same time, interest rates began to rise and eventually reached a peak on March 30, 1980, when the federal funds rate (the rate banks charge one another for overnight loans) rose to 20 percent. Higher interest rates made more effective cash management practices worthwhile because the extra effort that went into actively managing cash

balances was offset by increased investment income. Conversely, the new millennium saw interest rates fall to historic lows. The federal funds rate fell to 1 percent on June 30, 2003. The need to manage funds effectively was once again highlighted because many governments depend on investment income as an important revenue source, and lower interest rates significantly reduced investment earnings, causing many governments to suffer severe budgetary constraints. Anwar Sarah (2017). Generally, local government accounting has been reformed before national government accounting, and reformed gradually. The most abrupt transformation came at the national level, in theory and increasingly in practice, during the 1990s. Previously, cash-based budgetary accounting systems developed for the purpose of control by the sovereign government were the norm and were largely unquestioned. Now, every such system is being questioned, and in significant cases radically changed toward accrual based systems, Anwar Sarah (2017)

In Africa, many countries have likewise adopted reformed public finance management in local government systems at different times. Kauzya,(2007) reports that South Africa, Ghana, Nigeria and Rwanda are among the top African countries that have decentralized powers and resources to a great degree in search of inclusive, involving and participatory governance that is able to enhance quality of public services. Ankamah, (2012) reveals that in Ghana, fiscal decentralization started in the 1970s when the British government established the indirect rule which lasted until

1951. During this period the colonial administration ruled the people of Ghana indirectly through the chiefs by making the chiefs and elders in given districts as the local authorities with power to perform local government functions. Despite the enactment of a number of public finance management reforms since the 1990s, misappropriation of public funds in Uganda remains a challenge. On one hand, the reforms aim to create a sound public finance management system that supports aggregate control, prioritization, accountability and efficiency in the management of public resources and the delivery of services critical to Uganda's development goals (Ministry of Finance Planning and Economic Development, 2013). These include the enactment of the Budget Act, 2001; the 2003 Public Finance and Accountability Act 1 (PFAA), which repealed the Public Finance Act of 1964; the Public Procurement and Disposal of Public Assets (PPDA) Act, 2003; the Public Finance and Accountability Regulations, (PFAR), 2003; and the Treasury Accounting Instructions (TAI), 2004; and the implementation of the Integrated Financial Management System (IFMS) among others. On the other hand, the prevalence of misappropriation of public funds by public servants, delays in fund disbursement, low absorption capacity by some departments, and idle, dormant bank accounts continue to have a negative impact on the delivery of public services. For example, scandals in the Office of the Prime Minister, where UGX 60 billion was stolen and UGX 340 billion was lost to ghost pensioners in the Ministry of Public Services, amounted to the equivalent of the total budget of the Ministry of

Agriculture Animal Industry and Fisheries in 2013/14 and approximately 3 % of Uganda's total annual budget.

Theoretical Background

Administrative theory, classical administrative theory An early form of organization theory, pioneered mainly by Henri Fayol (1841–1925), which was concerned principally with achieving the ‘most rational’ organization for co-ordinating the various tasks specified within a complex division of labour) . Fayol was concerned mainly with business management, although he himself makes it clear that his ideas about management were intended to apply to all formal organizations, including political and religious undertakings. Expressing the French ‘administration’ as ‘management’ has also led to the alternative designation of this approach as the ‘classical school of scientific management’. Fayol, who is acknowledged to be the earliest advocate of a theoretical analysis of managerial activities, identified the key functions of management as being those of forecasting and planning. The most rational and efficient organizations were, in his view, those which implemented a plan that facilitated ‘unity, continuity, flexibility, precision, command and control’. Universal principles of administration were then distilled from these objectives. These include the key elements of the scalar chain (authority and responsibility flowing in an unbroken line from the chief executive to the shop floor); unity of command (each

person has only one supervisor with whom he or she communicates); a pyramid of prescribed control (first-line supervisors have a limited number of functions and subordinates, with second-line supervisors controlling a prescribed number of first-line supervisors, and so on up to the chief executive); unity of direction (people engaged in similar activities must pursue a common objective in line with the overall plan); specialization of tasks (allowing individuals to build up a specific expertise and so be more productive); and, finally, subordination of individual interests to the general interest of the organization. This list is not exhaustive, but illustrates the key proposition of administrative theory, which is that a functionally specific and hierarchical structure offers the most efficient means of securing organizational objectives (B. Brodie ,Fayol on Administration, 1967). This theory applies to all forms of management and this case public revenue management is an area where administrative theory covers. It was appropriate to have this theory in explaining how organizations plan and also using their authority in accomplishing tasks.

Conceptual Background

Public Revenue management is the application of disciplined analytics that predict consumer behaviour at the micro-market levels and optimize product availability and price to maximize revenue growth. The primary aim of revenue management is selling

the right product to the right customer at the right time for the right price and with the right pack.

More, public revenues management in the context of public institutions is defined as the process of planning, mobilization & collection and expenditure (controlling) of money that is generated by the Government to provide goods and services to the general public, (Ansaldò & Marcotte, 2007). Since this study, is about LGs then, the definition of revenue management in the context of public institutions is adopted which considers three main components public revenue planning, public revenue mobilization & collection and public revenue expenditure.

Service Delivery is conceptualized as the relationship between policymakers (government), service providers, and poor people. It encompasses services and their supporting systems that are typically regarded as a state responsibility. These include social services (primary education and basic health services), infrastructure (water and sanitation, roads and bridges) and services that promote personal security (justice, police) (Berry, Forder, Sultan, & Moreno-Torres, 2004). Pro-poor service delivery refers to interventions that maximise the access and participation of the poor by strengthening the relationships between policy makers, providers, and service users (Berry, Forder, Sultan, & Moreno-Torres, 2004). Social service delivery refers to the provision of health services and education services to the people as service users by

government (as service provider) through budgetary revenue allocation and utilization (as policy of government).

Contextual background

Mukono District like any other local government with decentralized powers, derives its mandate to deliver services of quality to its citizens from the 1995 constitution as amended in Article 177, and the Local Government Act CAP 243 section 35, 80 & 82 requires local government to levy, charge and collect appropriate fees and taxes including rates, rent, royalties, stamp duties, personal graduated tax, registration, and licensing fees, section 80(2) of the same Act require each local government to draw up a comprehensive list of all its internal revenue sources and maintain data on total potential collectable revenue. This has been adopted under some of the fiscal documentation measures such as budget transparency initiative, established accountability requirements linked to performance contracts, constitutional and statutory accountability bodies among others. To fulfil its obligation to finance up to 10% of its budget, the Local Government Act, CAP 243, empowers local governments to exercise their power to raise revenue locally from the Municipalities, town councils and rural areas. In rural areas local government revenue is collected by the sub county officials who retain 65% of the revenue and remit the rest to their local government headquarters, (MoLG, 2006). Mukono District local public accounts committee

reports, Mukono District budget and annual work plan, and planning documents such as Mukono District revenue enhancement plan among others are enforced to ensure effective service delivery to the local population.

Unfortunately there is heavy criticism from the public as regards accountability of the expected social services. Accountability in Mukono District Local Governments remains wanting since the available reports from (the Auditor General,2015) indicates that there were unpaid pension and gratuity arrears totaling to UG1,290,374,016 by close of the financial year ended 30Th /June/2016, Youth Livelihood Programme (YLP) document 2013 requires all Project Funds disbursed to each Youth Interest Group to be treated as a Revolving Fund to be repaid in accordance with the Project Financing Agreement between the District Local Government and the beneficiary Youth Interest Group witnessed by the Area resident State Attorney. However, an analysis of recovery of the programme funds at the District revealed low recovery. I observe that UGX.484,340,976 was due for recovery from 25 Youth Interest Groups by 30th June 2017. However, only UGX.103,000,000(21%) was recovered leaving an outstanding balance of UGX.381.340.976(79%), Low recovery adversely impacts on Government objectives of setting up the programme as Revolving Fund to empower the Youth in Uganda to harness their socio-economic potential and increase self-employment opportunities and income levels.

1.2 Problem statement

The provision of public services by the government, through the process of decentralization is a necessity for community development. Moreover, the necessity for good health and conducive environment is a resource for everyday life of citizen. This is often influenced by the state of environment and health services provided. Article 176 (2) of the constitution of the republic of Uganda 1995, schedule 2 of the local government Act (1997) and sections 97 and 98 of local governments act spells out that local governments offer services like education, medical and health services, sporting facilities while using their local revenue collection forces which Ms.Cotilda Mbabazi secretary for Finance on June 12th, 2009 said that they contribute 0.9% funding their budget (New Vision June 12, 2009). Generally by the end of Q1, the Mukono district realised 9,402,193,000 Ugandan shillings against the planned with implies a 26% realization which is above 25% and this is due to other government transfers and conditional government transfers performing at 50% and 26% respectively. On expenditure, 9,915,108,000 Ugandan shillings was released to user departments. On departmental expenditures, 8,199,554,000 Ugandan shillings was spent implying 1,715,554,000 Ugandan shillings, The local revenue performance was at 95.3% of the quarterly approved budget of 2016/2017. Despite a great performance in local revenue mobilization, 6 (six) items out of the 11 (eleven) selected indicator EMHS experienced stock outs within the audit period in the various health centres in Mukono for example in Kojja HCIV Noticeably; Coartem-Adult was out of stock for

33 days, Coartem- Blue for 282 days, Coartem- yellow for 110 days, Coartem-Green for 283 days and Sutures-Nylon for 228 days among others, the District had not paid pension and gratuity to 193 pensioners in accumulated pension and gratuity arrears to the tune of UGX.987,340,720 Accumulation of pension and gratuity arrears poses challenges to the claimants and leads to Public outcry.(Auditor general report, 2017)

From minutes of one of the sub county, there is still a public outcry in terms of service delivery garbage still litters, delay in paying and issuing local purchase orders to external service providers, and construction shoddy roads among others appear evident, (Mpatta Sub county Budget conference minutes, 2014).

From this there is a need to conduct a study to examine the effect of public revenue management on service delivery in Mukono district

1.3 Purpose of the study

To examine the effect of public revenue management on service delivery in Local governments a case study of Mpatta sub county Mukono district

1.4 Specific Objectives

The study will specifically aim at achieving the following objectives namely:

- a) To assess the effect of Public revenue planning on service delivery in Mpatta sub county Mukono district
- b) To examine the effect of Public Revenue mobilization and collection on service delivery in Mpatta sub county Mukono district

- c) To assess the effect of public revenue expenditure on service delivery in Mpatta sub county Mukono district

1.5 Research Questions

The study aims at answering the following research questions namely;

- a) What is the effect of Public revenue planning on service delivery in Mpatta Sub county Mukono district?
- b) What is the effect of Public revenue mobilization and collection on service delivery in Mpatta Sub county Mukono district?
- c) How does public revenue expenditure affect service delivery in Mpatta Sub county Mukono district?

1.6 Scope of the study

1.6.1 Content scope

The focus of the study empirically examined the effect of public revenue management on the delivery of local services in Mpatta Sub county Mukono district . During the study, public revenue management is the independent variable involved public revenue planning, public revenue mobilization & collection and public revenue expenditure while public service delivery the dependent variable was measured in terms of quality, timeliness, responsiveness, coverage and cost effectiveness.

1.6.2 Geographical scope

The study was carried out in Mpatta Sub county Mukono district. It is one of new created sub counties in the district. Mpatta sub county implements a number of government projects for example youth livelihood programme, extending health services to the public through health centres and but mismanagement of funds at

the sub county has led to failure of government projects (Auditor general report, 2017). it was therefore necessary to have a study in this area because it enabled the researcher to have the right information pertaining service delivery in Mukono district

1.6.3 Time scope

The time frame for the study was between 2012 to 2018. From this period we have evidenced development in Mukono district but this has been coupled with inadequate service delivery in the health, community based activities like clearing of gratuity of pensioners which has increased a public outcry within this period of time. Due to the inadequacy in service delivery at the sub county, this period of time was deemed appropriate for the study.

1.8 Significance of the study

The findings of the study are likely to enlighten sub county staff on the public revenue management process in the sub-county and the obstacles that surround their efforts to realize this. This could also suggest the best or suitable remedies possible to address the situation with in the recommendation section.

The public revenue management and service delivery information gathered in this study could be utilized by the sub county management in fully getting an insight to areas not supporting the realization of more local revenue sources.

As key stakeholders (the academia and other policy makers,) responsible for formulating policies especially at Ministry of Local Government, their understanding of the successful revenue management remains a task ahead for them geared towards improving service delivery in the LGs. Therefore, the findings from this study will support in the formulation of better revenue policies that will yield better revenue bases as well as encourage LG revenue staff

including assessors and others of what is expected of them in realization of more local revenue.

1.9 Justification of the study

The study was justified by the fact that much as there was administrative structures in place that are supposed to be followed in the management of public revenue, the management of such revenue sources seems not to take the right trends. This comes amidst efforts by most LG to ensure that much improved services are delivered to the locals. Therefore there was great need to create a public revenue management information bank upon which other LGs or stakeholders can refer to ensure that public revenue management.

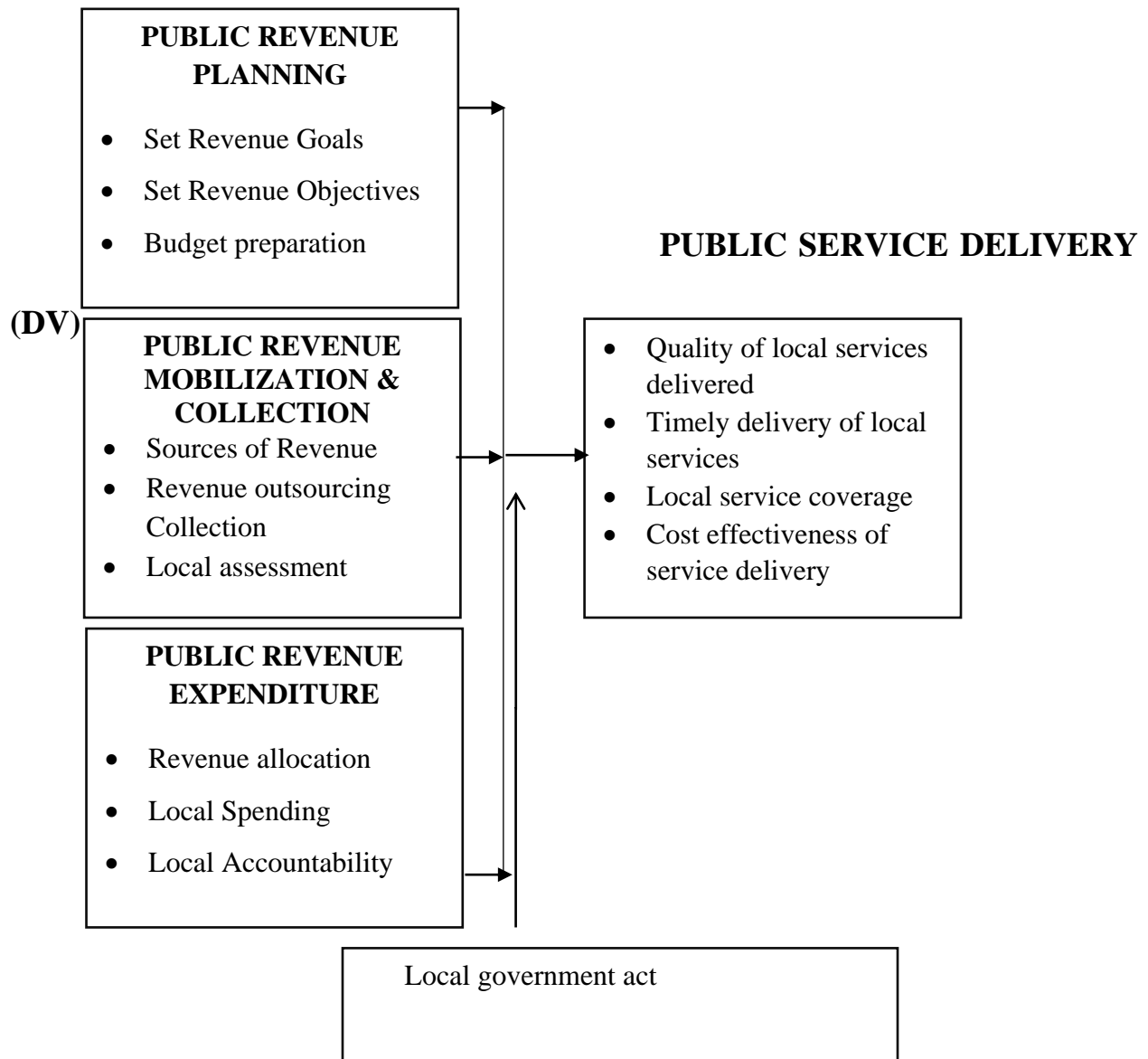
More still, the study was planned to draw attention to where weaknesses lie in the management of public revenue or funds with the principle that conclusions were drawn and measureable recommendations put across, aimed at ensuring that the management of public revenue creates a revenue base from which resources can be drawn to support service delivery within the sub county.

Lastly, it's hoped that with several tax evasions tendencies still evident among the locals, the study plans to draw a line to the need for more local skilled, competent and qualified personnel to support in the management of revenue specifically the planning, mobilization & collection and expenditure to support in realizing additional revenue required in the funding of the provision of quality public services within the sub county. However most scholars have conducted studies on revenue mobilization on service delivery but this study examined revenue management on service delivery

1.10 Conceptual framework

The Conceptual Frame work showing the Effect of Public Revenue Management on Public Service Delivery

PUBLIC REVENUE MANAGEMENT (IV)



MODERATING VARIABLE (MV)

Integrated financial management system

Source: Adopted and modified from the Systems theory principle by Lawton et al, (1991) by the researcher.

As can be seen from the framework, it is conceptualises public revenue management as having three dimensions of public revenue planning which entails setting revenue goals, having objectives that are specific, measureable, attainable, reliable and time bound and budget preparation resulting into expected income against planned expenditure while public revenue mobilization & collection another dimensions is focuses on the numerous sources of revenue, the local revenue personnel to handle the task, followed by the assessment and most probably outsourcing and public revenue expenditure is restricted to how resources are allocated, spent and thereafter accounted for. On the other hand, to ensure that public service delivery will be reflected by the quality of local services, the timely delivery of local services, local services coverage and cost effectiveness are planned as components of the dependent variable.

1.11 Definition of operation terms

The following terms and definitions will be continuous referred to during the course of the study. These include:

Public Revenue Management

This will broadly focus on the systems and processes of where revenue planning or forecasting, mobilization & collection and expenditure or utilization on programmes could improve on the welfare of the society in terms of services extended for instance primary health care, education and sanitation & waste among others. In this study, revenue management will entail public revenue planning,

public revenue mobilization & collection and public revenue expenditure. Mauri, A.G. (2013)

Public Revenue Planning

In the study, revenue planning will involve examining the future revenue from numerous sources, deciding what needs to be achieved and developing a plan of action. Mauri, A.G. (2013)

Public Revenue Mobilization and Collection

In this study, this will involve verifying that LG revenue mobilization & collection activities occur in accordance with plans, instructions as well as established principles and expressed command. Mauri, A.G. (2013)

Public Revenue Expenditure

This will involve how budget votes are allocated resources to support their execution. It will entail allocation, spending and accountability. Mauri, A.G. (2013)

Local Service Delivery

Local service delivery will refer to how public services that locals enjoy or demand are availed to them within a stipulated time frame, of which standard, area of coverage and costs involved. More, Lewis & Booms (1983) define local service delivery as the various output levels that the communities expect to be provided by the LGs.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter covers the review of the literature on the effect of revenue planning on service delivery, the effect of revenue mobilization on service delivery and the effect of revenue expenditure on service delivery in local governments. Both theoretical and empirical literature is reviewed.

2.2 Theoretical Review

The study will be guided by Henri Fayol's (1949) administrative theory and the resource dependency theory. The former, mainly focuses on the special management duties thus, fayol's work is more directed at the management layer than any other layer. This author held that management had principle roles of which planning, organizing, commanding, co-ordinating, and controlling formed these roles. Planning as explained by Fayol and linked to study involves the sub county management holding revenue management discussions, on how best to achieve goals and objectives and conclude with ensuring that budgets are prepared, all this is based on forestalling the future and acting where necessary. Organizing another of the administrative theories focuses on what to do with the progress of the firm's material and human resources at this level in the study, it's seen that Mpatta management, identifies sources of revenue, does the local revenue assessment and where necessary can outsource revenue collection. In addition, control as defined by Fayol is linked to the association and synchronization of the

efforts and control preordained that all the above mentioned roles were performed in conformity with the rules and procedures. For this case, control focuses on how the sub county management allocates the available funds, how it monitors its spending and ensuring that the funds are appropriately accounted for, all geared towards ensuring that public services are readily availed to the locals.

In addition, the planning, organising (mobilization or collection) and controlling (expenditure) effort are driven by Mpatta sub county management with the intention of providing better public services, prerequisite for public revenue planning, public revenue mobilization and public revenue control (expenditure) its revenue well and requires involving working closely with the relevant stakeholders within the sub-county parameters.

Whilst, the administrative theory focuses on principle management roles, resource dependency theory concentrates on the role of the top leadership. Hillman et al, (2000) contend that resource dependency theory focuses on the role that directors play in providing or securing essential resources to an organization through their linkages to the external environment. Indeed, resource dependency theorists provide focus on the appointment of representatives as a means for gaining access in resources critical to firm success, (Johnson et al, 1996).

It has been argued that the provision of resources enhances organizational functioning, firm's performance and its survival (Daily et al, 2003). For this particular case, it can be said that, Mpatta sub-county needs public revenue resources to support the public delivery of resources to the locals within the sub-county. To support this, Hillman et al, (2000) argue that directors in this case can be seen as sub county top officials plan, oversee the collection and control of resources to the sub-county. The directors or officials can be classified into four categories of insiders, business experts, support specialists and community influential. First, the insiders are current executives of the firm (top sub county officials) and they provide expertise in specific areas such as local finance sources and law on the firm itself as well as general strategy and direction.

Secondly, the business experts are current, former senior executives and directors in this case the senior administrative secretary (sub county chief), district planner, accountant and the executive provide expertise on business strategy, decision making and problem solving.

Third, the support specialists are the legal team among others for the case of Mpatta sub-county are tax officers, parish chiefs and the revenue task team etc., provide support in their individual specialized field geared towards improving the revenue base. It is always important to consider what the consequences are of ignoring certain perspectives. In studying delivery of public service therefore, one

can apply a resource dependency theory and thus ignore the specific attributes and the specific historical circumstances.

Finally, the community influence for instance political leaders, leaders of social or community organizations as well as the locals who are likely to consume or access these public services.

2.3 Overview of the main concepts

2.3.1 Public Revenue Management and Public Service Delivery in LGs of Uganda

This study plans to concentrate more on the effect of public revenue management on delivery of local services by LGs in Uganda.

It can argued that the LG Act of 1997 mandates all Local Governments to raise local revenue to finance the costs of delivering local services for instance construction of more boreholes, Garbage & waste collection, constructing more markets, access roads, and extending more primary health care services among others to the key stakeholders or beneficiaries of those services, (LG Act, 1997).

The connection between beneficiaries and tax-payers is relevant from the perspective of public finance (revenue): public services should be decided by the beneficiary group who should also pay for their costs. That is, the ideal tax pattern is based on ‘benefit taxation’ as far as the allocation function is concerned, (FAO Corporate Repository, 2014).

of money from the central government for any failure to deliver local services, (FAO Corporate document Repository, 2014).

In this particular study, the researcher focuses on public revenue management and delivery of services, critically reviewing scholarly literature pertaining to the identified variables while identifying the gaps based on the specific objectives of the study.

2.4 Empirical review

2.4.1 The Effect of Public Revenue Planning on Service Delivery

According to the Business Informer Article of (2006), for any business to succeed, there should be a revenue plan, as this, is the only way to remain consciously competent and be able to forecast the probable chances of success. It is however, important to note that all the foregoing arguments on revenue planning, dwelt so much on the process. The researcher agrees to the findings as planning strategically highlights how, when, what, why and how an organisation may meet its core business value. At most LGs Mukono , Mpatta sub county inclusive, revenue planning entails identification of revenue sources, registering the source, forecasting revenue to be collected, setting collection objectives and target, and developing work plans and budgets. Despite the proper channels to ensure that the goal is met, Mpatta sub-county has challenges pertaining to revenue collection and service delivery. Public revenue planning in this study is classified into revenue

goals, revenue objectives and budget preparation as explained below. Most studies dwelt so much on the process of public revenue planning which is bureaucratic and but the study will try to reveal how the delays in the public revenue planning can curtailed

2.4.1.1 Revenue Goal and Service Delivery

A revenue goal may be referred to as the process of deciding what you want to accomplish and devising a plan to achieve the result you desire. Further, it can be seen as desired result a system envisions plans and commits to achieve a desired end-point in some sort of assumed development. Revenue goals are part of the planning process. They describe what a company expects to accomplish over a specific period of time. Lastly, entities usually outline their goals and objectives in their business plans.

To supplement on the way revenue goals are set, is scholarly literature obtained where for instance authors Kokor & Kroes (1990) indicated that experiences of revenue generation in developing countries reveals a glaring weakness in the revenue and expenditure administration of local bodies. They further argue that a gap in revenue administration in the LG assemblies are attributed to problems relating to fragile revenue collection system linked to the use of outdated techniques and methods. Much as Francis & Robert, (2003) argue that the improvement in the delivery of social services are, in fact, attributable to increases

in central government conditional grants rather than to the decentralised system of decision making. The study will avail information to the finance and planning committee of Mpatta sub county on how to establish goals in revenue mobilization .

2.4.1.2 Revenue Objectives and Service Delivery

Revenue objectives can be referred to as specific measurements set during the planning process to keep track of the expected earnings for any organisation. These objectives are part of the planning process embedded in the business plans (development plans). They describe what a company expects to accomplish throughout the year and are based on the concept of SMART. Thus they are specific, measureable, attainable, and reliable and time bound in their business plans, (<http://definition-business-objectives-goals-24983.html>)

To support revenue objectives are Francis & Robert (2003), who argued that the locally generated revenue was still insufficient and was over time declining as a result of the complex revenue objectives designed. Further, they argue that the reliance on the small amounts of funds under the control of village councils, coupled with weak planning skills at this level, means that lower level political and administrative units command very limited influence on district and sub county budgets and programs.

The Kenya government adopted the Tax Modernization Programme in 1986 and the Budget Rationalization Programme in 1987. The foundation for this was laid in Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth. This was first conceived in Sessional Paper No. 10 of 1965 on African Socialism and its Application to Planning in Kenya. The modernization programme sought to enlarge the government revenue base whereas rationalization involved regulating expenditure through strict fiscal controls. Specifically, the Modernization Programme sought to:

- a) Raise the tax revenue – GDP ratio from 22% in 1986 to 24% by the mid 1990s.
- b) Reduce compliance and administrative costs through low and rationalized tax rates and wider tax bases.
- c) Improve tax administration by sealing leakage loopholes, making wider use of computers and enhancing audit surveillance, and
- d) Enhance the institutional capacity to manage tax policy by establishing effective database management systems.

These objectives were later expanded to include raising the revenue–GDP ratio to 28%; invigorating the growth of the fledgling capital market; emphasizing self-assessment systems; strengthening taxpayer education and service; and, implementing organisational reforms that would modernise tax administration. Between 2003 and 2004, revenue collections rose by about 2 percentage points of GDP as a result of improvements in administration and governance. Since then revenue collection has remained around 21 percent of GDP, except for the financial year 2005/06 when the same was not attained due to problems associated with the computerisation of customs services which resulted in lower import duties and VAT on imports.(evanson,2013)

2.4.1.3 Budget Preparation and Service Delivery

According to the Uganda Constitution of 1995, LG approve their own budgets without interference from the central Government. However, a number of checks and balances ensure adherence to national priorities and targets, especially through the strong earmarking of the conditional grants, central government support to LG planning and budgeting in the form of capacity building and guidelines.

A number of revenue sources are identified and marked for local revenue collection. Some of these have included the hotel tax, trading permits and licenses, local service tax and fees on building plans approval among others, (LG Act, 1997)

Budget preparation in LGs entails identification of priority areas for planning and budgeting, obtaining indicative planning figures, holding budget conferences to obtain inputs from stakeholders and generation of budgeting proposals by the district planner, sub county technical staff, politicians, civil society organisations and the community as beneficiaries of service delivery geared towards realising the revenue based which foster better service delivery.

Budgets provide managers and trustees with the tools to achieve their monetary objectives (Fowler, 2004). The planning process culminates in budgets, which is the commencement of a good management system (Kubasu, 2003). Many local governments in Kenya lack sound budgeting processes, both at the organizational level and within programs. The use of the budget to control funds and guard

against over or under expenditure is a critical element in management. Jeremy and Fraser (2003) state that a good budget must be realistic taking into account, past experience prevailing circumstances and forecasts of the future. Accounting information is an important tool in decision-making and resource allocation. It follows that proper management of the organization cannot take place in a situation where financial transactions are not kept track and reported accurately. The budget process is a relatively short term measure that is just one part of the overall organizational strategy (Brookson, 2002). It is a tactic that is used in the implementation of the activities and programs for which management has planned for. Organizations plan for the long-term using the strategic plan, while for the short term they use the operational plan (Robbins, 2005). In order to put into practice the operational plan, the organization must consider appropriate planning procedures to work out, what to do, when and the necessary control including budget process to ensure that anticipated results are actually achieved (Brookson, 2002). Budget process is the tactical implementation of the operation plan. It is incorporated in the operational planning and the control process. The organizations choose strategic options that will create long term plans to implement these strategies. These long term plans are then translated into the departments budgeted annual operational plans (Schemerhon, Hunt, Osborn, 2003). The study concurs

with (Brookson, 2002), thus the study will elaborate on what the author investigate. The authors findings will be a benchmark for the study.

2.4.2 The Effect of Public Revenue Mobilization and Collection on Service delivery

Revenue mobilization and collection refers to how sources of revenue, assessment and eventual collection measures are in place to ensure that local revenue is obtained from the locals. In this study, public revenue mobilisation & collection is categorised into three sub dimensions of which sources of revenue, revenue outsourcing and local assessment formed the list as supported by scholarly literature laid below.

2.4.2.1 Local Revenue Sources and Service Delivery

Local revenue sources may refer to the numerous local revenue bases or all possible ways that can be tapped to improve on the existing revenue. To complement on this, scholarly literature has be identified to support or reject the above idea as demonstrated below.

Two scholar namely Okidi&Guloba (2008) assert that the existing decentralisation system in Uganda, empowers LGs to access their own revenues for effective financing of devolved responsibilities. Further, they argue that in order for these LGs to fulfil its obligation of financing up to 10% of its budget, it has to exercise its powers and raise revenue locally from cities, municipalities, town councils and rural areas. This remark points out Mpatta sub-county has to ensure that public LG

revenue is collected by sub county officials, and thereafter retain 65.0% of the revenue to support or finance their day to day operations and remit the remaining to their LG headquarters, (Uganda LG statute, 1993). This however, creates a weakness in the way the remaining funds of 65% are remitted to LC 1 as 25% especially with the numerous constraints for instance insufficient financial resources to support the provision of better services to the locals that has engulfed the sub-county and for some reasons, the 35% remaining revenue is always delayed to be remitted.

Smoke (1993), highlights that as Governments of developing countries cut back their budget growth in response to economic reality and donor pressure, many are attempting to tap the under-utilised potential of the private sector and local authorities to help meet the rising service demand. However, the MoLG (2003), the LGA 1997, are contrary to the above the amended Act provide the necessary legal and policy framework enabling the trend in the LG revenue collections with reports indicating a decline in revenue by LGs for instance in 1998/1999, (MoLG, 2003). The idea of identifying numerous revenue based shows how most LGs are determined with ensuring that they meet their planned revenue collection that can in return support the delivery of local services for instance primary health care, road construction, better sanitation and waste collection among others. However, two aspects have affected the positive realisation of most planned revenue, thus

revenue areas are not properly demarcated and documented for past and future reference by the responsible LG and other stakeholders meaning concentration is only done in trading centre and not entirely all places. Secondly, the locals have less interest in paying taxes as they do not see the value attached to paying taxes hence most local services are missing. It's upon such a background that the researcher plans to investigate the effect of public revenue management on public service delivery in Mpatta sub county, Mukono District

2.4.2.2 Local Revenue Outsourcing and Service Delivery

Revenue outsourcing can be defined as contracting out of a revenue realisation process to a third party. Further, this is a contractual agreement involving exchanging of services and payments. In this study, revenue outsourcing help firms to perform well in their core competencies and mitigate shortage of skill or expertise in the areas where they want to outsource while initially outsourcing yielded more revenues relative to council based collections from similar sources, overtime the differences in revenue collections were marginal from sources collected by private agents and those collected by the councils.

Fjeldstad&Tungodden (2003), argued that privatisation of Government services was rapidly become a key feature in the management of public revenue in developing countries. They observed that the increased private tax collection boasts LG finances. Private tax collection is likely to reduce corruption at most

collection points since mechanisms for penalising poor performance exist. In addition, the company may have personal interest in knowing their capability etc. However how much of the revenue collected by these agents is retained?

Linked to the above, Webber & Wildavsky (1986), lament that private revenue collection is credited for its direct advantage of reducing operation and administrative costs that would otherwise be spent on revenue collectors and whole collection process. Outsourcing revenue collection provides more time for council staff to execute their responsibilities within the council. This means that financial resources to finance and support the delivery of quality services on time, cheaply and covering the planned area among other for instance constructing more feeder roads, construction of markets, drilling bore houses, and sanitation & waste disposal are sanctioned and can be closely monitored hence important to Mpatta sub-county development.

2.4.2.3 Local Revenue Assessment and Service Delivery

Local revenue assessment refers to the identification of sources of tax, assessment of tax payers in line with the district charging policy to ensure that each payer is aware of how much money they are supposed to pay from each particular source in a given financial year.

According to the classification of the OECD (2002), the extent of LGs autonomy over revenues should be judged against two criteria: freedom to determine the tax

base, and the setting of the tax rate. (The tax base is the collective value of the property assets subject to taxation, and the tax rate is the percentage of the value of a property asset that is paid as tax.)

. According to the FAO Corporate Repository (2014), the most direct way to finance infrastructure and to support decentralization is to turn over to local governments both the responsibility for providing services and the capacity for raising revenues. Many of the central and local governments in developing countries have tended, however to resist this approach. On the one hand, central governments are reluctant to relinquish control over the principal national taxes as it suggests losing control of the revenue side of the national budget. On the other hand, most local governments are not eager to take on the major responsibilities of a taxing authority, and they do not want to establish locally generated taxes simply because they do not have the capacity to administer such taxes. However, much can be done to increase local capability and capacity to the point where local governments can administer the assessment and collection of local taxes under the regulatory supervision of the central Government.

Samuel and Tyokoso (2014) examine the assessment of taxation on revenue generation in Nigeria with focus on FCT and some selected states using survey research design. The study utilizes regression analysis and finds among other things that taxation has a significant contribution on revenue generation and gross

domestic product (GDP). In a similar way, Afubero and Okoye (2014) utilize regression analysis and the study finds a significant relationship between revenue generation through taxation and GDP. The study recommends that Well Equipped Data Base (WEDB) on all tax payers should be established by the Federal, State and Local Governments with the aim of identifying all possible sources of income of tax payers for tax purpose, the tax collection processes must be free from corruption.

According to McCluskey *et al.*, (2003), the growth of Africa's towns and cities has outpaced local authority capacity for service delivery in terms of management, infrastructure and financing. It has been observed by Tibaijuka (2005) that for Local Authorities to provide the services required adequately and efficiently, there is need for new methods and ways of mobilizing revenues. It was noted by the fiscal policy experts (Brewer, Chandler and Ferrell, 2006) that the spirit of decentralization was to provide a better position in identifying local needs and deliver public services accordingly. Given this background, the district local governments can easily identify and raise revenue from local sources such as road tolls, property tax, fees, fines, market dues and the like to boost their financial base for development of the locality. In addition to the Internally Generated Funds (IGFs), the district local governments are also expected to come up with projects

and programmes that can help communities to reduce poverty in their localities (Bray, 2008).

2.4.3 Public Revenue Expenditure and Service Delivery

The most direct way to finance infrastructure and to support decentralization is to turn over to local governments both the responsibility for providing services and the capacity for raising revenues as well as know how to spend the revenues. Many of the LGs in developing countries have tended, however, to resist this approach.

Similarly, the LGs are not eager to take on the major responsibilities of a taxing authority, and they do not want to establish locally generated taxes simply because they do not have the capacity to administer such taxes. However, much can be done to increase local capability and capacity to the point where local governments can administer the expenditure and foster the provision of better services to the locals. This is supported by Vazquez & McNab (2003) who argue that public expenditure at the sub national level is more growth enhancing than the same expenditure at the national level.

2.4.3.1 Local Revenue Allocation and Service Delivery

Local revenue allocation can be defined as the division of available resources within an organisation or company. At a broader level, it is the process of assigning a cost to the amount of services and products generated. Local revenue is obtained from taxes, licenses and fees and allocated to public facilities.

Imi(2005), argues that allocating budgetary resources to less productive levels of Government is harmful to economic efficiency and could curb overall growth. He further argues that by Uganda creating so many political districts, Uganda runs the risk of excessive decentralisation, which could contribute to lowering local-level economic growth. In addition, MoLG survey conducted in 2005-006 revealed that resource allocation with LGs was result oriented. For instance, it was found out that 66.0% of the sampled households were within 2 kilometres from a health facility, 54.0% were within 2 Kms from a primary school and 51.0% were within half a kilometre from a water source.

According to the local government financial and accounting regulation (2007) section (27) reveals that an application for reallocation shall be made by the vote control concerned to the chief executive showing the amounts to be transferred from one sub program to another and the voter affected, but reallocation should not be used to create a new post or alter an approved claim. According to International Monetary Fund, (2017) notes that there should be effective means of achieving a resource allocation that reflects policy priorities .Allocaton of resources should reflect the policies that the government implements using revenue from conditional and discretionary transfers.

According to the (International Monetary Fund,2017) appropriation of claims without accompanying changes in expenditure make budget provisions less than objective which may result into overspending against appropriation and emergence of payment arrears. Approval of claim should be done through expenditure control

system such as administrative and financial sanctions, ascertain availability of budgets, verification and certification, approval and disbursing payments which may allow the local government to maintain a high level of fiscal discipline but will also be able to implement the planned activities within the approved appropriations, financial resource management accountability index, (2018)

2.4.3.2 Local Revenue Spending and Service Delivery

Spending power measures the overall revenue funding available for local authority services. Having controls in place ensure proper allocation and use of financial resources with due respect.

According to an Article on Integrated Technical Systems on Revenue Management (2004), controlling spending that flows through ones facility is of paramount importance. The Article further highlights that the reality about revenue control is that the more people handle money, the greater the chance for mistakes and especially theft. Revenue spending systems are designed to remove the temptation to steal, and to make the people accountable for all the revenue flowing through your facility.

Similarly, the LGs are not eager to take on the major responsibilities of a taxing authority, and they do not want to establish locally generated taxes simply because they do not have the capacity to administer such taxes. However, much can be done to increase local capability and capacity to the point where local governments can administer the expenditure and foster the provision of better services to the

locals. This is supported by Vazquez & McNab (2003) who argue that public expenditure at the sub national level is more growth enhancing than the same expenditure at the national level.

Sub national governments being closer to the intended beneficiaries of public program are believed to be better equipped with necessary information on local preferences and needs of the local community than the central government and can be more accountable to locals. McClure (2000) agrees with Mello argument noting that sub national governments have become important providers of public services in sector where activities can be more easily unbundled and incentives for performance can be more effectively put in place,

However (Robert D.Ebel ,2003) regardless of McClure's argument casts doubt on the assignment of expenditure noting that lack of clarity in the definition of sub national responsibilities has a negative impact in three important respects, first, if the responsibilities are imprecise, the necessary corresponding revenues will remain poorly defined, secondly, without clear responsibilities, sub national government officials might prefer to invest in populist projects which benefit them in the short run rather than in projects with long term impacts on the region's economy,(such as infrastructure, education, etc.), thirdly there will be a confusion whether sub national expenditures represent local priorities or centrally determined programs. The argument about local governments spending revenue on either central government programs or public priorities is gap the study will close from the scholars

2.4.3.3 Local Revenue Accountability and Service Delivery

According to a survey conducted in 2005 and 2006 as part of the medium term review of LGDP II highlights that LGs in Uganda have been characterised by an imbalance between upwards and downward accountability. Emphasis has been given to upwards accountability with the objective of ensuring that resources released are properly accounted for. Historically, outturn on local authority revenue spending has differed from budget. These quarterly returns allow spending patterns to become clearer throughout the year as the submitted data is more up to date and accurate. However, despite this, numerous audit query originating from the office of the Auditor General have been evident hence illustrating discrepancies in the accountability of resources advanced. Thus prompting the researcher to conduct the investigation on public revenue expenditure on the delivery of services.

Similarly, Centre for public scrutiny, (2013) reveals that accountability is a relationship where individuals or institutions mandated to perform defined tasks or functions are subject for their actions, to a superior oversight, direction or interests of another, for information or justification.

The existing literature on decentralisation and service delivery indicates that decentralisation can offer considerable advantages, although there is limited empirical evidence of positive outcomes (Smoke 2015). Advantages identified

include greater effectiveness in mobilisation and efficiency in allocating resources (Devas 2005; Rao et al. 2014), deeper citizen participation (Blair 2000; Wong and Guggenheim 2006; Devas et al. 2008), and improved accountability mechanisms (Devas 2005; Lessmann and Markwardt 2009; Yilmaz et al. 2010).

The constitution transfers almost all responsibility and accountability for healthcare service delivery to county governments. Part II of the Fourth Schedule of the Constitution of Kenya 2010 lists health services as a function of county governments. Consequently, government officials at the counties are answerable to the local electorate on the status of health facilities, services and financing. The local electorate – either directly, or indirectly through non-state actors operating on its behalf – understands this obligation and constantly demands responsive services. Ochieng (2017)

Unfortunately, the existing accountability framework barely acknowledges (at least in practice) that national government and other state institutions (such as independent commissions) retain some prerogatives on health sector matters. For example, the national Treasury demands compliance with specific public finance management regulations before funds for health are transferred. Equally, the national Commission on Revenue Allocation determines the overall amounts of money sent to counties, with obvious implications for what a county can then allocate to health. Similarly, Kenya's Office of the Controller of Budgets sets expenditure ceilings that ultimately affect what is allocated at county level for health or health sub-sectors.

The net effect is a local electorate demanding accountability, answerability and responsibility for the status of healthcare from elected county government officials

– but almost completely uninformed about the intricacies of the vertical relationships between local and national levels of government. County governments are caught in the middle, juggling demands from the local electorate while trying to comply with policies, standards and regulations set by national institutions that have little contact with (or sense of obligation to) that electorate.

As a result, elected county governors and members of county assemblies seek to blame the national government for poor delivery of services – sometimes even for issues which are squarely within the county mandate. The national government then seeks to exonerate itself by pointing to the constitution and supplementary legislation transferring power to local governments. The electorate does not know who to believe and meanwhile service delivery continues to suffer. And ultimately, when pharmacies are empty or nurses at the local health facility go on strike, people do not go to camp at the doorstep of the Ministry of Finance in Nairobi, the Controller of Budgets or the Commission on Revenue Allocation. They go to the governor’s office demanding answers. Ochieng (2017)

From the literature reviewed by Ochieng (2017) reveals that there is a debacle between national governments and lower local governments on the accountability on service delivery, thus this study is to close the knowledge gap on revenue accountability and service delivery in Mpatta sub county Mukono district

2.4 Summary of the literature review

In all the literature that have been reviewed, the authors and researchers have tended to concentrate on the process of public revenue management. The other pieces of work on public sector have only made generalizations at District levels without deliberate attempt to link public revenue management to public service

delivery in decentralized settings at the lower local council level.

Other gaps identified in previous pieces of related works are; inability to link public revenue management to public service delivery at local council level, Public Revenue management study on purely lower local councils, public revenue planning in local governments not linked to service delivery, Local revenue performance study not specific to local governments, Automation of revenue management systems despite financial limitations in local governments, very wide sample size of the target population putting the validity and reliability of the findings into question etc. This forms a basis for this intended study and a purposeful linkage and effects of public revenue management on public service delivery will be recommended

CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the study plan and it covers the research design, study population, sample size and selection, data methods and instruments, reliability and validity, data analysis, data collection procedures and measurement of variables.

3.2 Research Design

The researcher adopted a cross-sectional survey design. Cross-sectional studies are studies conducted at one time point or over a short period. The researcher used the cross-sectional design to aid in the collection of quantified data to improve a systematic description that is factual and as accurate as possible, (Amin, 2005).

Qualitative and quantitative methods were used to collect data . Amin (2005), argued that the triangulation approach helps in establishing the relationship between the variables. The qualitative approach was used to qualitatively explore the effect of public revenue management on service delivery as this helped the researcher to make conclusions this therefore was used to generate information for objective three of the study. while the quantitative approach was applied to obtain numeric data for objective one and two but also interviews were conducted for triangulation of the data in the two objectives.

3.3 Study Population

The study drew an accessible population of 71 respondents who consisted of

Mpatta Sub county District councillors (2), Chairperson Finance Committee at District (1), District Revenue Task force chairperson (1) Mpatta sub county council (17), Technical planning committee members (12), Local Council chairpersons (28) and Business Community representatives (8).

3.4 Sample Size and Selection

The sample size was determined using the Sample Determination Table developed by Krejcie & Morgan (1970), see (Appendix IV). Therefore, out of an accessible population of 71 people, a sample size of 66 respondents was selected. The sample was considered by the researcher to be useful in providing adequate, valid and reliable data since it was drawn from all categories of people within the sub county.

Table 2: Showing the sample size.

Category	Of Respondents	Population	Sample Size	Sampling Technique
Mpatta Sub county district councillors	2	2	2	Census
Chairperson finance committee at district	1	1	1	census
District Revenue Task force chairperson	1	1	1	census
Technical planning committee members	12	12	12	census

Local Council chairpersons	8	8	census
Business Community representatives	26	25	simple random
Health committees	5	4	simple random
Education committee	5	4	simple random
Works committee	5	4	simple random
Water committee	6	5	simple random
Total	71	66	

Source: Mpatta Sub-County Staff Records (2013) and EC Voters register (2011)

3.5 Sampling Techniques and Procedure

Simple random sampling technique was used to identify the respondents for the survey. For key informants, the respondents were identified purposively because of their valuable knowledge about the subject under study. focus groups were as well identified to and used to give their opinion on the subject under study and these were chosen purposively from the community.

3.6 Data Collection Method

The researcher used three key methods to support the collection of data from the field of the study. These included the questionnaire survey method, the interview method and documentary review method as explained below.

3.6.1 Questionnaire Survey Method

This method can be seen as a technique for collecting information from numerous respondents, (Brehob, 2001). It was used to obtain quantitative data. The method involved using self-administered questionnaires on business community and comprised a set of questions arranged and printed in definite order (Kothari, 2004). This method was selected due to the fact that it was time saving, involved numerous respondents within a short period of time. This method gave time to the respondents to think and analyze the questions asked before choosing an appropriate answer.

3.6.2 Interview Method

In this study, the researcher organized face to face interview sessions and eventually conduct them with key informants of which Mpatta Sub county district councillors, Chairperson finance committee at district, District Revenue Task force chairperson, Mpatta sub county council, Technical planning committee members and Local Council chairpersons. The researcher had an interview guide with numerous open ended questions about public revenue management and public service delivery critically linked to all the key variables. The researcher read the question to the key informant and answers were recorded in a note book. In addition, Sekaran (2003) notes that the advantage with face –to –face or direct interview was that the researcher adopted the questions as necessary, clarify doubts and ensure that the responses are properly understood, by reporting or

rephrasing the question.

3.6.3 Documentary Review Method

The researcher plans reviewed a number of documents pertaining to public revenue management and public service delivery. Some of these included ; Mpatta sub county development plans (2010-2015), Mpatta sub county assessment reports, Mpatta sub county tax register, LG handbooks, Budget framework papers and Electronic Journals on Public revenue Management and service delivery among others.

3.6.4 Focus group discussion

Qualitatively, Focus Group Discussions helped to generate information about the local revenue collection and its impact on service delivery. Four (4) Focus Group Discussions of four members of the health, education, water and works committees were selected using purposive sampling. These helped to gain insights into respondents' attitudes and perceptions about the objectives. The method was instrumental because it generated more balanced data compared to a single interview. It builds group consensus. A FGD guide was designed thematically to bring out the third objective in the study for discussion which was on public revenue expenditure and service delivery in Mpatta sub county .A note taker was used to ensure necessary information is properly recorded for analysis.

3.7 Data Collection Instruments

Numerous data collection instruments were used in the study. However, the

researcher considered using a structured administered questionnaire, interview guide checklist and documentary review checklist as detailed below.

3.7.1 Self-Administered Questionnaire (SAQ)

The researcher designed a questionnaire with mainly closed ended questions. These questions to be asked were based on a five level likert scale ranging from strongly agree or SA (5), Agree or A (4), Not Sure or NS (3), Disagree or D (2) and Strongly Disagree or SD (1) linking to the public revenue management and public service delivery as supported by Meyer (1999).

3.7.2 Interview Guide

This instrument entailed designing numerous open ended questions pertaining to the study. More, this instrument had the questions listed and were read by the researcher while probing for answers from the interviewee. Meyer (1999), noted that interview schedules were used to collect in depth qualitative data from respondents, on issues concerning revenue sources and usage especially when the targeted respondents are considered as key informants and literate enough to read and write the required answers,

3.7.3 Documentary Review Checklist

This instrument entailed a list of secondary sources of information that the researcher planned to review. Numerous records were reviewed in order to track or find valuable information on public revenue planning, public revenue mobilization & collection and public revenue expenditure. Some of the documents reviewed

included Mpatta sub county development plans (2010-2015), Mpatta sub county assessment reports, Mpatta sub county tax register, LG handbooks and Electronic Journals on Public revenue Management and service delivery, Budget framework papers for Mukono District . Others included quarterly progressive reports, internal audit reports and external audit reports among others,

3.7.4 Focus Group Discussion guide

These were the guidelines for conducting a focus group. Probing were generated in relation to the study to guide. The researcher used the guiding questions to stimulate discussions among members as she just controlled the context and rich data was generated out of this exercise. Follow up questions which delve further into a discussion topic/ opinions and exit questions which check to ensure that the researcher has not missed anything

3.8 Quality Control

The researcher collected field data, however, the instrument to be used was first tested using the validity and reliability technique to ensure that it confirms to certain standards hence of quality.

3.8.1 Validity

The content validity focused upon the extent to which the content of an instrument corresponds to the theoretical concept that was designed to measure. A very important testing part of the questionnaire construction was piloting (pretesting).

The researcher requested the two experts; one district revenue expert and the

second one the Uganda Christian university supervisor to look at each items and judge whether they were categorised as: 1-Not relevant, 2- Fairly relevant, 3- Moderately relevant or 4- Very relevant. The researcher then put the items in 2 categories with 1 and 2 in one category and 3 and 4 in another category. The researcher calculated a Content Validity Index (CVI) using the formula below.

$$\text{CVI} = \frac{\text{Items rated quite relevant/very relevant by both rates (3 or 4)}}{\text{Total number of items in the questionnaire}}$$

According to Basheka, (2010), for any instrument to be valid, the CVI obtained would be within the accepted statistical range of 0.7 to 1.00

3.8.2 Reliability

During this study, reliability of questionnaires and interview guides were ensured using the expert judgment. The researcher planned to conduct a study where by pilot testing was done on a group of about 5-10 people who were not be part of targeted respondents to minimize random error. The study used the internal consistency specifically the Cronbach alpha embedded in SPSS to run the numerous extracts that represented the different study variables. For an instrument to be reliable, the score obtained should be over 0.5 as supported by Amin (2005).

3.9 Data processing and Analysis

The researcher plans to process and analysis data to be obtained from the field of

study both quantitative and qualitative techniques as explained below.

3.9.1 Quantitative Data processing and Analysis

Upon receiving the questionnaires from the field, the researcher sorted it, coded it, and finally designed an entry page using SPSS (variable view), and entering of this data was done. After data entry, the researcher cleaned the data to limit on the numerous errors. On ensuring that information was obtained, the researcher obtained data descriptively and inferentially. Descriptively the researcher ran frequencies with percentages, mean and standard deviation values and these were presented in tabular and graphical form to represent demographic characteristics of respondents and key variable information specifically the responses.

3.9.2 Qualitative Data processing and Analysis

In this study, the researcher used content analysis to support this exercise. Upon receiving qualitative data from the interview sessions, this data was arranged, code and linked to the key variable for instance public revenue planning, public revenue mobilization & collection and public revenue expenditure. The researcher read and re-read the numerous qualitative responses while searching for similarities and differences in order to develop discussion themes (Amin, 2005). These themes were presented in narrative statements, inserted in quotas and were used to supplement on the quantitative data that was obtained from the field of study.

CHAPTER FOUR

DATA ANALYSIS, INTERPETATION AND PRESENTATION

4.0 Introduction

This chapter presents data analysis, interpretation and presentation of the findings on the objectives of the study that is to say effect of public revenue mobilization on service delivery, effect of public revenue expenditure on service delivery, effect of public revenue planning on service delivery.

4.1 Descriptive analysis

Table 4.1 shows the age of the respondents

Gender	Frequency	Percentage
male	36	54.5%
female	30	45.5%
Total	66	100

Source : field data (2019)

The study revealed that 54.5% of the respondents were male, 45.5% of the respondents were female, the findings imply that there more men engaged in public service delivery in Mpatta compared to the female

Table 4.2 shows the age of the respondents

Age bracket	Frequency	Percentage
20 to 25 years	6	9.1
26 to 30 years	12	18.2
36 to 40 years	24	36.4
above 40 years	24	36.4
Total	66	100.0

Source : field data (2019)

The study revealed that 36.4% of the respondents were above 40 years and 36 to 40 years respectively, 18.2% of the respondents were in the age bracket of 26 to 30 years. 9.1% of the respondents were in the age bracket of 20 to 25 years. The findings from the study imply that most of respondents had an average of 42 years in Mpatta sub county Mukono district

Table 4.3 shows the occupation of the respondents

Occupation	Frequency	Percentage
business community	24	36.4%
district councilor	6	9.1%
local council chairpersons	6	9.1%
technical planning committee	6	9.1%
Mpatta sub county members	24	36.4%
Total	66	100%

Source : field data (2019)

The study revealed that 36.4% of the respondents were from the business community and sub county members respectively, 9.1% of the respondents were district councilors, local council chairpersons and technical planning committee respectively. The findings from the study imply most of the respondents were business men and staff members of Mpatta sub county respectively.

4.2 Effect of public revenue planning on service delivery in Mpatta sub county Mukono district

The study ascertained the effect of public revenue planning on service delivery in Mpatta sub county Mukono district. The findings from the study are presented in the table below;

Table 4.4 shows the effect of public revenue planning on service delivery in Mpatta sub county Mukono district.

SN	Statement	SA	A	N	D	SD	Mean	St De
	There are well-designed planning procedures upon which Mpatta sub-county bases to conduct its revenue planning process.	18.2 %	18.2 %	9.1%	45.5 %	9.1%	2.73	1.14 4
	The public revenue planning procedures are operational, frequently reference to during planning process.	9.1%	27.3 %	9.1%	54.5 %	0%	2.64	.777
	We set goals for our local revenue collections	18.2 %	54.5 %	0%	27.3 %	0%	2.91	1.00 3
	Mpatta sub county has clearly set plans	27.3 %	63.6 %	0%	9.1%	0%	2.82	.579
	The budget preparation process in Mpatta sub county is participatory in nature where key	27.3 %	18.2 %	18.2%	18.2 %	18.2 %	3.18	1.47 7

	stakeholders are involved.							
	Mpatta sub county has specific revenue objectives in a given financial year	45.5 %	18.2 %	18.2%	9.1%	9.1%	2.73	1.144

Source : field data (2019) Please add the two columns (A+ SA) and (D and SD).

Then leave out the N. do this for all tables.

The study revealed that the respondents disagreed that there are well-designed planning procedures upon which Mpatta sub-county bases to conduct its revenue planning process. The statement is not significant since most of the respondents deviated (1.144) from the mean (2.73)

Furthermore the study revealed that the respondents disagreed that the public revenue planning procedures are operational, frequently reference to during planning process.. The statement is significant since there was consensus among the respondents shown by a standard deviation (0.777) from a mean of (2.64) since the standard deviation is less than 1

The study also revealed the respondents agreed that they set goals for our local revenue collections, , this implies that Mpatta sub county has goals for local revenue collection and this enhances the sub county attain its revenue targets and this in turn enhances on service delivery in Mpattasub county. The variable was not statistically significant since there was a high deviation from the mean (2.91) shown by a standard deviation (1.003)

The study also revealed that the respondents agreed that Mpatta sub county has clearly set plans, this implies that Mpatta Sub county has set plans which motivates the sub county in collection of the revenue and thus extending public services to its community. The statement is significant since there deviations from

the mean are below 1. This shows that Mpatta sub county sets plans for the revenue internally mobilized and collected from people.

The study also revealed the respondents agreed that the budget preparation process in Mpatta sub county is participatory in nature where key stakeholders are involved, this implies that budget preparation being participatory in Mpatta sub county enhances on the decision making by the authorities of Mpatta sub county and this enhances unity and harmony among stakeholders in Mpatta sub county Mukono district. The statement is not statistically significant since the deviation (1.477) from the mean were above 1.

The study further more revealed that the respondents agreed that Mpatta sub county has specific revenue objectives in a given financial year, the findings from the study imply that Mpatta sub county has specific objectives for a given financial year and these objectives entice or motivate the sub county to collect the appropriate revenue to extend public services to the community members. The statement is not statistically significant since the deviation (1.144) from the mean (2.73) is above 1.

Qualitatively key information informant said that public revenue planning greatly influences service delivery in Mpatta Sub county. He noted that;

“when we do not plan for the revenue we have collected, the funds are mismanaged by the top officials. Planning also identifies the pressing needs of the community and more resources are directed to those needs in the community”

4.3 Effect of public revenue mobilization and collection on service delivery in Mpatta sub county Mukono district

The study ascertained the effect of public revenue mobilization and collection on service delivery in Mpatta sub county Mukono district. The findings from the study are presented in the table below;

Table 4.5 shows the effect of public revenue mobilization and collection on service delivery in Mpattasub county in Mukono district

Statement	SA	A	N	D	SD	Mean	St De
Mpatta sun county conducts sensitization of the communities on their tax obligations	63.6 %	18.2 %	0%	9.1%	9.1%	4.18	1.346
Meetings are conducted with the parish chiefs in mobilization of local revenue	45.5 %	36.4 %	0%	18.2 %	0%	3.82	1.413
The sub county tax team conducts assessment	27.3 %	27.3 %	9.1%	27.3 %	9.1%	3.00	1.137
There is a tax enforcement team in Mpatta sub county that collects revenue	72.7 %	18.2 %	9.1%	0%	0%	1.36	.648
All businesses operating in Mpatta sub county are formally registered by the sub county officials	9.1%	27.3 %	9.1%	54.5 %	0%	3.55	.995

Source : field data (2019) Merge (A and SA and D and SD) Then leave out N.

The study further revealed that disagreed respondents agreed that Mpatta sub county conducts sensitization of the communities on their tax obligations,. The statement is not statistically significant since the deviation (1.346) from the mean (4.18) among the respondents is above 1. The standard deviation shows that there was no consensus on the item among the respondents.

The study furthermore revealed that the respondents disagreed that Meetings are conducted with the parish chiefs in mobilization of local revenue, The statement is not statistically significant since the deviation (1.4.13) from the mean (3.82). the standard deviation shows that there was no agreement among the respondents on the statement.

The study further revealed the respondents disagreed that the sub county tax team conducts assessment ,The statement was also not statistically significant since the deviation (1.137) from the mean (3.00). the standard deviation shows that there was no consensus on the item among the respondents in the study

Furthermore the study revealed that the respondents agreed that there is a tax enforcement team in Mpatta sub county that collects revenue, The statement was statistically significant since the deviation (0.648) from the mean (1.36) was less than 1. The standard deviation shows that there was consensus among the respondents in the study.

The study also revealed respondents agreed that that all businesses operating in Mpatta sub county are formally registered by the sub county officials, The statement was statistically significant since the deviation (0.995) from the mean (3.55) was less than 1. The standard deviation shows that there was consensus on the statement among the respondents.

Qualitatively, the study revealed that public revenue mobilization has a significant effect on service delivery in Mpatta sub county. One of the key information informant said that;

“if we do not mobilise local revenue, we may not be able to extend public services to the communities for example drilling of boreholes, so as a sub county, we have a tax task force team that enforces the different business entities to oblige with the tax requirements. Mobilization of local revenue for example market dues enables the sub county to clear the allowances of the counselors”

4.4 The effect of public revenue expenditure on service delivery in Mpatta sub county Mukono district

The study used both focus group discussion and interview guide to obtain the data from the respondents. The study revealed that;

Public revenue expenditure was funds under the management of a government reflecting all sources of revenue and expenditures tagged to an approved budget and plan. The different services that Mpatta sub county extends to the community are ; Sinking boreholes, light grading of roads, monitoring of health centres, inspecting of schools, maintain good sanitation and provision of safe wate to the various villages in the sub county. Furthermore the sub county makes sure that its sub county counselors have got allowances, road maintenance, sensitization of the farmers on the best farming practices.

One respondent from the focus group discussion said that:

“Mpatta sub county through the revenue collected provides services for example sinking boreholes for the community , they carry out light grading of the roads, they use that revenue to make sure that daily monitoring is carried out in health centre IIs to verify attendance of the health staff and how its also used to verify

the attendance of teachers in classes. This is done by the minister of education at the sub county in conjunction with the inspector of schools from the district head quarters”

Another key information informant said that;

“Mpatta sub county does Construction of feeder roads, construction of schools, Mpatta provides safe water to the area, Mpatta pays 25% of locally raised revenue to the lower levels Mpatta constructs public toilets to maintain good sanitation and hygiene in the community”

Further the respondents said that the services offered by Mpatta sub county to the community meet the national standards.

one of the respondents indicated a

“Yes, for example These services for example those done by the works department are done in line with the guidelines from the ministry of works . The tools that are used to measure teacher attendance in schools are those that are set in the guidelines of the ministry of education and sports Provision of water to the people of Mpatta sib county is in strict adherence with the rules of the ministry of water. whereby it is tasted before consumption by the locals and the area of coverage”
Justine this is off the topic we are not looking at the tools to assess teachers. You need to give your work time and read through to see that there is coherence other wise I see a challenge ahead of us. The discussions are not coming out well specifically when it comes to the third objective were we agree to use the focus group discussions. We need to be consistent with the methodology

CHAPTER FIVE

SUMMARY OF THE FINDINGS, DISCUSSION OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of the findings, discussion of the findings, conclusions and recommendations on the objectives of the study that is to say ; effect of public revenue planning on service delivery in Mpatta sub county Mukono district; effect of public revenue collection and mobilization on service delivery in Mpatta sub county Mukono district; effect of public revenue expenditure on service delivery in Mpatta sub county Mukono district

5.1 Summary of the findings

5.1.1 Effect of public revenue planning on service delivery in Mpatta sub county Mukono district

The respondents disagreed that there are well-designed planning procedures upon which Mpatta sub-county bases to conduct its revenue planning process, the statement was not significant since most of the respondents deviated (1.144) from the mean (2.73). The respondents disagreed that the public revenue planning procedures are operational, frequently reference to during planning process.. The statement is significant since there was consensus among the respondents shown by a standard deviation (0.777) from a mean of (2.64) since the standard deviation is less than 1. Respondents agreed that they set goals for our local revenue collection but the statement was not statistically significant since there was a lot of deviation from the mean (2.91) shown by a standard deviation (1.003). The study also revealed that Mpatta sub county has clearly set plans, this implies that Mpatta Sub county has set plans which motivates the sub county in collection of the revenue and thus extending public services to its community. The statement was significant since there deviation (0.579) from the mean (2.82) are

below 1. The study also revealed that budget preparation being participatory in Mpatta sub county enhances on the decision making by the authorities of Mpatta sub county and this enhances unity and harmony among stakeholders in n Mpatta sub county Mukono district. The statement is not statistically significant since the deviation (1.477) from the mean (3.18) were above 1. That Mpatta sub county has specific objectives for a given financial year and these objectives entice or motivate the sub county to collect the appropriate revenue to extend public services to the community members. The statement is not statistically significant since the deviation (1.144) from the mean (2.73) is above 1.

5.1.2 Effect of public revenue collection and mobilization on service delivery in Mpatta sub county Mukono district

Mpatta sub county conducts sensitization of the communities on their tax obligations,. The statement is not statistically significant the respondents disagreed that Meetings are conducted with the parish chiefs in mobilization of local revenue, The statement is not statistically significant since the deviation (1.4.13) from the mean (3.82) since the deviation (1.346) from the mean (4.18) among the respondents is above 1. The respondents disagreed that the sub county tax team conducts assessment ,The statement was also not statistically significant since the deviation (1.137) from the mean (3.00). The respondents agreed that there is a tax enforcement team in Mpatta sub county that collects revenue, The statement was statistically significant since the deviation (0.648) from the mean (1.36) was less than 1

5.1.3 Effect of public revenue expenditure on service delivery in Mpatta sub county Mukono district

Public revenue expenditure was funds under the management of a government reflecting all sources of revenue and expenditures tagged to an approved budget and plan. The different services that Mpatta sub county extends to the community

are ; Sinking boreholes, light grading of roads, monitoring of health centres, inspecting of schools, maintain good sanitation and provision of safe waste to the various villages in the sub county. Furthermore the sub county makes sure that its sub county counselors have got allowances, road maintenance, sensitization of the farmers on the best farming practices.

5.2 Discussion of the findings

5.2.1 Effect of public revenue planning on service delivery in Mpatta sub county Mukono district

The study revealed that there are no well-designed planning procedures upon which Mpatta sub-county bases to conduct its revenue planning process. Furthermore public revenue planning procedures are not operational, frequently reference to during planning process. The findings are in contrast with the literature put forward Business Informer Article of (2006), for any business to succeed, there should be a revenue plan, as this, is the only way to remain consciously competent and be able to forecast the probable chances of success. It is however, important to note that all the foregoing arguments on revenue planning, dwelt so much on the process. The findings from the study imply that public revenue planning influences positively service delivery.

In furtherance the study revealed that Mpatta sub county sets revenue goals, has a budget preparation process and sets objectives in a given financial year. The findings of the study are in agreement with the literature by Francis & Robert (2003), who argued that the locally generated revenue was still insufficient and was over time declining as a result of the complex revenue objectives designed. Further, they argue that the reliance on the small amounts of funds under the control of village councils, coupled with weak planning skills at this level, means that lower level political and administrative units command very limited influence

on district and sub county budgets and programs..setting realistic objectives enhances on the service delivery since there is realization of local revenue by the sub county which enables it to extend public services to the people

5.2.2 Effect of public revenue mobilization on service delivery in Mpatta sub county Mukono district

The study revealed that Mpatta sub county conducts sensitization of the communities on their tax obligations, Meetings are conducted with parish chiefs in mobilization of local revenue. The Mpatta sub county officials have a tax team that conducts tax assessment and a tax enforcement team that enforces the payment of taxes. The findings are in agreement with the literature asserted by namely Okidi & Guloba (2008) who noted that the existing decentralisation system in Uganda, empowers LGs to access their own revenues for effective financing of devolved responsibilities. Further, they argue that in order for these LGs to fulfil its obligation of financing up to 10% of its budget, it has to exercise its powers and raise revenue locally from cities, municipalities, town councils and rural areas. This implies that Mpatta sub county has the powers to mobilize revenue from the communities and effective mobilization of revenue enhances on the delivery of public services to the communities.

The study further revealed that most of the business entities in Mpatta sub county are not officially registered. The finding is in agreement with literature by Smoke (1993) who highlighted that most local governments in developing countries face the challenge of not realizing the resource envelope due to poor demarcation of tax base. Presence of few formal business in Mpatta sub county leads to low revenue collection and this in thus leads to ineffective service delivery by the Mpatta sub county officials.

5.3.2 Effect of public revenue expenditure on service delivery in Mpatta sub county Mukono district

The roads are routinely maintained in Mpatta sub county. Mpatta sub county has accessible health centres. Mpatta sub county has also clean water. The findings of the are in agreement with the literature by McClure (2000) who agreed with Mello argument noting that sub national governments have become important providers of public services in sector where activities can be more easily unbundled and incentives for performance can be more effectively put in place. This implies that local governments have the power to spend the local revenue that they raise and this significantly enhances the service delivery.

Furthermore the study revealed that class rooms in Mpatta sub county are not spacious and the water sources are not routinely maintained. The findings are in agreement with the literature by (Robert D.Ebel ,2003) regardless of McClure's argument casts doubt on the assignment of expenditure noting that lack of clarity in the definition of sub national responsibilities has a negative impact in three important respects, first, if the responsibilities are imprecise, the necessary corresponding revenues will remain poorly defined, secondly, without clear responsibilities, sub national government officials might prefer to invest in populist projects which benefit them in the short run rather than in projects with long term impacts on the region's economy,(such as infrastructure, education, etc.), thirdly there will be a confusion whether sub national expenditures represent local priorities or centrally determined programs.

5.3 Conclusions

5.3.1 Effect of public revenue planning on service delivery in Mpatta sub county Mukono district

There are no well-designed planning procedures upon which Mpatta sub-county bases to conduct its revenue planning process. Public revenue planning procedures are not operational, frequently reference to during planning process

5.3.2 Effect of public revenue expenditure on service delivery in Mpatta sub county Mukono district

Mpatta sub county conducts sensitization of the communities on their tax obligations, Meetings are conducted with parish chiefs in mobilization of local revenue. The Mpatta sub county officials have a tax team that conducts tax assessment and and a tax enforcement team that enforces the payment of taxes. Mpatta sub county has the powers to mobilize revenue from the communities and effective mobilization of revenue enhances on the delivery of public services to the communities.

5.3.3 Effect of public revenue expenditure on service delivery in Mpatta sub county Mukono district

The roads are routinely maintained in Mpatta sub county. Mpatta sub county has accessible health centres. Mpatta sub county has also clean water. class rooms in Mpatta sub county are not spacious and the water sources are not routinely maintained. local governments have the power to spend the local revenue that they raise and this significantly enhances the service delivery.

5.4 Recommendations

Mpatta sub county officials should a legal framework policy that will curb the vices of not following the public revenue planning procedures. A legal framework in place will enhance the operation of public revenue planning procedures in Mpatta sub county.

Mpatta sub county authority should avail the tax enforcement team with incentives as this will enable the members of the tax enforcement team to shun away from bribes and this in turn enhances on the local revenue collection

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SELF -ADMINISTERED QUESTIONNAIRE FOR THE BUSINESS COMMUNITY

Dear respondent,

I am **Nagujja Justin** a student of Uganda Christian university undertaking a Masters' degree in Business Administration (MBA) undertaking a study on the topic "*The Effect of Public Revenue Management on Public Service Delivery in LGs of Uganda: A Case of Mpatta Sub-County, Mukono District*". you have been randomly selected to participate in this study to enrich the findings. My topic under investigation is the "This is for academic purposes only and will be treated with utmost privacy and confidentiality.

Thank you

Nagujja Justine Evah

SECTION A: Background Information of the Respondents

Please indicate your choice by show of a tick

1. Gender of respondents

Gender	Code	
Male	1	
Female	2	

2. Age of respondents

Age bracket	Code	
20 to 25 years	1	
26 to 30 years	2	
31 to 35 years	3	
36 to 40 years	4	
Above 40 year	5	

3. Nature of occupation of the respondents

Age bracket	Code	
Business community	1	
District councillor	2	
Local council chairperson	3	
Technical planning committee	4	
Mpatta sub county members	5	
District revenue taskforce		

SECTION B: (Give your opinion about public revenue management on service delivery in Mpatta sub county Mukono district)

Please tick the most appropriate choice of answer. At the scale of 1 to 5 where (1- strongly disagree, 2- disagree, 3- undecided, 4-agree, 5-strongly disagree)

	Effect of Public Revenue Planning on service delivery	5 (SA)	4 (A)	3 (UD)	2 (D)	1 (SD)
1	There are well-designed planning procedures upon which Mpatta sub-county bases to conduct its revenue planning process.	5	4	3	2	1
2	The public revenue planning procedures are operational, frequently reference to during planning process.	5	4	3	2	1
3	We set goals for our local revenue collections	5	4	3	2	1
4	Mpatta sub county has clearly set plans					
5	The budget preparation process in Mpatta sub county is participatory in nature where key stakeholders are involved.	5	4	3	2	1

6	Mpatta sub county has specific revenue objectives in a given financial year					
	Effect of Public Revenue Mobilization on service delivery	5 (SA)	4 (A)	3 (UD)	2 (D)	1 (SD)
7	Mpatta sun county conducts sensitization of the communities on their tax obligations					
8	Meetings are conducted with the parish chiefs in mobilization of local revenue					
9	The sub county tax team conducts assessment					
10	There is a tax enforcement team in Mpatta sub county that collects revenue					
11	All businesses operating in Mpatta sub county are formally registered by the sub county officials					
	Effect of Public Revenue Expenditure on service delivery	5 (SA)	4 (A)	3 (NS)	2 (D)	1 (SD)
12	The roads are routinely maintained in Mpatta sub county					
14	Most of the public schools in Mpatta sub county have the scholastic materials					
15	Teachers are on duty in time in Mpatta sub county					
16	The classrooms in Mpatta sub county are spacious					
17	There are accessible functional health centres in Mpatta sub county					
18	Drugs are available when need in the health centres in Mpattasub county					

19	Medical workers are always available at the various health centres					
20	There is maintenance of water sources in Mpatta sub county					
21	There is availability of Safe water in Mpatta sub county					

Thank You for your cooperation

**INTERVIEW GUIDE FOR MPATTA SUB COUNTY OFFICIALS
TECHNICAL STAFF AND COUNCILLORS.**

1. How do you benefit from local revenue?
2. How does local revenue expenditure affect service delivery?
3. Are you involved in the revenue planning process?

Thank you for your corporation