INTERGRATED REVENUE ADMINISTRATION SYSTEM AND LOCAL REVENUE PERFORMANCE IN MBALE CITY

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DECLARATION

I, Khaukha Stephen declare that this dissertation is my own original work, and it has never been presented for any award at any institution of higher learning.

Signed.. Date: 19th June, 2024

Khaukha Stephen

APPROVAL

This is to certify that this research report has been done under my supervision and therefore submitted for examination with my approval as student's supervisor.

Signed: .... Date: 23/04/2024

Dr. Mulyanyuma Aaron

Supervisor

DEDICATION

This research study is dedicated to Ruth, Isaiah, Joel, Jesse and Jonathan; my children to inspire them to aim higher in their academic careers than I have been able to achieve.

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ACRONYMS

IRAS	Integrated Revenue Administration System
ICT	Information Communication Technology
USMID	Uganda Support to Municipal Infrastructure Development
MIS	Management Information System
TIN	Taxpayer Identification Number
COTS	Commercial Off The Shelf
ERP	Enterprise Resource Planning
CRM	Customer Relationship Management
OECD	Organization for Economic Cooperation and Development
EFT	Electronic Funds Transfer
AC	Assessment Committee
LST	Local Service Tax
LHT	Local Hotel Tax
VAT	Value Added Tax
GERF	General Enumeration and Registration Form
PT	Presumptive Tax
PAYE	Pay As You Earn
ERCS	Electronic Revenue Collection System
GDP	Gross Domestic Product
MOLG	Ministry of Local Government
LGA	Local Government Act

ABSTRACT

Uganda adopted the integrated revenue administration systems(IRAS) and it has demonstrated positive outcomes in addressing challenges related to local revenue management and administration and led to an improvement in revenue performance. In Nansana Municipality, revenue collections increased by 94 % from UGX 2,762,064 in FY 2018/2019 to UGX 5,366,264 in FY 2021/2022 and taxpayer compliance rose by 27 % from 56 % to 83 % over the same period.

However, in Mbale City, local revenue collections increased by only 10.3 % from UGX 1,477,000 in FY 2018/2019 to UGX 1,629,250 in FY 2021/2022 and taxpayer compliance rose by only 10 % from 37 % to 47 % over the same period.

This study therefore was to determine the effects of the IRAS on local Revenue performance using Mbale City as a case study because despite the implementation of the IRAS, its local revenue performance was comparatively dismal.

A cross-sectional survey research design alongside purposive and simple random sampling using 181 respondents was employed. Both qualitative and quantitative methods of data collection specifically key informant interviews and Questionnaire administration were used.

The study findings using simple regression analysis revealed the following:

- The automated taxpayer enumeration is positively correlated to local revenue performance accounting for 14.7% at p=0.000. meaning 85.3% is accounted for by other factors.
- The automated revenue assessment is positively correlated to local revenue performance accounting for 25.6% at p=0.000. meaning 74.4% is contributed by other factors.

- The automated local revenue collection is positively correlated to local revenue performance accounting for 23.0% at p=0.000 meaning 77% is accounted for by other factors.

The study reveals that in the revenue administration system there are factors other than the automation of the enumeration of tax payers, assessment of revenue and its collection that affect local revenue performance.

The study recommends that besides the automation of the revenue administration system which has already been done, Mbale City should now shift attention to the other factors that affect local revenue performance that automation has not addressed. These factors are reflected in the strong disagreement by the respondents to the constructs in the questionnaires as follows:

- Continuous joint political and technical mobilization and sensitization
- Transparency by public display of the numbers in each category of local revenue
- Public tax education and sensitization on the benefits of tax.
- Facilitation of the internal audit unit to do independent verification
- Facilitation to ensure close supervision of field staff by senior officers
- Facilitation of political leaders to do regular monitoring of technical supervision
- Setting of voluntary compliance timelines and use of non-coercive collection methods
- Ensuring transparency in the use of the taxes collected to deliver services
- Tagging revenue sources to specific service delivery infrastructural projects

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study aimed to investigate the relationship between the adoption of the Integrated Revenue Administration System (IRAS) and the financial performance of Mbale City in Uganda. The IRAS, considered as the independent variable, was assessed for its effectiveness in automating tasks such as taxpayer enumeration, revenue assessment, and collection. Meanwhile, the dependent variable, local revenue performance, was measured through indicators like the increase in taxpayer numbers, expansion of the tax base, total tax collection, and the efficiency of revenue collection methods. This chapter encompasses the study's background, problem statement, objectives, research questions, significance, justification, scope, and definitions of key terms and concepts.

1.1 Background of the Study

1.1.1 Historical Background

The roots of revenue management in public institutions can be traced to the early 18th and later 19th centuries, notably in Great Britain, where projects required a steady stream of taxes from citizens (Rose, 1950). With the expanding need for public revenues, there arose a necessity for heightened taxation, leading to considerations about how to plan and allocate public funds to meet societal needs (Agrawal & Ferguson, 2007). It's important to highlight that the practice of revenue management in public sectors extends back to the establishment of public institutions offering services to the population without direct fees.

The decentralization process has advanced significantly on a global scale, especially in Latin America. The initial stages of this process were observed in Chile and Colombia in the early 1980s, aiming to delegate more responsibilities to municipalities, which are sub-national administrations, for delivering services, including healthcare (Prawda, 1993). In certain cases, resource scarcity resulting from macroeconomic crises led countries to transfer responsibilities to lower levels of government. For instance, governments in Colombia, Argentina, and Brazil empowered elected municipalities as part of broader political liberalization efforts, while in Chile, the military regime favored administrative deconcentration to municipalities overseen by non-elected administrators appointed by the military (Nickson, 1995).

In Africa, several countries have introduced reformed public finance management systems within their local government frameworks at different junctures. According to Kauzya (2009), South Africa, Ghana, Nigeria, and Rwanda are among the African nations that have significantly decentralized powers and resources, aiming for inclusive, participatory governance to enhance the quality of public services. Despite the implementation of numerous public finance management reforms since the 1990s, Uganda continues to face challenges related to the mismanagement of public funds. These reforms are designed to establish a robust public finance management system that fosters overall control, accountability, and efficiency in handling public resources and delivering essential services vital to Uganda's development goals (Ministry of Finance, Planning, and Economic Development, 2013).

Like many other developing countries, Uganda faces significant challenges in revenue administration, especially at the local government level. The integration of revenue administration systems has emerged as a central strategy aimed at augmenting efficiency and transparency in revenue collection processes. This historical background seeks to elucidate the progression of integrated revenue administration systems in Uganda and their influence on local revenue performance (Ministry of Local Government, Uganda, 2004). Before colonial rule, traditional governance structures in Uganda oversaw revenue collection through communal systems. However, the advent of colonial administration reshaped this landscape. British colonial rulers enforced centralized revenue collection systems, primarily to finance colonial endeavors and infrastructural projects. This era witnessed limited emphasis on local revenue generation and administration, as resources were chiefly controlled and distributed by the central government.

Following its independence in 1962, Uganda initiated efforts to decentralize governance and empower local authorities. However, remnants of centralized revenue administration persisted, hindering effective revenue mobilization at the local level. Local governments relied heavily on grants from the central government, leading to limited autonomy and reduced accountability in revenue management (Muhumuza, 2018).

During the 1990s, Uganda embarked on a series of administrative reforms aimed at decentralizing governance and enhancing local revenue generation. A pivotal moment in this effort was the passing of the Local Government Act of 1997, which granted local governments increased autonomy in revenue administration. However, persistent challenges such as inadequate capacity, institutional deficiencies, and corruption within local revenue systems remained prevalent. To address these issues, Uganda began implementing integrated revenue administration systems in the early 2000s. One notable initiative was the introduction of the Local Government Integrated Financial Management System (LG-IFMS) in 2004. LG-IFMS aimed to streamline financial operations, including revenue collection, budgeting, and expenditure management, specifically tailored for local government entities (Republic of Uganda, 1997). The adoption of integrated revenue administration systems has had significant impacts on local revenue performance in Uganda. For example, the implementation of LG-IFMS facilitated the automation and digitization of revenue processes, leading to reduced inefficiencies and leakages. Additionally, it enhanced transparency and accountability through real-time monitoring and reporting mechanisms.

Kampala, the capital city of Uganda, has taken the lead in adopting integrated revenue administration systems. The Kampala Capital City Authority (KCCA) introduced the Revenue Collection Information Management System (RCIMS) in 2012, aiming to centralize various revenue sources and promote compliance through online payment platforms. As a result, the KCCA witnessed a remarkable increase in local revenue collection, enabling the provision of essential services and infrastructure development (Kampala Capital City Authority, 2013). The evolution of integrated revenue administration systems in Uganda reflects a journey toward improving local revenue performance and governance effectiveness. Despite ongoing challenges such as limited capacity and technological obstacles, these systems represent a significant step toward achieving sustainable development and local government autonomy.

City Councils can improve revenue mobilization through a modernized revenue collection system, which enhances collection efficiency and broadens the revenue base. By expanding their fiscal capabilities, governments can better address various challenges by accessing additional financial resources. Therefore, the main aim of computerized revenue collection should be to increase cash receipts to sustain utility and achieve a satisfactory return on investment for the system. Implementing a computerized revenue collection system can mitigate leakages caused by delayed collection, fraud, and under-collection by streamlining and automating the revenue collection process. The system can automatically impose penalties for late payments and generate daily reports on cash receipts and outstanding payments to be collected (Kamolo, 2014).

In today's intensely competitive business environment marked by rapid changes, maximizing the utilization of available resources is not just optional but essential. Companies are increasingly adopting a proactive approach to upgrading their systems to enhance operational efficiency and effectiveness. Automating revenue collection systems provides organizations with the opportunity to fully exploit the advantages of these new platforms (Bahwan CyberTek, 2012). The process of system modernization leads to tangible enhancements in the efficiency and effectiveness of both development and maintenance operations, guaranteeing timely delivery and consistent quality, as highlighted by the United Nations Conference on Trade and Development (UNCTAD, 2008).

1.1.2 Theoretical Background

The theoretical foundation of integrated revenue administration systems and local revenue performance in Ugandan local government is based on principles of efficiency, transparency, and accountability (UNCTAD, 2008). Integrated revenue administration systems aim to streamline and automate revenue collection processes, enhancing efficiency by reducing manual interventions and paperwork. Moreover, these systems promote transparency by providing real-time monitoring and reporting mechanisms, allowing stakeholders to track revenue flows and expenditures accurately (Ministry of Local Government, Uganda, 2004). It is important to note that improving accountability, integrated revenue administration systems help local governments to ensure that collected revenues are utilized effectively for the provision of essential services and infrastructure development within local communities.

Case studies from different local governments in Uganda demonstrate the practical implementation and efficacy of integrated revenue administration systems. For instance, the introduction of the Local Government Integrated Financial Management System (LG-IFMS) in Kampala Capital City Authority (KCCA) led to substantial enhancements in revenue collection and management (Muhumuza, 2018). The system streamlined financial operations, including revenue collection, budgeting, and expenditure management, leading to enhanced efficiency and transparency. Similarly, other municipalities such as Mbale and Gulu have also reported positive outcomes following the adoption of integrated revenue administration systems, demonstrating the scalability and adaptability of these solutions across different local government contexts (Kampala Capital City Authority, 2013).

Moreover, studies conducted by entities like the Ministry of Local Government and academic researchers such as Muhumuza (2018) offer empirical evidence that supports the correlation between integrated revenue administration systems and enhanced local revenue performance in Uganda. These research works underscore the significance of technology and institutional reforms in improving revenue collection efficiency, minimizing leakages, and fostering accountability (Bahwan CyberTek, 2012).

Throughout history, Information Technology systems have been the foundation of tax administrations, facilitating essential tasks such as processing returns, collecting payments, and gathering critical data. The central component of contemporary Information Technology systems, the 'core tax' element, remains crucial in supporting these functions, enabling tax authorities to transition from labor-intensive manual processes to focusing resources on promoting compliance and overseeing operations. Today, Information Technology plays a pivotal role in fostering voluntary compliance by establishing interactive and electronic channels for taxpayer engagement, known as the 'electronic-tax system.' This includes functionalities such as electronic registration, filing, payment processing, and information dissemination. Additionally, modern Information Technology systems feature a 'compliance performance system' to aid tax administrations in conducting audits and managing data to identify areas with the highest non-compliance risks, thereby safeguarding revenue collection. Moreover, similar to any organization, the 'management information system' (MIS) component within modern Information Technology solutions aims to improve decision-making by supplying pertinent information to managers and staff (Guillermo et al., 2013). In tackling the issue of insufficient service delivery, this study will adhere to Lindahi's (1960) Benefit Theory of Taxation. According to this theory, organizations aiming to enhance their service delivery should focus on aspects such as revenue planning, revenue mobilization, and effective management of revenue expenditure and control (Lindahi, 1960).

1.1.3 Conceptual Background

Kamolo (2014) argues that city councils cannot rely solely on the central government for funding programs that primarily benefit the local community. Key tasks such as maintaining feeder roads, managing waste collection, establishing and maintaining sewerage systems, ensuring clean streets, improving rural access roads, developing markets, and enhancing urban centers should be funded through local revenue sources. To address the financial gap and maintain a balanced budget that matches the city's expenses, city councils need to actively collect local revenues in the form of taxes.

The automation of revenue collection systems entails the use of modern technologies, particularly Information Communication Technology (ICT), to modernize and integrate the revenue system. This transformation aims to enhance the efficiency and effectiveness of the system by facilitating integration and sharing of information. It is crucial for all sectors within the city to establish robust revenue collection mechanisms, along with a monitoring framework to ensure strict oversight of budgeted programs and project activities. This approach fosters accountability and efficient utilization of resources (Amin, 2013). The automation of revenue collection systems and structures plays a vital role in streamlining taxation administration through the adoption of modern technologies, particularly Information Communication Technology.

According to Guillermo Jimenez et al. (2013), the electronic tax (e-tax) system encompasses electronic registration, filing, payment, and taxpayer education and information. It serves as a comprehensive internet portal, offering secure self-service options to taxpayers and often functioning as a centralized platform for various tax-related activities. The system generally operates around the clock, enabling taxpayers to perform tasks independently without the need for assistance from tax administration personnel. Although closely associated with Information Technology, the e-tax system is not an independent component but rather must integrate with the core tax system to offer services like viewing account details and refund status. Beyond merely serving taxpayers, e-tax systems also streamline tax administration by facilitating electronic registration and filing, thereby reducing the overall cost of tax administration.

In tax administration, registration involves collecting crucial taxpayer identification information like names, addresses, and legal entity types. This allows tax authorities to establish taxpayer identities, locations, and determine their active or inactive status. In contemporary tax administrations, additional compliance-related data such as business activities or estimated turnover is also gathered to aid future compliance efforts. During the registration process, tax administrations usually assign a unique Taxpayer Identification Number (TIN) and provide a registration certificate to the newly registered taxpayer, along with details regarding their filing and payment obligations

(Guillermo et al., 2013).

The key registration features of a tax Information Technology system include storing and managing taxpayer identification data, issuing TINs and registration certificates automatically, and determining taxpayer filing requirements automatically. Efficient registration within tax Information Technology systems utilizes unique TINs to facilitate data exchange among government agencies, making noncompliance detection easier. It consolidates registration across various taxes to provide a comprehensive view of taxpayers during audits or collections, centralizes the registration database to improve non-compliance monitoring, offers a single platform for taxpayers to register for all taxes, and interfaces with the e-tax system to enable online registration for new taxpayers (Guillermo et al., 2013).

A centralized taxpayer registration database streamlines resource planning for tax administrations, aiding in staff and resource allocation based on the size and distribution of the active taxpayer base. Many tasks, such as verifying the uniqueness of newly issued Taxpayer Identification Numbers (TINs), are significantly facilitated by Information Technology, which would be impractical to perform manually, especially with a large taxpayer population. Taxpayers are primarily responsible for filing returns and making payments, obligations that demand considerable efforts from both taxpayers and tax administrations. Efficient processing of returns and payments reduces operational costs, minimizes revenue flow risks, and enhances predictability, fostering fairness perception among taxpayers and encouraging voluntary compliance. Tax Information Technology systems involved in return and payment processing swiftly and accurately capture and validate taxpayer information, whether from paper-based or electronic sources. These systems offer data entry verification and return computation validation, automatically flagging exceptions and streamlining processes requiring staff intervention. Additionally, all returns are electronically archived for easy access during audits and collections, while return and payment data are crucial for automatically calculating liability, interest, and penalties. To mitigate labor-intensive tasks, effective tax Information Technology systems include electronic filing and payment features, including options for payments via financial institutions (Guillermo et al., 2013).

Collections represent a vital aspect of tax administration, encompassing efforts to ensure compliance through the retrieval or negotiation of outstanding payments. Contemporary tax administrations adopt an integrated approach to collection enforcement and debt management, treating taxpayers as unified entities concerning tax debts to streamline operations and simplify interactions. Furthermore, employing a cost-benefit-centered strategy for collections, where the tax administration evaluates collection potential before pursuing actions, can yield positive outcomes for tax revenue (Guillermo Jimenez et al., 2013). Information Technology plays a crucial role in precise taxpayer accounting, supporting the collections process by automatically identifying delinquent accounts and generating relevant notices. Some countries utilize automatic call center facilities to communicate with delinquent taxpayers and remind them of their tax obligations. The collections workflow involves detailed documentation of all collection activities, actions taken, and the referral of cases to the appropriate personnel and management. Information generated during the collections process is integrated into the compliance database for future collections or audit purposes. Additionally, modern Information Technology capabilities in collections enable the automated prioritization of cases based on their revenue-generating potential.

Developed under the City Creditworthiness initiative funded by the World Bank, the Integrated Revenue Administration System (IRAS) encompasses all major local government revenue sources and one-time payments in six municipalities: Entebbe, Fort Portal, Gulu, Lira, Mbale, and Nansana, as part of the Uganda Support to Municipal Infrastructure Development (USMID) program aimed at bolstering local own-source revenue collections. The IRAS system interfaces with collection agents like PayWay, aiming to enhance efficiency in service delivery to these municipalities. Previously, physical tax collectors recorded collected revenues, and collections were managed through manual receipts, leading to widespread corrupt practices facilitated by collaborations between collectors, back office staff, and senior officials, resulting in significant misappropriation of collected revenues in Mbale City (Kamolo, 2014). Consequently, the implementation of a revenue collection system is necessary to minimize revenue leakages, provide adequate information to city customers, maximize revenue collection to support the city's development agenda, and enhance service delivery to its citizens.

Several legislative measures, including the Budget Act of 2001, the Public Finance and Accountability Act (PFAA) of 2003, Treasury Accounting Instructions (TAI) of 2004, and the implementation of the Integrated Financial Management System (IFMS), have been put in place to regulate financial management in Uganda, including Mbale City.

However, persistent challenges such as the misappropriation of public funds by public servants, delays in fund disbursement, low absorption capacity in some departments, and the presence of idle and dormant bank accounts continue to hinder the delivery of public services. Mbale City, like other local governments, derives its authority to provide quality services to its citizens from the 1995 constitution, as amended in Article 177, and the Local Government Act CAP 243 sections 35, 80, and 82, which mandate local governments to levy, charge, and collect appropriate fees and taxes, including rates, rent, royalties, stamp duties, personal graduate tax, registration, and licensing fees.

Section 80(2) of the same Act requires each local government to compile a comprehensive list of all its revenue sources, a requirement integrated into various fiscal documentation measures such as the budget transparency initiative and accountability requirements linked to performance contracts, as well as constitutional and statutory accountability bodies. Nonetheless, existing studies have primarily concentrated on the performance of decentralized local governments (Mudalige, 2020), the influence of government revenue collection on service delivery (Pallisa District, 2016), decentralization of revenue management in Chile (Nickson, 1995), and public revenue management service delivery in Mpatta Sub City (Nagujja, 2018). These studies illuminate the complexities and challenges associated with revenue management and its ramifications for service delivery across different contexts, underscoring the necessity for effective strategies to optimize revenue collection and utilization at the local government level.

Public revenue collection plays a pivotal role in the fiscal policy and administration of any economy, exerting significant influence on both national government operations and grassroots development. Serving as the primary source of government funding, revenue collection serves as the lifeblood of governance, facilitating the provision of essential services and infrastructure. Effective revenue collection should adhere to best practices such as equity, ability to pay, economic efficiency, convenience, and certainty, as outlined by Visser and Erasmus (2005). To effectively meet the needs and expectations of citizens, governments must enhance their fiscal depth without incurring excessive recurring overhead costs, as emphasized by Gidisu (2012). This underscores the importance of optimizing revenue collection mechanisms to ensure sustainable and equitable development outcomes while minimizing fiscal burdens on taxpayers. Uganda has experienced substantial political transformations in the past three decades, notably marked by the recent creation of new cities through parliamentary legislation enacted on April 28, 2020. As part of this restructuring, revenue collection processes have transitioned to digital platforms, specifically the Integrated Revenue Administration System. Mbale City is currently in the midst of implementing systems aimed at optimizing revenue collection efforts across the municipality. This study aims to address Mbale City's revenue collection objectives within this evolving administrative framework, focusing on strategies to enhance efficiency, transparency, and effectiveness in revenue generation and management.

As per Kamolo (2014), city councils should not rely solely on the central government for revenue to fund programs with localized benefits. Initiatives such as maintaining feeder roads, managing waste collection, establishing and upkeeping sewerage systems, ensuring cleanliness of streets, improving rural access roads, developing markets, and enhancing urban centers ought to be financed through local revenue sources. To meet the rising financial demands outlined in the city's budget and maintain a harmonious balance between budgeted expenditures and revenue collection, city councils must prioritize the collection of taxes. This approach emphasizes the importance of leveraging local revenue generation to support essential infrastructure and services that directly benefit the community, reducing dependency on external funding sources and fostering sustainable development at the local level.

In the wake of decentralization efforts in local governance, city councils are tasked with generating their own revenue to bridge the gap between central government allocations and their budgetary needs. To streamline revenue collection processes, many municipalities, including Mbale City, have transitioned from manual methods to the Integrated Revenue Administration System (IRAS). This system aims to optimize collection from various revenue streams such as single business permits, market stalls, parking fees, and real estate taxes, providing real-time transaction reports accessible via web and mobile platforms. However, a common administrative challenge faced by city councils is the inefficient collection of revenues due to them, emphasizing the need for cost-effective revenue performance (UNCTAD, 2008). Prior studies often focused solely on the back-end aspect of revenue collection, overlooking the comprehensive automation required to capture the entire business process from collection to integration with back-office applications and reporting channels to ensure accountability to the central government. This study addresses both front-end and back-end systems, aiming to identify the effects and approaches to challenges encountered in implementing automation in revenue collection in Mbale City, specifically evaluating the impact of the Integrated Revenue Administration System on local revenue performance.

1.1.4 Contextual Background

Scholars and researchers worldwide have extensively studied revenue system modernization and revenue collection processes. Gidisu (2012) conducted research on the efficacy of revenue collection through the automated system procedure of the Ghana Revenue Authority, specifically focusing on the customs division. The study revealed a favorable impact of automated system usage on the cost of tax administration, as well as on the efficiency and effectiveness of revenue collection. Similarly, Wasilewski (2000) examined economic development and taxation systems, comparing Brazil and Japan. The research highlighted Japan's experience, indicating that a country doesn't necessarily have to wait until it reaches an advanced stage of development to implement significant changes in its tax structure. Instead, a modernized system can stimulate economic growth and strengthen the domestic market.

Mitullah (2005) conducted a survey involving 175 local authorities in Kenya to evaluate the effectiveness of information systems. Numerous challenges faced by these local authorities in fulfilling their duties, including delivering infrastructure and services, were attributed to insufficient management systems. The study concluded that information systems played a pivotal role in enhancing and effectively managing resources within local authorities. Similarly, research by Kibe (2011) suggested that implementing geographical information systems (GIS) would empower local governments to improve revenue collection through enhanced financial management systems.

Before the adoption of automated revenue collection systems, local authorities depended on manual methods for revenue collection, usually centralized in a single location. These manual systems entailed issuing paper receipts. Challenges such as elevated collection costs, fraudulent activities, underpayment, and revenue leakages were intensified by the substantial expansion of the taxable base without sufficient computerized solutions (Fjeldstad & Heggstad, 2012).

Difficulties in tracking and detecting fraudulent or dishonest revenue collectors can be attributed to the use of non-automated revenue collection systems. These challenges become more pronounced when manual or centralized systems are utilized, as they demand substantial resources and overhead costs to monitor and address such issues. Manual collection processes across multiple service points frequently lead to delayed customer service and present inherent risks in cash management. Moreover, the existence of separate payment applications and a deficiency in integration with back-office systems may result in delayed and possibly inaccurate analysis and reporting (Prichard, 2010).

According to Sohne (2003), governments must enhance their fiscal capacity significantly to meet the increasing expectations of constituents and achieve improved performance, all while avoiding excessive recurring costs. Automated systems have proven to bring significant efficiencies to business processes, resulting in increased revenue. Embracing technological solutions is crucial for governments to evolve into entities capable of meeting the demands and expectations of the modern world. In today's competitive business environment, maximizing available resources is not just advantageous but imperative. Organizations are actively pursuing systems modernization and operational enhancements to enhance efficiency and effectiveness. Automation allows firms to modernize their revenue collection systems to maximize benefits (Bahwan CyberTek, 2012). System modernization leads to measurable improvements in the efficiency and effectiveness of development and maintenance activities, ensuring timely delivery and consistent quality (UNCTAD, 2008).

Previous research has mainly focused on the back-end aspect of revenue collection, often overlooking the widespread use of manual receipt books by revenue collectors. A comprehensive automation system should cover the entire business process, from revenue collection to back-office applications, integration, and reporting mechanisms, ensuring accountability to the central government. This study takes a comprehensive approach, examining both front-end and back-end systems, to address the challenges associated with implementing automation in revenue collection within Mbale city.

In Uganda, effective revenue administration at the local government level is crucial for fostering sustainable development, as in many other developing nations. The integration of revenue administration systems has emerged as a critical strategy for improving efficiency, transparency, and accountability in revenue collection processes (Ministry of Local Government, Uganda, 2004). Uganda, located in East Africa and lacking direct access to the sea, has a diverse socio-economic landscape encompassing both rural and urban areas. The country's economy relies mainly on agriculture, which serves as the primary livelihood for most of its population. However, rapid urbanization and economic diversification have led to the growth of urban centers, such as the capital city, Kampala, and regional towns, significantly contributing to the nation's revenue generation.

Despite progress in economic growth and efforts to alleviate poverty, Uganda still faces persistent challenges such as poverty, inequality, and inadequate infrastructure. Local governments have a crucial role in addressing these issues by mobilizing resources for service delivery and infrastructure development. However, various institutional and structural factors have limited the ability of local governments to generate and manage revenue effectively (Kampala Capital City Authority, 2013).

The institutional framework governing local governance and revenue administration in Uganda has undergone significant reforms over time. The decentralization policy, launched in the 1990s, aimed to transfer authority and resources to local governments to enhance service delivery and citizen engagement. The Local Government Act of 1997 established district and municipal councils as the primary units of local administration, laying the legal groundwork for decentralization (Republic of Uganda, 1997). However, challenges such as limited financial resources, capacity constraints, and weak governance structures have hampered the effectiveness of local governments in mobilizing and managing revenue. Traditional revenue collection methods often proved inefficient and prone to leakages, undermining both revenue performance and service delivery outcomes (Muhumuza, 2018).

To address these challenges, Uganda has embraced the adoption of integrated revenue administration systems, employing technology and institutional reforms to enhance revenue performance at the local government level. One notable example is the implementation of the Local Government Integrated Financial Management System (LG-IFMS) in 2004. LG-IFMS was developed to automate and streamline financial processes, including revenue collection, budgeting, and expenditure management across local governments (Kampala Capital City Authority, 2013). Additionally, initiatives like the Revenue Collection Information Management System (RCIMS), implemented by organizations such as the Kampala Capital City Authority (KCCA), have demonstrated the potential of technology-driven solutions in improving revenue performance. RCIMS facilitates online payment platforms, real-time monitoring, and data-driven decision-making, contributing to increased revenue collection and enhanced service delivery in urban areas.

1.2 Statement of the Problem

Uganda's fiscal devolution policy, outlined in the Local Governments Act of 1997, aimed to empower local governments with financial control to enhance the management of public funds, particularly local revenues, and to ensure the efficient delivery of social services (Kabeba, 2008).

In Africa, several countries have introduced reformed public finance management systems within their local government frameworks at different junctures.

Uganda has embraced the adoption of integrated revenue administration systems, employing technology and institutional reforms to enhance revenue performance at the local government level. Here below are excerpts from the Auditor General's reports on the financial statements showing the local revenue performance of some of the municipalities since the IRAS was introduced in 2018.

Entity	**Item**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
		UGX '000'	**UGX '000'**	**UGX '000'**	**UGX '000'**
Nansana	Budget	4,897,847	6,175,036	6,165,559	6,444,898
	Actual	2,762,064	2,795,700	3,838,940	5,366,264
	%	56	45	62	83
Mbale	Budget	3,982,000	1,280,000	3,565,800	3,481,767
	Actual	1,477,000	544,775	1,096,023	1,629,250
	%	37	43	31	47
Gulu	Budget	2,766,849	4,284,837	4,745,528	3,884,884
	Actual	2,088,165	1,241,110	1,729,367	2,063,170
	%	75	29	36	53

According to Kisaka, the Executive Director of KCCA, the Integrated Revenue Administration System (IRAS) has demonstrated positive outcomes in addressing challenges related to local revenue management and administration. This has led to an improvement in revenue performance and subsequently enhanced service delivery in local governments. Kisaka emphasized that IRAS is a locally developed and cost-effective system for managing local revenue. It is accessible through both web and internet mobile phone applications.

Kisaka mentioned the case of Nansana Municipality, where revenue collections increased by 94% from UGX 2,762,064 in FY 2018/2019 to UGX 5,366,264 in FY

2021/2022. Additionally, taxpayer compliance rose by 27% from 56% to 83% over the same period.

However, the extent to which this objective has been achieved in other cities like Gulu and Mbale as shown in the table above remained uncertain.

Over the fiscal years 2018/19 to 2021/22, Mbale City local revenue collections increased by only 10.3 % from UGX 1,477,000 in FY 2018/2019 to UGX 1,629,250 in FY 2021/2022. Additionally, taxpayer compliance rose by only 10 % from 37 % to 47 % over the same period.

In Gulu City local revenue collections increased by only 10.3 % from UGX 2,088,165 in FY 2018/2019 to UGX 2,063,170 in FY 2021/2022. However, taxpayer compliance reduced by 1.2 % from 75 % to 53 % over the same period.

At the time of introduction of IRAS, Nansana, Mbale and Gulu were municipalities with the same governance structure in terms of political leadership, civil service establishment, mandate and legal framework guiding operations.

The IRAS software is standard and training was offered by the same consultant, Yoya Technologies Ltd across all beneficiary local governments.

However, Mbale and Gulu City Councils have consistently fallen short of the performance exhibited by Nansana municipality.

This study seeks to use Mbale City as a case study to investigate the reasons behind the consistent low performance of the budget, remaining below 50%, and why the budget amount continues to lag behind that of the base year 2018/19, despite the introduction of the Integrated Revenue Administration System.

1.3 Main Objective of the Study

The general objective of this study was to determine the effects of the Integrated Revenue Administration System on local Revenue performance at Mbale City in Uganda.

1.4 Specific Objectives of the Study

The specific objectives of this study were to establish:

i. To examine the effect of automated tax payer enumeration on local revenue performance in Mbale City.

ii. To assess the effect of automated revenue assessment on local revenue performance in Mbale City.

iii. To establish the effect of automated local revenue collection on local revenue performance in Mbale City

1.5 Research Questions

i. To what extent do automated tax payer enumeration contribute local revenue performance in Mbale City?

ii. What is the effect of automated revenue assessment impact on local revenue performance in Mbale City?

iii. To what extend does automated local revenue collection contribute to local revenue performance in Mbale City?

1.6 Study Scope

The scope was defined based on three perspectives: the geographical scope, the conceptual and time scope.

1.6.1 Content Scope

The study was theoretically grounded in the "Integrated Revenue Administration System" (IRAS) and "Performance" (the Dependent Variable) as the key study variables. Within this conceptual framework, the research investigated how taxpayer enumeration, revenue assessment, and revenue collection affect the performance of local revenue in Mbale City.

1.6.2 Geographical Scope

The study was carried out in Mbale City, situated in the eastern region of Uganda, approximately 245 km from Kampala. According to data from the Uganda Bureau of Statistics, Mbale City has an estimated population of about 80,723 inhabitants, calculated using the national growth rate of 3 percent. It is reported that roughly 63 percent of individuals aged between 16 and 64 are engaged in employment, spanning both formal and informal sectors within the city.

1.6.3 Time Scope

The study took place over a period of five years, spanning from 2017 to 2022. This timeframe aligns with the introduction of the Integrated Revenue Administration System, which was launched as part of the City Creditworthiness initiative. This initiative, funded by the World Bank, was implemented in six municipalities - Entebbe, Fort Portal, Gulu, Lira, Mbale, and Nansana - as part of the Uganda Support to Municipal Infrastructure Development (USMID) program. Selecting this timeframe allows ample opportunity to observe any noticeable impacts resulting from the implementation of the Integrated Revenue Administration System.

1.7 Significance of the Study

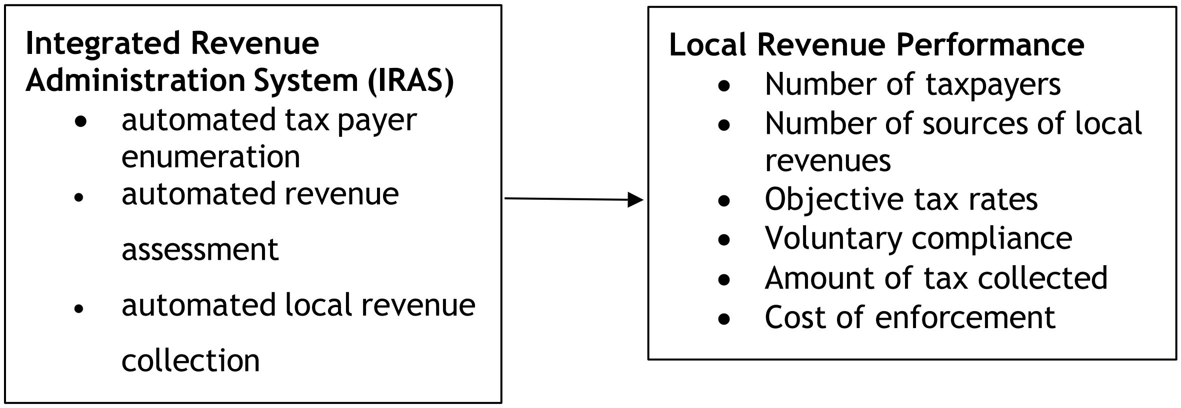
The government, notably the Ministry of Finance, Uganda Revenue Authority, and other policymakers, can glean valuable insights from the findings of this study to guide critical policy decisions. These decisions are geared towards broadening the tax base at the local level, bolstering accountability in revenue collection, influencing levels of economic activity, and enhancing the management of public debt.

The findings of this study would add to the current pool of knowledge for scholars and academics interested in the automation of revenue systems and revenue collection, both at the national and local government levels. It would establish a basis for future research by pinpointing areas of inquiry and suggesting avenues for further investigation to subsequent scholars and academics.

1.8 Conceptual Framework

The conceptual framework clarifies the connection between the independent and dependent variables, delineating how the fundamental concepts employed in the study are interlinked to accomplish the research goals. It centers on the Integrated Revenue Administration System and local revenue performance in Mbale City, Uganda, demonstrating the relationship between these concepts and their influence on the desired study outcomes.

Figure 1: Conceptual Framework



Source: Kabeba (2008); Gidisu, (2012); Kamolo (2014) and modified by the candidate, 2022.

Figure 1 portrays the conceptual framework, visually depicting the relationship between the independent variable, represented by the Integrated Revenue Administration System, and the dependent variable, which signifies local revenue performance. The independent variable comprises taxpayer enumeration, revenue assessment, and local revenue collection, while the dependent variable is assessed through various measures including regular periodic local revenue returns on number of taxpayers, number of sources of local revenues, objective tax rates, voluntary compliance, absolute amount of tax collected and the cost of enforcement

This framework visually illustrates the interconnectedness of these variables, offering a clear representation of their causal relationship within the context of the study. How has automation of the enumeration of local revenue taxpayers affected the number of taxpayers or the number of sources of local revenue.

How has the automation of the assessment of local revenue affected the objectivity in tax rate application and voluntary compliance arising out of self-assessment by the local revenue tax payers.

How has automation of local revenue collection using mobile phone applications affected the amount of tax collected and the cost of its collection.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides a comprehensive review of relevant literature aligned with the theoretical framework and research objectives. The literature sources include scholarly journal articles, government reports, periodicals, and textbooks.

2.1 Theoretical Framework

The political economy theory of fiscal policy underscores the significance of public investment in both physical and human capital development to stimulate economic growth, particularly in contexts where revenue generation is inconsistent. In Mbale City, Uganda, where local revenue performance is prone to volatility and unpredictability, the introduction of an Integrated Revenue Administration System (IRAS) emerges as a crucial intervention. The IRAS has the potential to enhance the efficiency of revenue collection, mitigate leakages, and improve the predictability of available revenues allocated for public capital projects. Through streamlining revenue administration processes and promoting compliance, the IRAS can address the challenges associated with uncertain revenue streams, thereby reducing the suboptimal allocation of government resources. As a result, this could yield positive implications for the long-term economic growth of Mbale City, facilitating the more effective realization of the benefits linked with economic development (Mwakalobo, 2009, 2010, 2013, and 2015).

Viewing the issue of public revenue collection comprehensively entails considering it within the context of tax reform initiatives. Modernizing systems is essential for improving the efficiency and effectiveness of revenue collection processes. While traditional fiscal receipts remain important in tax administration systems, there is a clear imperative for automation to tackle challenges such as tax avoidance and evasion. Through automation, tax collection agencies can better achieve revenue targets, especially at the grassroots level, and diminish instances of tax non-compliance. Automation endeavors, including those in customs systems, fall within the realm of public administration, aiming to enhance efficiency and effectiveness both at the national level and within City Councils (UNCTAD, 2008).

2.2 Effect of Automated Tax payer enumeration in local governments

Taxpayer enumeration in local governments entails the identification and registration of individuals and entities obligated to pay taxes or fees within a designated area. This process involves the establishment of a thorough taxpayer database, encompassing various details like names, addresses, social security numbers, and business registration information. Such enumeration forms the basis for efficient revenue mobilization and administration, enabling local authorities to monitor taxpayers, assess their tax obligations accurately, and enforce compliance with tax regulations. Through this comprehensive approach, local governments can streamline their tax collection efforts and ensure equitable participation in contributing to public revenues (URA, 2022). This underscores the importance of taxpayer enumeration as a fundamental aspect of sound fiscal management at the local level, facilitating effective resource allocation and service delivery to the community.

Taxpayer enumeration, also known as taxpayer registration, is a fundamental process in the revenue administration of local governments, aimed at identifying and registering individuals and entities obligated to pay taxes or fees within a specific jurisdiction. This pivotal procedure serves as the foundation for effective revenue mobilization, ensuring that all potential taxpayers are included in the tax base. Undertaking taxpayer enumeration is essential for building a comprehensive database of taxpayers, enabling authorities to administer taxes with increased efficiency and equity (Muhumuza, 2018). This ensures that tax collection efforts are more focused and thorough, thereby maximizing revenue collection outcomes for local governments.

Taxpayer enumeration in local governments within the United States is indispensable for ensuring efficient revenue administration and adherence to tax regulations. Through meticulous identification and registration of taxpayers, local authorities can bolster their capacity to collect taxes equitably and effectively. The taxpayer enumeration process entails establishing an extensive database encompassing individuals and businesses obligated to pay a range of taxes, including property tax, sales tax, income tax, and business license fees (Internal Revenue Service (IRS). (n.d.). This comprehensive approach enables local governments to streamline tax collection processes, mitigate instances of non-compliance, and uphold the integrity of the tax system, ultimately contributing to sustainable fiscal management and public service provision.

Enhanced tax compliance stands out as a notable outcome of taxpayer enumeration efforts. By meticulously documenting taxpayer information, local governments can enhance their ability to oversee tax payments and pinpoint instances of non-compliance or tax evasion. This proactive approach discourages individuals and businesses from engaging in practices such as underreporting income or evading tax responsibilities, ultimately bolstering tax revenues for the local government. Furthermore, taxpayer enumeration enables targeted enforcement strategies, empowering tax authorities to concentrate their efforts on high-risk taxpayers or sectors prone to non-compliance. This focused approach optimizes resource allocation and strengthens enforcement mechanisms, contributing to a more robust and effective tax administration system (Government Finance Officers Association, 2017).

Moreover, taxpayer enumeration fosters impartiality and equality within the tax framework. Through the comprehensive registration of eligible taxpayers, local administrations mitigate instances of tax evasion, ensuring that taxation obligations are fairly distributed across residents and businesses. This diminishes the likelihood of tax avoidance tactics that disproportionately burden compliant taxpayers, thus bolstering public trust in the tax system. Furthermore, by accurately identifying taxpayers, local governments can offer tailored aid and guidance to individuals or businesses in need of support to comprehend their tax responsibilities or utilize available tax benefits. This ensures that assistance is provided where it is most needed, promoting inclusivity and equity in tax administration practices (National Association of Counties, 2018).

Furthermore, taxpayer enumeration facilitates efficient policymaking and resource allocation by furnishing local governments with precise insights into the size and composition of the taxpayer base. This data empowers decision-makers to make informed choices regarding tax rates, revenue forecasts, budgetary allocations, and strategic planning initiatives. By comprehending the demographic and economic profiles of taxpayers within their jurisdiction, local authorities can tailor their policies and initiatives to address the specific needs of their constituents, thereby fostering economic advancement and development. To summarize, taxpayer enumeration in local governments in the USA yields several significant benefits, encompassing enhanced tax compliance, equitable taxation practices, and informed decision-making in resource allocation. By ensuring accurate identification and registration of taxpayers, local governments bolster their capacity to collect taxes effectively, equitably, and transparently, ultimately contributing to the holistic welfare and progress of their communities.

Taxpayer enumeration, commonly referred to as taxpayer registration, holds substantial importance in local government revenue administration within the United Kingdom. By undertaking taxpayer enumeration, local authorities strive to establish an exhaustive database encompassing individuals and businesses obligated to pay a diverse array of taxes such as council tax, business rates, and other local levies and charges. This meticulous enumeration endeavor enables local governments to identify and enlist taxpayers residing within their jurisdiction, thereby ensuring that all eligible individuals and entities are duly recognized and contributing to the local tax reservoir (GOV.UK, n.d.).

A significant outcome of taxpayer enumeration in local governments in the UK is the augmentation of tax compliance. Through accurate identification and registration of taxpayers, local authorities can systematically monitor tax payments, thereby identifying instances of non-compliance or tax evasion more efficiently. This fosters fairness and equity within the tax system, ensuring that all taxpayers fulfill their legal obligations and contribute proportionately to the financing of local services and infrastructure (GOV.UK, n.d.). Furthermore, taxpayer enumeration facilitates targeted enforcement endeavors by equipping local authorities with vital information to pinpoint high-risk taxpayers or sectors with a history of non-compliance. This strategic allocation of resources enables tax authorities to concentrate their efforts where tax evasion is most prevalent, thereby enhancing overall tax collection rates and curbing revenue losses stemming from non-compliance.

Moreover, taxpayer enumeration serves as a cornerstone for effective policymaking and resource allocation, furnishing local governments with precise insights into the scale and composition of their taxpayer base. This invaluable data empowers policymakers to make well-informed decisions regarding tax rates, revenue forecasts, budgetary allocations, and strategic initiatives. Local authorities in UK comprehend the demographic and economic profiles of taxpayers within their jurisdiction to tailor policies and initiatives to address the specific needs of their communities while fostering economic prosperity and advancement. Notably, in the United Kingdom, taxpayer enumeration initiatives yield numerous benefits, including bolstering tax compliance, facilitating targeted enforcement endeavors, and facilitating informed policymaking and resource allocation strategies (HM Revenue & Customs, n.d.).

An illustrative instance of taxpayer enumeration in local government can be observed in the initiatives undertaken by the Kampala Capital City Authority (KCCA) in Uganda. In an effort to bolster revenue collection within the capital city, Kampala Capital City Authority implemented a comprehensive taxpayer registration system. Through this endeavor, Kampala Capital City Authority systematically identified and registered businesses, property owners, and other entities obligated to pay various taxes and fees, such as property rates, trading licenses, and market dues. Kampala Capital City Authority need to gather pertinent taxpayer details like names, addresses, and business information to establish a robust database to facilitate its revenue administration endeavors. This initiative not only aided in accurately identifying taxpayers but also enabled Kampala Capital City Authority to monitor tax compliance more effectively, thereby contributing to improved revenue collection outcomes (Kampala Capital City Authority, 2013).

Taxpayer enumeration, exemplified by the comprehensive registration system managed by the New York City Department of Finance, highlights its crucial role in local government revenue administration. This process involves capturing detailed information about taxpayers, such as Social Security numbers, Employer Identification Numbers (EINs), and business addresses, which facilitates accurate record-keeping and compliance with tax obligations. Moreover, taxpayer enumeration assists in promoting tax compliance and enforcement by enabling authorities to monitor taxpayer activities, identify potential tax evaders, and communicate tax-related information efficiently. Through such initiatives, local governments can improve revenue collection efforts, ensure fair distribution of the tax burden, and maintain transparency in tax administration. The example of New York City underscores the importance of taxpayer enumeration in supporting efficient and effective tax administration practices across various jurisdictions (Wolters, 2024).

Livingstone and Charlton (1999) discuss Uganda's graduated personal tax as a distinctive approach to funding local authority operations within an informal and rural economic landscape. While intended to generate revenue, this tax system diverges from conventional tax principles and raises concerns about its social costs. Despite these drawbacks, local authorities persist in relying on this tax rather than exploring alternative revenue sources. This underscores the importance of seeking alternative revenue-raising methods to reduce dependency on the graduated personal tax and address its limitations effectively.

According to Ndulue's research in 2005, Nigerian local government authorities, particularly in the Federal Capital Territory (FCT), Abuja, face significant challenges in revenue generation from self-employed individuals. The study highlights widespread tax evasion and avoidance among this demographic, leading to substantial revenue losses that undermine government fiscal policy objectives and hinder economic development. Taxation is identified as crucial for revenue mobilization and sustainable economic growth in Nigeria. The study identifies several factors contributing to tax evasion and avoidance among the self-employed, including high personal income tax rates, complex assessment procedures, limited taxpayer education, and compliance cost burdens. To mitigate these challenges, the study recommends a multifaceted approach, including comprehensive reviews of tax laws, policies, and administration, stricter penalties for tax offenders, and initiatives to reduce income tax rates, provide incentives, and enhance taxpayer education. Implementing these measures could improve the effectiveness and efficiency of Nigeria's tax system, promote compliance among self-employed individuals, and bolster overall revenue generation for sustainable economic development (Uremadu and Ndulue, 2011).

While there is substantial literature discussing taxpayer enumeration in local governments globally, there appears to be a research gap concerning its specific effects and implications in the context of Uganda. Existing literature provides insights into the importance of taxpayer enumeration for revenue administration and compliance in various jurisdictions, but there is a lack of studies that examine its impact on revenue mobilization and governance outcomes in Ugandan local governments. Understanding how taxpayer enumeration practices influence revenue collection, tax compliance, service delivery, and governance in Uganda is crucial for policymakers, tax administrators, and researchers to design effective strategies for enhancing revenue administration and governance at the local level. Therefore, there is a clear need for a study that investigates the effect of taxpayer enumeration in Ugandan local governments to fill this research gap and provide actionable insights for policymakers and practitioners.

2.3 Effect of Automated Revenue Assessment on Local Revenue Performance

Revenue assessment involves the evaluation and determination of the taxable capacity of individuals, businesses, and properties within a particular jurisdiction to calculate tax liabilities. This process includes assessing the value or income of taxable entities, identifying tax obligations, and ensuring adherence to tax laws and regulations. It plays a critical role in local revenue administration as it serves as the foundation for revenue collection efforts and significantly influences revenue performance at the local level (Bird & Slack, 2003).

Effective revenue assessment practices contribute to improved local revenue performance by ensuring accurate and fair taxation, minimizing tax evasion and avoidance, and enhancing compliance with tax laws. It involves the use of various assessment methods, such as property valuation, income-based taxation, and consumption taxes, to accurately estimate tax liabilities and generate sufficient revenue for local government operations and service delivery (Peterson & Rom, 1990). Revenue assessment plays a crucial role in local revenue administration, significantly influencing revenue collection and fiscal sustainability. In the United States, revenue assessment is a vital task undertaken by tax authorities across federal, state, and local levels. Research conducted by Brackney and Laube (2016) as well as Barthold and Hassett (2016) underscores the importance of precise revenue assessment in optimizing tax revenues and reducing instances of tax evasion. These studies emphasize the application of sophisticated methods such as advanced data analytics, econometric modeling, and risk assessment strategies to enhance revenue assessment procedures and promote tax compliance.

Likewise, investigations conducted in European nations such as Germany, France, and the United Kingdom underscore the significance of proficient revenue assessment in bolstering the financial resources of local governments and facilitating service provision. Research by Devereux and Griffith (2003) and Weber (2010) delves into diverse methods of revenue assessment, encompassing income-based taxation, property appraisal, and consumption levies. These studies stress the importance of transparent, fair, and effective revenue assessment methodologies to uphold the equity and efficacy of local tax frameworks.

In developing nations like Uganda, revenue assessment constitutes a pivotal element of local revenue management. Research conducted by Muhumuza (2018) and Ayiasi et al. (2019) sheds light on the obstacles encountered in revenue assessment, such as constrained capacity, insufficient data, and administrative inefficacies. These investigations underscore the significance of fortifying revenue assessment mechanisms, bolstering institutional capabilities, and harnessing technology to enhance tax administration and augment revenue outcomes.

In the United States, property tax administration relies heavily on revenue assessment, which involves evaluating the value of real estate properties to determine property taxes. Scholars like Peterson and Rom (1990) stress the significance of precise property assessments in upholding fairness and equity in property taxation. They contend that flawed assessment methods, such as undervaluing or overvaluing properties, can result in uneven tax burdens among property owners and erode trust in the tax system. Thus, enhancing assessment methodologies and ensuring uniformity and consistency in property evaluations are crucial for improving revenue outcomes and preserving public confidence in local tax systems.

In developing nations like Uganda, revenue assessment presents distinct challenges due to factors such as limited resources, capacity constraints, and the prevalence of informal economic activities. However, despite these obstacles, effective revenue assessment remains crucial for generating the necessary funds to support local government operations and provide essential services to citizens. Muhumuza's (2018) research emphasizes the significance of refining revenue assessment methods in Ugandan local administrations to combat revenue losses, enhance tax compliance, and bolster fiscal governance. The study underscores the importance of initiatives aimed at capacity building, investments in technology and data management systems, and the adoption of best practices in revenue assessment to improve revenue outcomes in Uganda.

Research conducted in various African countries sheds light on the importance of revenue assessment in shaping local revenue performance. For instance, Osei-Assibey et al. (2013) conducted a study in Ghana highlighting the critical role of effective revenue assessment in enhancing revenue mobilization and promoting sustainable development at the local level. The study underscores the significance of adopting modern assessment techniques, utilizing technology, and strengthening institutional capacity to improve revenue assessment practices and achieve more favorable revenue outcomes. Similar findings have emerged from research conducted in countries like Kenya, Tanzania, and Nigeria, indicating the universal relevance of revenue assessment in local government revenue administration across Africa. Revenue assessment serves as a key determinant of local revenue performance globally, spanning from developed nations like the United States to developing countries such as Uganda and other African nations. Effective revenue assessment practices are essential for ensuring fairness, equity, and compliance in taxation, thereby facilitating sustainable revenue mobilization and promoting fiscal governance in local governments. Consequently, policymakers, tax administrators, and researchers should prioritize initiatives aimed at enhancing revenue assessment techniques, investing in capacity building and technology, and promoting good governance practices to improve revenue performance and advance developmental objectives at the local level.

While literature on revenue assessment and its influence on local revenue performance exists across different contexts, there is a significant research gap regarding the specific dynamics and challenges of revenue assessment in Uganda. Existing studies often offer broad insights into revenue assessment practices in developing countries or concentrate on other regions, giving limited consideration to the Ugandan context. Hence, there is a requirement for empirical research to investigate the efficacy of revenue assessment practices, the hurdles encountered by local governments in Uganda, and the ramifications for revenue performance.

2.4 Effect of Automated Local Revenue Collection on Local Revenue Performance

Local revenue collection refers to the process of gathering funds from various sources within a specific jurisdiction, such as municipalities, districts, or sub-counties, to finance local government operations and service delivery. These revenue sources typically include taxes, fees, levies, fines, licenses, permits, and other charges imposed on individuals, businesses, and properties within the locality. Local revenue collection plays a crucial role in supporting decentralized governance, promoting financial autonomy, and funding essential services and infrastructure development at the local level (Ayiasi., Nanyiti & Katongole, 2019).

Local revenue performance refers to the efficiency and effectiveness of revenue collection endeavors in generating adequate funds to fulfill the financial needs and commitments of the local government. It involves evaluating the sufficiency, dependability, and sustainability of revenue mobilization processes and outcomes within a specified jurisdiction. Successful local revenue performance indicates proficient revenue collection, enabling local governments to meet their mandates, provide public services, and contribute to local development initiatives (Muhumuza, 2018). In Uganda, local revenue collection and performance hold significant importance in fiscal management and governance, particularly in light of the country's decentralization policy, which aims to empower local authorities and foster grassroots development. The capacity of local governments in Uganda to mobilize revenue effectively directly influences their ability to deliver services, execute infrastructure projects, and address the needs of their communities.

Local revenue collection and performance play pivotal roles in fiscal management not only in Uganda but also in numerous countries globally. Effective revenue collection at the local level is indispensable for financing local government operations, delivering public services, and driving socio-economic development. In many developed nations, local governments heavily depend on revenue obtained from local taxes, fees, and charges to sustain their operations. Research conducted by Bird and Slack (2003) highlights the significance of local revenue sources in financing municipal services and infrastructure investments in North America and Europe. They contend that local revenue autonomy empowers municipalities to tailor fiscal policies according to local needs, enhance accountability, and respond more efficiently to citizen preferences. Similarly, studies from countries like Australia, Canada, and the United Kingdom emphasize the importance of diverse revenue streams and effective revenue collection systems in supporting local government functions and achieving desired outcomes (Dollery et al., 2004; Fenna, 2012).

In Uganda, there has been a growing focus on local revenue collection in recent years, driven by government initiatives aimed at decentralizing governance and improving local service delivery. Local government entities across Uganda, including municipalities, districts, and sub-counties, heavily rely on revenue sourced from various channels such as property rates, local taxes, market dues, and user fees to fund their operations. Nonetheless, the effectiveness of local revenue mobilization endeavors in Uganda has been hindered by challenges such as limited revenue capacity, low levels of compliance, and administrative inefficiencies (Muhumuza, 2018). Studies conducted by Ayiasi et al. (2019) underscore the importance of enhancing revenue collection methodologies, bolstering institutional capabilities, and reinforcing mechanisms for accountability to enhance local revenue performance and foster fiscal sustainability in Uganda.

Othieno et al. (2017) highlighted the critical significance of adequate local revenue mobilization to finance essential services such as education, health, and infrastructure at the local level in Uganda. However, challenges such as revenue leakage, corruption, and a limited diversification of revenue sources have impeded the effectiveness of local revenue collection efforts, thereby undermining service delivery outcomes. Consequently, initiatives aimed at enhancing local revenue collection and performance must be complemented by measures to improve transparency, accountability, and governance within local revenue administration, as emphasized by Muhumuza (2018). Local revenue collection and performance are crucial for fiscal governance and service provision, both in Uganda and globally. Effective revenue collection at the local level promotes decentralized governance, enhances financial autonomy, and facilitates socio-economic advancement. However, challenges such as capacity constraints, low compliance rates, and administrative inefficiencies pose significant obstacles to local revenue mobilization efforts in Uganda. Therefore, policymakers, stakeholders, and scholars must collaborate to address these challenges, strengthen local revenue collection frameworks, and advocate for principles of good governance. This collaborative approach is essential for achieving sustainable revenue mobilization and improving service delivery outcomes at the grassroots level.

In the existing literature on local revenue collection and performance in Uganda, there is a noticeable research gap regarding the comprehensive analysis of factors influencing local revenue collection and its impact on revenue performance. While some studies have explored specific aspects such as the role of taxation in financing local services or the challenges of revenue mobilization, there is a lack of holistic research that examines the interplay of various factors such as administrative capacity, taxpayer compliance, institutional arrangements, and governance practices in determining local revenue performance. Additionally, empirical studies evaluating the effectiveness of revenue collection strategies and their implications for service delivery outcomes at the local level are limited. Therefore, there is a need for a study that comprehensively investigates the determinants of local revenue collection and performance in Uganda, identifies key challenges and opportunities, and offers evidence-based recommendations for policymakers and practitioners to enhance revenue mobilization and improve service delivery in the country.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter offers a detailed description of the methodology utilized in the research. It covers several facets including the study's design, target population, determination of sample size, methods for sample selection, data collection methodologies, research instruments, measures taken to ensure data quality through validity and reliability checks, procedures for data processing and analysis, and ethical considerations.

3.1 Research Design

The researcher utilized a cross-sectional survey research design, incorporating a case study approach. This methodology involves a thorough examination of a particular unit of analysis, as defined by Kothari (2008). The selection of this design was driven by its ability to provide a detailed exploration of the specific context and procedures relevant to the study. The cross-sectional survey design was chosen due to the presence of multiple departments within Mbale City, each comprising employees. Quantitative methods were employed to generate measurable data, while qualitative methods were used to assess the impact of automated tax enumeration, revenue assessment, and revenue collection on the performance of Mbale City.

3.2 Study Population

As per Mohamed Adam (2009), the population denotes the entire group of objects, subjects, or units possessing particular qualities and characteristics specified by the researcher for examination and analysis. The study population comprised the following: City Town Clerk, Deputy City Town Clerk, City Head of Finance, City Commercial Officer, City Head of Audit, City Principal Revenue Officer, City Executive Committee, City Finance Committee members, City Revenue Mobilization team, Northern Division Revenue mobilization team, and Industrial Revenue mobilization team. A total of 340 respondents were intended for inclusion in this study.

3.4 Sample Size determination

As outlined by Odiya (2009), a sample refers to a portion of respondents chosen from the population to enable generalizations about the entire population. The sample size for this study was determined using a formula provided by Krejcie and Morgan, as cited in Amin (2004). Krejcie and Morgan's (1970) table was utilized to ascertain the suitable sample size. From a study population of 340 participants, a sample size of 181 was selected for this study.

Table 3.4.1 Sample Size determination

Category of population	Study population	Sample Size	Sampling techniques
City Town Clerk	01	01	Purposive sampling
Deputy City Town Clerk	01	01	Purposive sampling
City Head of Finance	01	01	Purposive sampling
City Commercial Officer			Purposive sampling
City Head of Audit	01	01	Purposive sampling
City Principal Revenue Officer	01	01	Purposive sampling
City Executive Committee	05	05	Purposive sampling
City Finance Committee members	05	05	Purposive sampling
City Revenue Mobilization team	24	12	Simple random sampling
Northern Division Revenue mobilization team	150	79	Simple random sampling
Industrial Revenue mobilization team	150	79	Simple random sampling
total	**340**	**181**	

Source: Mbale City Human Resource Report (2023)

3.5 Sampling Techniques

3.5.1 Purposive Sampling

This study employed a non-probability sampling method, where the researcher selects a number of objects with specific features of interest from the population to comprise the sample (Haruna, 2010). Using this approach, the research purposively selected the Town Clerk, Deputy Town Clerk, City Head of Finance, City Commercial Officer, City Head of Audit, City Principal Revenue Officer, City Executive Committee, and City Finance Committee members.

3.5.2 Simple Random Sampling

This study employed a probability sampling technique where every element of the population had an equal and independent chance of being selected for the sample (Amin, 2005). Due to the difficulty of using the entire population, a small sample technique was utilized. The simple random sampling method was employed to select the City Revenue Mobilization team, Northern Division Revenue Mobilization team, and Industrial Revenue Mobilization team. This approach ensured that each respondent had an equal chance of being selected, thereby making the findings representative of the population. Simple random sampling was chosen for its ability to capture a diverse range of respondents and avoid biased data. Additionally, it is known for achieving high levels of validity and reliability while minimizing biases (Amin, 2005).

3.6 Data Sources

Data sources denote the origin of data, encompassing where it is collected, stored, and retrieved for analysis or other purposes. In this study, both primary and secondary data were utilized for analysis.

3.6.1 Primary data

Primary sources of data, as outlined by Masembe (2004), are materials generated during the occurrence of an event or by individuals who directly witnessed the event. In this study, primary data was gathered through the administration of questionnaires containing both structured and open-ended questions, an interview guide, and observations to acquire pertinent information.

3.6.2 Secondary Data.

Secondary sources of data, according to Masembe (2004), are published materials that are one level removed from the original source. In this study, secondary data was collected from a variety of documents including annual reports, information obtained from the internet, journals, pertinent books, and other publications.

3.7 Data Collection Methods

The study employed a combination of primary and secondary data collection methods, including questionnaire surveys, key informant interviews, observations, and document reviews. These methodologies will be further detailed in subsequent subsections.

3.7.1 Questionnaire

As per Robson (2003), a questionnaire is a research tool comprising a series of inquiries and prompts aimed at gathering information from respondents. In this study, the researcher utilized a self-administered structured questionnaire to collect data from participants. This instrument was distributed to all eligible respondents and encompassed socio-demographic characteristics as well as inquiries regarding taxpayer enumeration, revenue assessment, and revenue collection and performance. The structured closed questionnaire employed a 5-point Likert scale ranging from 1 to 5, where 1 represented "Strongly Disagree," 2 denoted "Disagree," 3 indicated "Not Sure," 4 signified "Agree," and 5 represented "Strongly Agree." This questionnaire was chosen for its ability to gather a substantial amount of data efficiently within a short timeframe.

3.7.2 Interview

Structured interviews were conducted with various stakeholders, primarily comprising respondents from management positions. These interviews were conducted face-to-face to allow the researcher to ascertain the opinions of the respondents regarding the impact of the integrated revenue administration system on the performance of Mbale City.

3.8 Data Collection Instrument

To gather both quantitative and qualitative data on the impact of the integrated Revenue Administration System on the performance of Mbale City, the researcher employed interviewing, questionnaire administration, observation, and documentary review methods of data collection. As Uma (2000) suggests, because biases are inherent in data collected from various methods, utilizing multiple sources of data enhances the robustness of research and helps overcome the limitations associated with using a single instrument. Therefore, it was essential to gather data from diverse sources and through multiple collection methods to ensure rigor in the research. For the selected methods, the following instruments were utilized.

3.8.1 Interview guide

A semi-structured questionnaire consisting of questions relevant to the study variables was utilized to direct the data collection process with the chosen respondents, primarily the top management of Mbale City. The interview guide encompassed both open-ended and close-ended questions, tailored to align with the study objectives. In-depth interviews were selected as they allow for a deeper understanding of individuals' perspectives and enable the researcher to explore respondents' responses to questionnaires further.

3.8.2 Questionnaire

The researcher utilized a self-administered questionnaire as a data collection tool to gather quantitative data from respondents. The questionnaire comprised two parts: the first part aimed to gather demographic information about the participants, while the second part consisted of questions pertaining to the automated revenue administration system and its impact on performance. The researcher employed a closed-ended Likert scale for the questionnaire.

3.9 Data Control

3.9.1 Validity of data collection Tool

Validity refers to the extent to which a tool accurately measures what it is intended to measure (Carolel et al., 2008). The content validity index (CVI) of the tool demonstrated satisfactory performance during the pilot test. Following the creation of the questionnaire, the researcher consulted with supervisors and three other experts to obtain professional judgment regarding the validity of the tool. The CVI was calculated using the formulas provided by Polit (2006).

$$CVI = \frac{\text{Number of items regarded relevant by researcher}}{\text{Total number of items}}$$

The tools would be valid if the CVI of 0.5 or above is attained as illustrated in Table 2 below

Table 3.9.1.1: Results of validity analysis

Variables	Items before CVI	Items after CVI
Demographics	4	4
Tax payer Enumeration and Local Revenue performance of Mbale City	10	7
Revenue Assessment and Local Revenue performance of Mbale City	10	7
Local revenue collection and Local Revenue performance of Mbale City	10	7
Local Revenue performance of Mbale City	6	5
Integrated Revenue Administration System and Local Revenue performance of Mbale City	6	3
Total	**42**	**33**

Source: Primary data

Table 9.1.1 indicates that among the 42 items, only those with a content validity index (CVI) exceeding 0.75 were retained, following the approach outlined in Amin (2004), resulting in a 33-item scale. The Content Validity Index for all items on the questionnaire and interview guide combined was calculated to be 0.869. Therefore, the questionnaire was deemed valid, considering that a CVI of at least 0.75 is considered excellent for assessing validity.

3.9.2 Reliability of Instruments

Reliability refers to the degree to which measures are free from errors and consistently produce stable results. When a measurement procedure consistently yields similar scores under identical conditions, it is considered reliable. This consistency entails the stability of test scores, wherein one expects relatively constant scores from individuals across testing conditions using the same measurement tools (Ganesh, 2014). The researcher employed Cronbach's alpha coefficient to assess the reliability of the measurement instrument. Cronbach's alpha is a commonly used method for evaluating internal consistency reliability, measuring the extent to which all items in a scale or instrument consistently measure the same underlying construct. A higher Cronbach's alpha value indicates greater internal consistency reliability, suggesting strong correlations among the items in the instrument. To assess reliability using Cronbach's alpha, the researcher calculated the coefficient based on participants' responses. Typically, a Cronbach's alpha value exceeding 0.70 is considered acceptable for research purposes, indicating satisfactory internal consistency among the instrument's items. The researcher interpreted the Cronbach's alpha coefficient to determine the reliability of the measurement instrument in yielding consistent and stable results across different testing conditions.

3.10 Data Analysis and Presentation

The collected data underwent sorting and coding processes before being entered into the Statistical Packages for Social Sciences (SPSS) for analysis. A comparative analysis was conducted to examine the impact of revenue collection system automation on revenue collection in Mbale City. The findings were presented using line graphs and tables, facilitating trend analysis to highlight the differences between the periods before and after the automation of revenue collection. Simple and multiple regression analyses were employed to assess the level of correlation and the effects of the variables under study. Additionally, content analysis was utilized to analyze the primary data. As outlined by Kothari (1990), content analysis involves scrutinizing the contents of various materials such as books, magazines, and other verbal materials, whether spoken or printed.

3.10.1 Analysis of Quantitative Data

SPSS software version 20 was utilized to compute both descriptive and inferential statistics. Frequency and percentage distributions were employed to assess the demographic characteristics of the participants. Mean and standard deviation (SD) were calculated to determine the level of agreement on various points in relation to the questions asked on the Likert scale. The impact of the integrated Revenue Administration System on the performance of Mbale City was evaluated through simple regression analysis. The variables outlined in the questionnaires were analyzed using descriptive statistics, categorizing reactions as follows:

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	2	3	4	5

Through descriptive statistics, mean values equal to or greater than 3 indicated a high level of agreement with the statement, whereas mean values less than 3 indicated a high level of disagreement with the statements as per the questionnaire.

3.10.2 Analysis of Qualitative Data

The inductive method proved beneficial as it mirrors commonly reported patterns utilized in qualitative data analysis. The underlying assumptions of the inductive method are that data analysis is guided by research objectives and involves multiple readings and interpretations of raw data. Hence, the results were derived from both the research objectives outlined by the researcher and the insights obtained from analyzing the raw data (Thomas, 2003).

3.11 Limitation of the Study

The researcher foresaw several potential limitations, including time constraints, difficulties in convening respondents for focus group discussions, challenges in accessing confidential financial data and loan performance reports, reluctance among individuals to disclose certain information due to competitive concerns in the business environment, and high costs associated with the study, particularly due to the large number of respondents and frequent travel required for data collection.

3.12 Ethical Considerations

An introductory letter seeking permission to proceed with data collection was obtained from Uganda Christian University, serving as the foundation for obtaining informed consent from respondents. Additionally, respondents were assured of the utmost confidentiality of their data, emphasizing that the information provided would be used solely for academic purposes and would not be disclosed to any third parties. Measures were taken to prevent plagiarism, with the researcher committed to upholding the promise made to respondents regarding the confidentiality of sensitive information. Discussions pertaining to materials directly related to the study were limited to the research supervisor, and any reports, papers, or published materials by the researcher would ensure the removal of obvious identifiers to safeguard the anonymity of respondents.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.0 Introduction

This chapter offers an analysis and elucidation of the data collected from participants concerning the impact of the Integrated Revenue Administration System on local revenue performance in Mbale City, Uganda. The study aimed to achieve three specific objectives: firstly, to investigate the influence of automated taxpayer enumeration on local revenue performance in Mbale City; secondly, to evaluate the impact of automated revenue assessment on local revenue performance in Mbale City; and thirdly, to ascertain the effect of automated local revenue collection on local revenue performance in Mbale City.

4.1 Rate of Return

Out of a total of 170 questionnaires distributed or administered, 158 were returned, representing a collection rate of 92.94% by the researcher. The researcher diligently followed up on the questionnaires from the respondents. Additionally, 16 interview sessions were planned, out of which ten (10) were conducted, accounting for 62.5% of the planned sessions.

4.2 Demographic Characteristics of Respondents

4.2.1 Gender of Respondents

Table 4.2.1.1. Showing Gender of Respondents

Gender of Respondents	Frequency	Percentage
Male	67	42.4
Female	91	57.6
Total	**158**	**100.0**

Source: Primary Data, 2023

The findings of the study indicated that male respondents accounted for 67 individuals, constituting 42.4% of the total respondents, while their female counterparts numbered 91, comprising 57.6% of the total participants.

4.2.2 Age of Respondents

Table 4.2.2.1. Age of Respondents

Age of Respondents	Frequency	Percentage
20-30	9	5.7
31-40	59	37.3
41-50	50	31.6
51 and above	40	25.3
Total	**158**	**100.0**

Source: Primary Data, 2023

The age distribution among the respondents varied, with the highest percentage (37.3%) falling within the age range of 31-40 years, followed by those aged between 41-50 years, accounting for 31.6% of the total. Respondents aged above 50 years constituted 25.3% of the sample, while individuals aged between 20-30 years were the least represented, comprising only 5.7% of the total. This indicates that a significant portion of workers in Mbale Municipal Council fall within the age bracket of 31-40 years, suggesting that youth constitute the most competitive demographic in terms of job seeking.

4.3 Status of Local Revenue Performance in Mbale City

Table 4.3.1: Status of Local Revenue Performance in Mbale City

s/n	Statement	SD	D	N	A	SA	Mean	S.D	Comment
1.	The projected local revenue budgets have been achieved	33(20.9)	67(42.4)	1(.6)	56(35.4)	1(.6)	2.525	1.192	Low
2.	New sources of local revenue have been established	15(9.5)	91(57.6)	0	50(31.6)	2(1.3)	2.576	1.072	Low
3.	The amount of local revenue has been increasing annually	50(31.6)	83(52.5)	6(3.8)	19(12.0)	0	1.962	.916	Low
4.	The number of tax payers has been increasing	48(30.4)	71(44.9)	1(.6)	38(24.1)	0	2.184	1.116	Low
5.	There are no appeals against unfair assessment	33(20.9)	67(42.4)	1(.6)	56.35.4)	1(.6)	2.525	1.193	Low
6.	Internal audit reports provide assurance that the procedures and internal controls are in existence and are effective	15(9.5)	91(57.6)	0	50(31.6)	2(1.3)	2.576	1.073	Low
7.	Political monitoring reports indicate there is close supervision of field staff by senior officers	50(31.6)	83(52.5)	6(3.8)	19(12.0)	0	1.962	.916	Low
8.	Technical supervision reports indicate that enumeration is exhaustive, assessment is objective and collection is satisfactory	48(30.4)	71(44.9)	1(.6)	38(24.1)	0	2.184	1.116	Low
	Overall Mean						**2.312**	**1.036**	**Low**

Source: Primary Data, 2023

To facilitate the presentation of findings, the responses categorized as "strongly agree" and "agree" were combined as they both indicate positive sentiments, while those categorized as "strongly disagree" and "disagree" were also combined as they represent negative sentiments. Responses categorized as "not sure" were left unchanged. The interpretation of the scale will be as follows: Strongly Agree + Agree: Positive, Strongly Disagree + Disagree: Negative, Not Sure: Neutral

Likert Scale		**For Mean Values**	
5. Strongly agree	= Very High	1.0-1.9	= Very low
4. Agree	= High	2.0-2.9	= Low
3. Not Sure	= Moderate	3.0-3.9	= Moderate
2. Disagree	= Low	4.0-4.9	= High
1. Strongly disagree	= Very Low	5.0	= Very High

In mean values, "very high" means that the disparity in answers is minimal while "very low" meant that many respondents have varying answers.

The overall mean is (2.312) implying that Integrated Revenue Administration System and performance of local revenue in Mbale City is at a low level. The overall mean of 2.312 indicates that the Integrated Revenue Administration System's contribution to the performance of local revenue in Mbale City is relatively low.

When respondents were asked to give their view about whether the projected local revenue budgets have been achieved, the majority of respondents disagreed 100(63.3%) whereas 57(36%) of the respondents were in agreement with the opinion that the projected local revenue budgets have been achieved while only 1(.6%) respondent remained undecided. The calculated mean (2.525, standard deviation = 1.192) indicates that the projected local revenue budgets have been achieved is at low level.

The senior officials interviewed from the finance and planning departments attributed the low achievement to political interference in the budgeting and implementation processes. There are processes like the valuation roll for determination of property rates where politic

When respondents were asked to give their view about whether new sources of local revenue have been established, the majority 106(67.1%) of respondents disagreed with the opinion that new sources of local revenue have been established while 52(32.9%) of the respondents were in agreement with the opinion that new sources of local revenue have been established. The calculated mean (2.576, standard deviation = 1.072) indicates that new sources of local revenue have been established is at low level.

When respondents were requested to give their opinion about whether the amount of local revenue has been increasing annually, the majority 133(84.1%) of respondents disagreed with the opinion that whether the amount of local revenue has been increasing annually whereas 6(3.8%) of the respondents were not decided while 52(32.9%) of the respondents were in agreement with the opinion that whether the amount of local revenue has been increasing annually. The calculated mean (1.962, standard deviation = .916) indicates that new sources of local revenue have been established is at low level.

When respondents were requested to give their opinion about whether the number of tax payers has been increasing, the majority 119(83.4%) of respondents disagreed with the opinion that whether the number of tax payers has been increasing whereas only 1(.6%) of the respondent was not decided while 38(24.1%) of the respondents were in agreement with the opinion that the number of tax payers has been increasing. The calculated mean (2.184, standard deviation = 1.116) indicates that the number of tax payers has been increasing is at low level.

When respondents were asked to give their opinion about whether there are no appeals against unfair assessment, the majority 100(63.3%) of respondents disagreed with the opinion that there are no appeals against unfair assessment whereas only 1(.6%) of the respondent was not decided while 57(36%) of the respondents were in agreement with the opinion that there are no appeals against unfair assessment. The calculated mean (2.525, standard deviation = 1.193) indicates that there are no appeals against unfair assessment is at low level.

When respondents were asked to give their opinion about whether internal audit reports provide assurance that the procedures and internal controls are in existence and are effective, the majority 106(67.1%) of respondents disagreed with the opinion that internal audit reports provide assurance that the procedures and internal controls are in existence and are effective while 52(32.9%) of the respondents were in agreement with the opinion that internal audit reports provide assurance that the procedures and internal controls are in existence and are effective. The calculated mean (2.576, standard deviation = 1.073) indicates that internal audit reports provide assurance that the procedures and internal controls are in existence and are effective is at low level.

When respondents were asked to give their opinion about whether political monitoring reports indicate there is close supervision of field staff by senior officers, the majority 133(84.1%) of respondents disagreed with the opinion that political monitoring reports indicate there is close supervision of field staff by senior officers whereas only 6(3.8%) of the respondents were not decided while 19(12.0%) of the respondents were in agreement with the opinion that political monitoring reports indicate there is close supervision of field staff by senior officers. The calculated mean (1.962, standard deviation = .916) indicates that political monitoring reports indicate there is close supervision of field staff by senior officers is at low level.

When respondents were asked to give their opinion about whether technical supervision reports indicate that enumeration is exhaustive, assessment is objective and collection is satisfactory, the majority 119(75.3%) of respondents disagreed with the opinion that technical supervision reports indicate that enumeration is exhaustive whereas only 1(.6%) of the respondent was not decided with the opinion that technical supervision reports indicate that enumeration is exhaustive while 38(24.1%) of the respondents were in agreement with the opinion that technical supervision reports indicate that enumeration is exhaustive. The calculated mean (2.184, standard deviation = 1.116) indicates that technical supervision reports indicate that enumeration is exhaustive is at low level.

Table 4.3.2: Revenue Administration System in Mbale City

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.612[a]	.374	.359	.33878	.374	25.104	3	126	.000

a. Predictors: (Constant), Integrated Revenue Administration System

To determine the effect of Integrated Revenue Administration System on local revenue performance in Mbale City a simple regression analysis was under taken. The result from the analysis showed that the Integrated Revenue Administration System was correlated to local revenue performance in Mbale City by 61.2%. This implies that a unit increase in the Integrated Revenue Administration System improves local revenue performance by 61.2%. The analysis also revealed that the Integrated Revenue Administration System accounts for 37.4% of local revenue performance in Mbale City at p= 0.000. This shows that the Integrated Revenue Administration System is a significant determinant on local revenue performance in Mbale City. This implies that 62.6% is contributed by other factors other than Integrated Revenue Administration System.

4.4 Tax Payer Enumeration in Mbale City

Table 4.4.1: Tax Payer Enumeration in Mbale City

Indicators	**SD**	**D**	**N**	**A**	**SA**	**Mean**	**S.D**	**Comment**
The City of Mbale has established some new sources of local revenue	9(5.7)	63(39.9)	0	84(53.2)	2(1.3)	3.044	1.021	Moderate
The total number of tax payers has been increasing annually	5(3.2)	95(60.1)	3(1.9)	55(34.8)	0	2.683	.991	Low
The total amount of local revenue has been increasing annually	16(10.1)	98(62.0)	0	44(27.8)	0	2.456	1.007	Low
The local revenue database is updated continuously throughout the year	47(29.7)	88(55.7)	2(1.3)	21(13.3)	0	1.981	.920	Low
The local revenue database is updated once at the beginning of the year	43(27.2)	98(62.0)	1(.6)	16(10.1)	0	1.937	.827	Low
There is continuous joint political and technical mobilization and sensitization of tax payers on the benefits of tax	60(38.0)	77(48.7)	0	21(13.3)	0	1.886	.951	Low
There is transparency by public display of the numbers in each category identified for each source of local revenue	51(32.3)	82(51.9)	0	25(15.8)	0	1.993	.981	Low
Overall Mean						**2.506**	**1.011**	**Low**

Source: Primary Data, 2023

The overall mean (2.506) implies that automated payer enumeration contributes to local revenue performance in Mbale City at low level. This means that payer enumeration is a key factor in local revenue performance in Mbale City.

When respondents were asked to give their opinions on whether the City of Mbale has established some new sources of local revenue, 86(54.5%) of respondent agreed with the opinion that the City of Mbale has established some new sources of local revenue while 72(45.6%) of the respondents disagreed with the opinion. The calculated mean (3.044and Standard Deviation = 1.021). This implies that the City of Mbale has established some new sources of local revenue is at moderate level.

One of the senior finance staff had this to say:

> *"the new sources of local revenue are local service tax, local hotel tax but these were introduced by Central government for all local governments. He explained that IRAS is being implemented to try and improve management of the existing sources to enhance their performance".*

When respondents were asked to give their opinions on whether the total number of tax payers has been increasing annually, the majority 100(63.3%) of the respondents disagreed with the opinion while 55(34.8%) of respondent agreed with the opinion that the total number of tax payers has been increasing annually. The calculated mean (2.683 and Standard Deviation = .991). This implies that the total number of tax payers has been increasing annually is at low level.

One of the supervisors opined thus:

> *"the total number of tax payers may be increasing but this may be more*

than countered by the gross under assessment to the extent that the local revenue is not growing proportionately or in tandem. The number ceases to matter if it does not increase the total revenue collected."

When respondents were asked to give their opinions on whether the total amount of local revenue has been increasing annually, the majority 11 4(82.7%) of the respondents disagreed with the opinion while 44(27.8%) of respondent agreed with the opinion that total amount of local revenue has been increasing annually. The calculated mean (2.456 and Standard Deviation = 1.007). This implies that total amount of local revenue has been increasing annually is at low level.

Yet another of the Senior Finance staff had this to say:

"A trend analysis of the local revenue performance shows that actually the local revenue has been going down over the last four years in spite of the IRAS".

When respondents were asked to give their opinions on whether the local revenue database is updated continuously throughout the year, the majority 135(85.4%) of the respondents disagreed with the opinion whereas 2(1.3%) of respondents were not sure while 21(13.3%) of respondent agreed with the opinion that the local revenue database is updated continuously throughout the year. The calculated mean (1.981and Standard Deviation = .920). This implies that the local revenue database is updated continuously throughout the year is at low level.

When respondents were asked to give their opinions on whether the local revenue database is updated once at the beginning of the year, the majority 141(89.2%) of the respondents disagreed with the opinion whereas only 1(.6%) of respondent was not sure whether the local revenue database is updated once at the beginning of the year while 16(10.1%) of respondent agreed with the opinion that the local revenue database is updated once at the beginning of the year. The calculated mean (1.937 and Standard Deviation = .827). This implies that the local revenue database is updated once at the beginning of the year is at low level.

When respondents were asked to give their opinions on whether there is continuous joint political and technical mobilization and sensitization of tax payers on the benefits of tax, the majority 137(86.7%) of the respondents disagreed with the opinion while 21(13.3%) of respondent agreed with the opinion that there is continuous joint political and technical mobilization and sensitization of tax payers on the benefits of tax. The calculated mean (1.886 and Standard Deviation = .951). This implies that there is continuous joint political and technical mobilization and sensitization of tax payers on the benefits of tax is at very low level.

A member of the City Executive committee gave this reaction:

> *"The tax payers have lost confidence in the local governments since they are aware that all capital projects are only implemented by the city but financed by central government grants. They therefore treat the sensitization as mere politicking to raise local funds for Councilors' allowances and recurrent operations".*

When respondents were asked to give their opinions on whether there is transparency by public display of the numbers in each category identified for each source of local revenue, the majority 133(84.2%) of the respondents disagreed with the opinion while 25(15.8%) of respondent agreed with the opinion that there is transparency by public display of the numbers in each category identified for each source of local revenue. The calculated mean (1.886 and Standard Deviation = .951). This implies that there is transparency by public display of the numbers in each category identified for each source of local revenue is at very low level.

One of the Senior finance staff had this to say:

> *"the numbers are displayed but these are derived from the system and do not represent the total potential that is collectible. Besides they are totals for each category of local revenue and so the individual trader assessments are not discernable and yet that level of transparency would be required so competitors and other stakeholders can point out any under-assessments".*

Table 4.4.2: Effect of Automated Tax Payer Enumeration on Local Revenue Performance in Mbale City

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.383[a]	.147	.141	.58164	.147	26.783	1	158	.000

a. Predictors: (Constant), automated taxpayer enumeration

The regression analysis revealed that automated taxpayer enumeration is correlated to local revenue performance by 38.3% at p= .000 in Mbale City. This implies that a unit improvement in automated taxpayer enumeration will improve local revenue performance in Mbale City by 38.3%, in terms of effect, taxpayer enumeration accounts for 14.7% at p=0.000. This shows that automated taxpayer enumeration is a significant factor determining local revenue performance in Mbale City. This implies that 85.3% is contributed by other factors other than automated taxpayer enumeration.

4.5 Local Revenue Assessment in Mbale City

Table 4.5.1: Local Revenue Assessment in Mbale City

Indicators	SD	D	N	A	SA	Mean	S.D	Comment
The demarcation of the City into zones for purpose of determining tax rates is equitable	3(1.9)	81(51.3)	4(2.5)	69(43.7)	1(.6)	2.899	1.023	Low
The setting of tax rates by the Ministry of trade centrally has improved objectivity	33(20.9)	100(63.3)	3(1.9)	22(13.9)	0	2.087	.884	Low
Public Tax education and sensitization on the benefits of tax has improved disclosure and honesty by taxpayers	35(22.2)	84(53.2)	5(3.2)	34(21.5)	0	2.241	1.031	Low
Independent verification of the tax assessment by the internal audit unit has enhanced objectivity	41(25.9)	92(58.2)	2(1.3)	21(13.3)	2(1.3)	2.057	.959	Low

Close supervision of the assessment procedures by senior officers ensures objectivity strictly based on the set parameters	42(26.6)	92(58.2)	0	24(15.2)	0	2.038	.937	Low
Regular political monitoring ensures the supervision is done effectively to achieve the projected targets	32(20.3)	88(55.7)	4(2.5)	33(20.9)	1(.6)	2.259	1.029	Low
Overall Mean						**2.264**	**0.977**	**Low**

Source: Primary Data, 2023

The overall mean (2.264) implies that automated revenue assessment contributes to local revenue performance in Mbale City at low level. This means that payer enumeration is a key factor local revenue performance in Mbale City. The relatively low overall mean (2.264) suggests that while automated revenue assessment plays a role in local revenue performance in Mbale City, automated tax payer enumeration remains a more significant factor.

One of the field staff interviewed argued as follows:

> *"tax assessment is done after potential tax payer enumeration and so the former is in a way a function of the latter, especially with IRAS where the*

data input from the enumeration exercise automatically determines the amount assessed, depending on already set parameters."

When respondents were asked to give their opinions on whether the demarcation of the City into zones for purpose of determining tax rates is equitable, 84(53.2%) of the respondents disagreed with the opinion whereas 4(2.5%) of the respondents were not sure while 70(44.3%) of respondent agreed with the opinion that the demarcation of the City into zones for purpose of determining tax rates is equitable. The calculated mean (2.899and Standard Deviation = 1.023). This implies that the demarcation of the City into zones for purpose of determining tax rates is equitable is at low level.

One of the dissenting respondents had this opinion;

"the central business district that has the banks, insurance companies, telecommunication companies etc. may attract many customers for their services hence making the streets busy and therefore creating potential customers for the shops thereon and higher turnover compared with the back streets and suburbs, which are less busy.

However, the mere location of a business on a busy street will only attract "impulse buyers" who may constitute only a small proportion of the total potential customers. Besides with the current trends of social media advertisement most purposive clients, particularly bulk purchasers will seek out the most affordable suppliers and will prefer less congested locations where parking is more accessible. Higher tax rates in the busy central business district will only lead to higher prices making them less *competitive. Their argument is that the higher turnover is just perceived. It can only be equitable if the traders are honest and ethical enough in declaration of their turnover".*

When respondents were requested to give their views on whether the setting of tax rates by the Ministry of trade centrally has improved objectivity, the majority 133(84.2%) of the respondents disagreed with the opinion that the setting of tax rates by the Ministry of trade centrally has improved objectivity whereas 3(1.9%) of the respondents were not sure while 22(13.9%) of respondent agreed with the opinion that the setting of tax rates by the Ministry of trade centrally has improved objectivity. The calculated mean (2.087 and Standard Deviation = .884). This implies that the setting of tax rates by the Ministry of trade centrally has improved objectivity is at low level.

One of the staff from the trade and commercial services department had the following argument.

> *"I agree that setting of tax rates by the Ministry of trade centrally has to an extent improved objectivity based on the fact that rates have been set for categories of businesses in different locations and the tax official only needs to get the business details to input in the system. However, the turnover can still be understated depending on the ulterior motivations of the tax enumerator. This is execrated by the fact that the parameters of location of business are not captured since data entry on the system is done at office and so the traceability and verification of business location internal control on the IRAS is rendered redundant".*

When respondents were asked to give their views on whether public tax education and sensitization on the benefits of tax has improved disclosure and honesty by taxpayers, the majority 119(75.4%) of the respondents disagreed with the opinion that public tax education and sensitization on the benefits of tax has improved disclosure and honesty by taxpayers whereas 5(3.2%) of the respondents were not sure while 34(21.5%) of respondent agreed with the opinion that public tax education and sensitization on the benefits of tax has improved disclosure and honesty by taxpayers. The calculated mean (2.241 and Standard Deviation = 1.031). This implies that public tax education and sensitization on the benefits of tax has improved disclosure and honesty by taxpayers is at low level.

One of the interviewees involved in public tax education and sensitization on the benefits of tax had this to say:

> *"the low level of disclosure and dishonesty to can only be attributed to tax payer apathy. The tax payers want accountability for the taxes in terms of infrastructural development and service delivery, particularly access roads maintenance, street lighting and garbage collection. The sensitization and tax education are treated as mere politicking to get extra funding for Council officials' allowances and other recurrent operational costs".*

When respondents were asked to give their opinions on whether independent verification of the tax assessment by the internal audit unit has enhanced objectivity, the majority 133(84.1%) of the respondents disagreed with the opinion that independent verification of the tax assessment by the internal audit unit has enhanced objectivity whereas 2(1.3%) of the respondents were not sure while 23(14.6%) of respondent agreed with the opinion that independent verification of the tax assessment by the internal audit unit has enhanced objectivity. The calculated mean (2.057 and Standard Deviation = .959). This implies that independent verification of the tax assessment by the internal audit unit has enhanced objectivity is at low level.

One of the internal audit staff interviewed had this to say:

> *"I can attribute this low level of verification to abuse of the controls in the IRAS by the implementers. I believe that enumeration is the core of the IRAS and it has not been handled with the seriousness that it deserves. The field staff should have been provided with mobile devices to input data at the premises of the taxpayer with adequate data to automatically capture and record the GPS location. The taxpayer NIN and TIN should also be captured. The staff should be able to process a TIN for those taxpayers that do not have one. The practice currently is that the data is input at office where the location is entered manually while the GPS location is not input. The TIN of the division council is used where one was not provided by the taxpayer and any random number is entered for the NIN. Therefore, traceability and verification of tax payers have been made very difficult and so the enumeration staff can negotiate with taxpayers and under assess for a kick back without much fear of detection. Besides, we internal audit staff are very thin on the ground and are not adequately facilitated to do an impactful job, particularly in the circumstances aforementioned.*

When respondents were requested to give their opinions on whether close supervision of the assessment procedures by senior officers ensures objectivity strictly based on the set parameters, the majority 134(84.8%) of the respondents disagreed with the opinion that close supervision of the assessment procedures by senior officers ensures objectivity strictly based on the set parameters while only 24(15.2%) of respondent agreed with the opinion that close supervision of the assessment procedures by senior officers ensures objectivity strictly based on the set parameters. The calculated mean (2.038 and Standard Deviation = .937). This implies that close supervision of the assessment procedures by senior officers to ensures objectivity strictly based on the set parameters is at low level.

One of the supervisors we interviewed had this to say:

> *"We each have between six to ten staff to supervise in the enumeration exercise so we cannot do very close supervision especially since the details of the tax payers are being recorded in enumerators' note books. If the enumerators and we, the supervisors were provided interfaced data input electronic devices, then we would be able to cross check and verify some details like location, category of business, stock etc. real time as data is entered by the enumerators as they move. Besides, are not adequately facilitated to follow up the staff closely in the field and so we end up waiting to approve data input at the office".*

When respondents were asked to give their opinions on whether regular political monitoring ensures the supervision is done effectively to achieve the projected targets, the majority 120(76%) of the respondents disagreed with the opinion that regular political monitoring ensures the supervision is done effectively to achieve the projected targets whereas 4(2.5%) of the respondents were not sure whether regular political monitoring ensures the supervision is done effectively to achieve the projected targets while 34(21.5%) of respondent agreed with the opinion that regular political monitoring ensures the supervision is done effectively to achieve the projected targets. The calculated mean (2.259 and Standard Deviation = 1.029). This implies that regular political monitoring ensures the supervision is done effectively to achieve the projected targets is at low level.

One of the supervisors who were interviewed had this to say:

> *"The politicians almost entirely rely on our quarterly performance reports and hardly ever go to the field. Even when they do they simply look at the existence of a trading license certificate in a business premises and are not concerned about whether the amount paid is commensurate to the category and volume of business. The monitoring is done more as a routine activity to justify and account for the duty facilitating allowances advanced than verification of data input in the IRAS or confirming supervision by senior staff".*

Table 4.5.2: Effect of Automated Revenue Assessment on Local Revenue Performance in Mbale City

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.506[a]	.256	.251	.36638	.256	53.615	1	156	.000

a. Predictors: (Constant), automated revenue assessment

The regression analysis revealed that automated revenue assessment is correlated to local revenue performance by 50.6% at p= .000 in Mbale City. This implies that a unit improvement in automated revenue assessment will improve local revenue performance by 50.6%, in terms of effect, automated revenue assessment accounts 25.6% at p=0.000. This shows that automated revenue assessment is a significant factor in determining local revenue performance in Mbale City. This implies that 74.4% is contributed by other factors other than automated revenue assessment.

4.6 Local Revenue Collection in Mbale City

Table 4.6.1: Local revenue collection in Mbale City

Statement	SD	D	N	A	SA	Mean	S.D	Comment
The technical supervision of procedures and spot checks are effective in ensuring collection of all the assessed revenue	33(20.9)	67(42.4	1(.6)	56(35.4)	1(.6)	2.525	1.193	Low
The regular political monitoring is effective in ensuring effective technical supervision	15(9.5)	91(57.6)	0	50(31.6)	2(1.3)	2.576	1.075	Low
The non-coercive collection methods e.g. penalties beyond due date encourage voluntary compliance	50(31.6)	63(52.5)	6(3.8)	19(12.0)	0	1.962	.916	Very low
The use of independent contractors to enforce debt collection at a fee derived from penalties enhances performance	48(30.4)	71(44.9)	1(.6)	38(24.1)	0	2.184	1.116	Low
Independent verification by the internal audit unit assures existence and effectiveness of the collection procedures and internal controls	33(20.9)	67(42.4)	1(.6)	56(35.4)	1(.6)	2.525	1.193	Low
Transparency in the use of the taxes collected to deliver services motivates voluntary	15(9.5)	91(57.6)	0	50(31.6)	2(1.3)	2.576	1.073	Low

compliance								
Tagging revenue sources to specific service delivery infrastructural projects and fulfilling has reduced tax payer apathy	50(31.6)	83(52.5)	6(3.8)	19(12.0)	0	1.962	.916	Very low
Continuous tax education and public display of the revenue performance have increased voluntary compliance	48(30.4)	71(44.9)	1(.6)	38(24.1)	0	2.184	1.116	Low
Overall Mean						**2.317**	**1.761**	**Low**

Source: Primary Data, 2023

The overall mean (2.317) implies that automated local revenue collection contributes to local revenue performance in Mbale City at low level. This means that automated local revenue collection is a key factor in local revenue performance in Mbale City. The overall mean of 2.317 suggests that automated local revenue collection has a limited impact on local revenue performance in Mbale City, indicating that other factors may play a more significant role.

When respondents were asked to give their opinions on whether the technical supervision of procedures and spot checks are effective in ensuring collection of all the assessed revenue, the majority 100(63.3%) of the respondents disagreed with the opinion that the technical supervision of procedures and spot checks are effective in ensuring collection of all the assessed revenue whereas 1(.6%) of the respondents were not sure whether the technical supervision of procedures and spot checks are effective in ensuring collection of all the assessed revenue while 57(36%) of respondent agreed with the opinion that the technical supervision of procedures and spot checks are effective in ensuring collection of all the assessed revenue. The calculated mean (2.525 and Standard Deviation = 1.193). This implies that the technical supervision of procedures and spot checks are effective in ensuring collection of all the assessed revenue is at low level.

The Senior Finance Officer summed up the responses of most of the other respondents explaining the low level of collection thus "Exhaustive local revenue collection is a function of objective tax assessment and complete taxpayer enumeration" It is within our knowledge that to achieve this, we need to procure adequate mobile electronic devices on which to install the IRAS for all the field staff and interface them with those of their supervisors and plan for sufficient funding to facilitate the enumeration and assessment exercises. We also need to co-opt internal audit staff from town councils in Mbale district periodically and facilitate them to beef up the two City internal auditors to do independent verification and audit of the whole process.

When respondents were asked to give their opinions on whether the regular political monitoring is effective in ensuring effective technical supervision, the majority 106(67.1%) of the respondents disagreed with the opinion that the regular political monitoring is effective in ensuring effective technical supervision while 52(32.9%) of respondent agreed with the opinion that the regular political monitoring is effective in ensuring effective technical supervision. The calculated mean (2.576 and Standard Deviation = 1.075). This implies that the regular political monitoring is effective in ensuring effective technical supervision is at low level. One of the supervisors who were interviewed had this to say:

> *"The politicians almost entirely rely on our quarterly performance reports and hardly ever go to the field. Even when they do they simply look at the existence of a trading license certificate in a business premises and are not concerned about whether the amount paid is commensurate to the category and volume of business. The monitoring is done more as a routine activity to justify and account for the duty facilitating allowances advanced than verification of data input in the IRAS or confirming supervision by senior staff".*

When respondents were asked to give their opinions on whether the non-coercive collection methods e.g. penalties beyond due date encourage voluntary compliance, the majority 113(84.1%) of the respondents disagreed with the opinion that the non-coercive collection methods e.g. penalties beyond due date encourage voluntary compliance whereas 6(3.8%) of the respondents were not sure while 19(12.0%) of respondent agreed with the opinion that the non-coercive collection methods e.g. penalties beyond due date encourage voluntary compliance. The calculated mean (1.962 and Standard Deviation = .916). This implies that the non-coercive collection methods e.g. penalties beyond due date encourage voluntary compliance is at very low level. A senior Finance Officer opined as follows:

> *"Low voluntary compliance is still prevalent because defaulters usually hold the view that they will compromise the enforcement teams with less than*

the amount of tax due and that is why a decision was taken to procure independent debt collection contractors who, unlike our staff, would have no access to manipulation of records".

When respondents were asked to give their opinions on whether the use of independent contractors to enforce debt collection at a fee derived from penalties enhances performance, the majority 119(75.3%) of the respondents disagreed with the opinion that the use of independent contractors to enforce debt collection at a fee derived from penalties enhances performance whereas only 1(.6%) of the respondent was not sure while 38(24.1%) of respondent agreed with the opinion that the use of independent contractors to enforce debt collection at a fee derived from penalties enhances performance. The calculated mean (2.184 and Standard Deviation = 1.116). This implies that the use of independent contractors to enforce debt collection at a fee derived from penalties enhances performance is at very low level.

Another finance Officer interviewed had this to say:

"It is disheartening that even the independent debt collection contractors seem to be compromised as they seem never to complete the civil suits that they institute against the defaulters, but apparently use the litigation process as a tactic to buy time until City Council loses interest in the matter".

When respondents were requested to give their opinions on whether independent verification by the internal audit unit assures existence and effectiveness of the collection procedures and internal controls, the majority 100(63.3%) of the respondents disagreed with the opinion that independent verification by the internal audit unit assures existence and effectiveness of the collection procedures and internal controls whereas only 1(.6%) of the respondent was not sure with the issue while 57(36%) of respondent agreed with the opinion that independent verification by the internal audit unit assures existence and effectiveness of the collection procedures and internal controls. The calculated mean (2.525 and Standard Deviation = 1.193). This implies that independent verification by the internal audit unit assures existence and effectiveness of the collection procedures and internal controls is at low level.

Another internal audit staff interviewed had this to say:

> *"I do attribute the limited assurance to the inadequacy of staff and duty facilitation. We are only two staff in the department to handle verification and assure existence and effectiveness of internal controls in the whole City. Matters have been worsened by deliberate abuse of the inbuilt internal controls in the IRAS by the implementers. Their complaint of lack of or inadequate duty facilitation cannot justify this unethical behavior".*

When respondents were requested to give their opinions on whether transparency in the use of the taxes collected to deliver services motivates voluntary compliance, the majority 106(67.1%) of the respondents disagreed with the opinion that transparency in the use of the taxes collected to deliver services motivates voluntary compliance while 52(32.9%) of respondent agreed with the opinion that transparency in the use of the taxes collected to deliver services motivates voluntary compliance. The calculated mean (2.576 and Standard Deviation = 1.073). This implies that transparency in the use of the taxes collected to deliver services motivates voluntary compliance is at low level.

One of the senior Accounts staff interviewed had this to say:

> "*We post on the notice boards the amounts of local revenue collected and shared with the divisions but do not display the expenditure. In any case most of the expenditure is recurrent for allowances and operations hence its display would not motivate the tax payers into voluntary compliance as they are interested in investment in infrastructure and service delivery, which is financed by Central government".*

When respondents were requested to give their opinions on whether tagging revenue sources to specific service delivery infrastructural projects and fulfilling has reduced tax payer apathy, the majority 133(84.1%) of the respondents disagreed with the opinion that tagging revenue sources to specific service delivery infrastructural projects and fulfilling has reduced tax payer apathy whereas only 6(3.8%) of the respondent was not sure with the issue while 19(12.0%) of respondent agreed with the opinion that tagging revenue sources to specific service delivery infrastructural projects and fulfilling has reduced tax payer apathy. The calculated mean (1.962 and Standard Deviation = .916). This implies that tagging revenue sources to specific service delivery infrastructural projects and fulfilling has reduced tax payer apathy is at very low level. In our interview one of the senior accounts staff said this:

> *"We have not yet tagged local revenue sources to specific service delivery interventions or infrastructural projects. An attempt was made by the divisions to tag a percentage of property rates to garbage collection but this has not been consistent."*

When respondents were requested to give their opinions on whether continuous tax education and public display of the revenue performance have increased voluntary compliance, the majority 119(75.3%) of the respondents disagreed with the opinion that continuous tax education and public display of the revenue performance have increased voluntary compliance whereas only 1(.6%) of the respondent was not sure with the issue while 38(24.1%) of respondent agreed with the opinion that continuous tax education and public display of the revenue performance have increased voluntary compliance. The calculated mean (2.184 and Standard Deviation = 1.116). This implies that continuous tax education and public display of the revenue performance have increased voluntary compliance is at low level.

Table 4.6.2: Effect of Automated Local Revenue Collection on Local Revenue Performance in Mbale City

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.480[a]	.230	.225	.55246	.230	46.597	1	156	.000

a. Predictors: (Constant), automated local revenue collection

The regression analysis revealed that automated local revenue collection is correlated to local revenue performance by 48.0% at p= .000 in Mbale City. This implies that a unit improvement in automated local revenue collection will improve local revenue performance by 48.0%, in terms of effect, automated local revenue collection accounts 23.0% at p=0.000. This shows that automated local revenue collection is a significant factor in determining local revenue performance in Mbale City. This implies that 77% is contributed by other factors other than automated local revenue collection.

4.7 Regression Coefficient Results

Table 4.7.1: Multiple Regression Analysis

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
1	(Constant)	.638	.218		2.926	.004	.207	1.068			
	Automated tax payer enumeration	.151	.088	.134	1.704	.090	-.024	.326	-.106	.136	.114
	Automated revenue assessment	.347	.102	.302	3.408	.001	.146	.548	-.506	.506	.228
	Automated local revenue collection	.223	.089	.224	2.492	.014	.046	.399	-.481	.480	.167

a. Dependent Variable: local revenue performance

Regression coefficient results above reveal that automated tax payer enumeration does not have a significant effect on local revenue performance in Mbale City with B value.134, while sig value is .090 above the alpha value of .05. It also reveals that automated revenue assessment has a significant effect on local revenue performance in Mbale City with B value =.302 with p value .001 less than alpha value of .05. Finally results reveal that automated local revenue collection has a significant effect on local revenue performance in Mbale City with B value=.224 and p value=.014 less than the alpha value of .05. Generally, automated revenue assessment and automated local revenue collection are the key factors in influencing local revenue performance in Mbale City.

CHAPTER FIVE

DISCUSSION AND INTERPRETATION OF FINDINGS

5.0 Introduction

This chapter discusses and interprets the findings while examining the extent to which the studies succeed to satisfy its objectives. The findings were triangulated with other studies and sources to strengthen and confirm the findings. The chapter further discusses and explains the results and their relationship to the set research questions as presented in chapter four.

5.1 Status of Local Revenue Performance in Mbale City

The finding that the Integrated Revenue Administration System's contribution to the performance of local revenue in Mbale City is relatively low, as indicated by an overall mean of 2.312, aligns with similar studies conducted in other contexts. For instance, a study by Ayinkamiye and Mwanje (2020) found that the implementation of automated revenue management systems in local government settings often faces challenges such as inadequate infrastructure, limited technical capacity, and resistance to change among stakeholders, which can hinder their effectiveness in improving revenue performance. Similarly, research by Amoako-Tuffour et al. (2018) highlighted the importance of addressing institutional barriers and enhancing stakeholder engagement to maximize the impact of automated revenue administration systems on revenue generation in urban areas. These findings explain the need for comprehensive strategies that address not only technological aspects but also organizational and institutional factors to enhance the performance of local revenue administration systems in cities like Mbale.

The finding that the majority of respondents in Mbale City disagreed with the opinion that projected local revenue budgets have been achieved aligns with similar studies conducted in other local government contexts. For example, a study by Ahmed et al. (2019) found that local governments often face challenges in meeting their revenue targets due to factors such as inadequate revenue forecasting, tax evasion, and economic fluctuations. Similarly, research by Muriithi and Njangiru (2017) highlighted the importance of effective revenue monitoring and evaluation systems in ensuring the attainment of revenue targets in local government settings. These findings underscore the need for improved financial management practices, enhanced revenue forecasting techniques, and strengthened oversight mechanisms to enhance the likelihood of achieving projected local revenue budgets in cities like Mbale.

The finding that the majority of respondents in Mbale City disagreed with the opinion that new sources of local revenue have been established resonates with similar studies conducted in other local government settings. For instance, research by Kiendrebeogo and Sarr (2014) found that many local governments struggle to diversify their revenue base and rely heavily on traditional revenue sources such as property taxes and fees. Similarly, a study by Mukwazhi and Chirisa (2018) highlighted the challenges faced by local authorities in Zimbabwe in identifying and implementing new revenue sources, citing factors such as limited fiscal autonomy, inadequate institutional capacity, and political constraints. These findings underscore the importance of addressing institutional and structural barriers to revenue diversification and innovation in local government contexts to enhance revenue generation and financial sustainability.

The finding that the majority of respondents in Mbale City disagreed with the opinion that the amount of local revenue has been increasing annually is consistent with similar studies conducted in other local government contexts. For example, a study by Kiringai and Kirui (2016) found that many local governments in Kenya struggle to achieve consistent growth in local revenue due to factors such as limited revenue-raising capacity, weak tax administration systems, and economic challenges. Similarly, research by Kithiia (2019) highlighted the difficulties faced by local authorities in Tanzania in increasing local revenue, citing issues such as inadequate revenue mobilization strategies, lack of financial autonomy, and dependency on central government transfers. These findings underscore the need for comprehensive reforms to enhance revenue mobilization efforts and promote sustainable financial management practices in local government settings.

The finding that the majority of respondents in Mbale City disagreed with the opinion that the number of taxpayers has been increasing aligns with similar studies conducted in other local government contexts. For instance, research by Asamoah and Yawson (2018) found that many local governments in Ghana face challenges in expanding their tax base due to factors such as informal economic activities, tax evasion, and limited enforcement capacity. Similarly, a study by Mwanje and Wainaina (2019) highlighted the difficulties encountered by local authorities in Kenya in increasing the number of taxpayers, citing issues such as low levels of tax compliance, inadequate taxpayer education, and administrative inefficiencies. These findings underscore the need for targeted interventions to enhance taxpayer registration, compliance, and enforcement mechanisms in local government settings to broaden the tax base and improve revenue mobilization efforts.

The finding that the majority of respondents in Mbale City disagreed with the opinion that there are no appeals against unfair assessment resonates with similar studies conducted in other local government contexts. For example, research by Kariuki and Kagiko (2019) found that many local authorities in Kenya face challenges related to taxpayer grievances and appeals processes, including perceived unfair assessments and disputes over tax liabilities. Similarly, a study by Rana and Hoque (2017) highlighted the importance of establishing transparent and effective appeals mechanisms in local government revenue administration to address taxpayer complaints and enhance compliance. These findings underscore the need for robust grievance redressal mechanisms, clear appeals procedures, and stakeholder engagement strategies to address concerns related to unfair assessments and promote trust and accountability in local revenue administration.

The finding that the majority of respondents in Mbale City disagreed with the opinion that internal audit reports provide assurance that procedures and internal controls are effective aligns with similar studies conducted in other organizational contexts. For instance, research by Hafidz et al. (2018) found that internal audit functions often face challenges in providing adequate assurance regarding the effectiveness of procedures and internal controls due to factors such as limited resources, inadequate training, and organizational resistance to audit recommendations. Similarly, a study by Tuanmat et al. (2019) highlighted the importance of enhancing the independence and professionalism of internal audit functions to improve their credibility and effectiveness in providing assurance on internal controls. These findings underscore the need for continuous improvement efforts to strengthen internal audit practices, promote transparency, and enhance governance mechanisms in organizations.

The finding that the majority of respondents in Mbale City disagreed with the opinion that political monitoring reports indicate close supervision of field staff by senior officers is consistent with similar studies conducted in other organizational or governmental contexts. For example, research by Kim and Khang (2019) found that political monitoring mechanisms in public sector organizations often lack effectiveness in providing close supervision of field staff due to factors such as political interference, bureaucratic inefficiencies, and lack of accountability mechanisms. Similarly, a study by Aydin et al. (2018) highlighted challenges in political monitoring processes in local government settings, citing issues such as politicization of decision-making, inadequate oversight mechanisms, and lack of transparency. These findings underscore the need for strengthening governance frameworks, promoting merit-based appointments, and enhancing accountability mechanisms to improve the effectiveness of political monitoring in supervising field staff and ensuring organizational performance.

The finding that the majority of respondents in Mbale City disagreed with the opinion that technical supervision reports indicate exhaustive enumeration aligns with similar studies conducted in other contexts. For instance, research by Khan and Hossain (2019) found that technical supervision reports in local government settings often lack thoroughness and fail to ensure exhaustive enumeration due to factors such as resource constraints, inadequate training of enumerators, and logistical challenges. Similarly, a study by Tadesse and Kebede (2018) highlighted challenges in enumeration processes in Ethiopia, citing issues such as incomplete coverage, inaccuracies in data collection, and lack of coordination among supervisory staff. These findings underscore the importance of enhancing the quality and reliability of technical supervision reports to ensure comprehensive enumeration processes and improve the effectiveness of revenue assessment and collection efforts in local government settings.

The findings from the regression analysis on the effect of the Integrated Revenue Administration System (IRAS) on local revenue performance in Mbale City align with similar studies conducted in other settings. For instance, research by Abubakar and Yaradua (2019) on the impact of revenue administration systems in Nigerian local governments found that the adoption of integrated revenue management systems significantly influenced revenue performance, contributing to increased revenue collection efficiency and compliance. Similarly, a study by Wang and Goh (2018) on the effectiveness of revenue administration reforms in Asian countries highlighted the importance of modernizing revenue management systems to enhance revenue generation and fiscal sustainability at the local level. These findings underscore the significance of implementing robust revenue administration systems, such as IRAS, to improve local revenue performance and promote economic development in municipalities.

5.2 Automated Tax Payer Enumeration and Local Revenue Performance in Mbale City

The finding that automated payer enumeration contributes to local revenue performance in Mbale City at a low level, as indicated by the overall mean of 2.506, resonates with similar studies conducted in other local government contexts. For example, research by Ndiaye and Ly (2019) on taxpayer enumeration processes in Senegal found that despite efforts to automate enumeration systems, challenges such as incomplete taxpayer databases and inaccuracies in data collection persist, limiting the effectiveness of revenue mobilization efforts. Similarly, a study by Rahman et al. (2020) on taxpayer registration systems in Bangladesh highlighted the need for continuous improvement and technological advancements to enhance the accuracy and comprehensiveness of taxpayer databases and improve revenue collection outcomes. These findings underscore the importance of addressing the limitations of automated payer enumeration systems to strengthen local revenue performance and fiscal sustainability in municipalities.

The senior finance staff's statement regarding the establishment of new sources of local revenue in Mbale City, such as local service tax and local hotel tax, aligns with findings from similar studies conducted in other local government contexts. For instance, research by Bhaskar and Thomas (2018) on local government revenue diversification in India found that many municipalities rely on central government mandates to introduce new revenue sources, such as property taxes and user fees, to supplement their revenue streams. Similarly, a study by Adegbie and Fagbemi (2017) on revenue enhancement strategies in Nigerian local governments highlighted the importance of leveraging central government initiatives and implementing effective revenue administration systems, such as IRAS, to optimize revenue collection and improve fiscal sustainability. These findings underscore the significance of strategic partnerships between central and local governments and the implementation of modern revenue management systems to diversify revenue sources and enhance local revenue performance.

The supervisor's observation regarding the discrepancy between the apparent increase in the total number of taxpayers and the lack of proportional growth in local revenue aligns with findings from similar studies conducted in other local government settings. For example, research by El-Sayegh et al. (2020) on tax compliance behavior in Lebanon found that while there may be an increase in the number of registered taxpayers, revenue collection may still be hindered by factors such as tax evasion, underassessment, and ineffective enforcement mechanisms. Similarly, a study by Ong'olo et al. (2018) on property tax compliance in Kenyan municipalities highlighted the importance of addressing issues related to assessment accuracy and enforcement to ensure that an increase in the number of taxpayers translates into actual revenue growth. These findings underscore the need for comprehensive tax administration reforms, including improved assessment procedures and enforcement mechanisms, to enhance revenue collection effectiveness and fiscal sustainability in local government contexts.

The statement by the senior finance staff regarding the downward trend in local revenue performance despite the implementation of the Integrated Revenue

Administration System (IRAS) aligns with findings from similar studies conducted in various local government contexts. For instance, research by Assefa et al. (2019) on revenue mobilization challenges in Ethiopian municipalities found that despite efforts to modernize revenue administration systems, many municipalities experienced declines in local revenue collection due to factors such as economic downturns, administrative inefficiencies, and tax evasion. Similarly, a study by Chikalipah et al. (2018) on local government revenue management in Malawi highlighted the need for comprehensive reforms to address systemic weaknesses and improve revenue collection outcomes. These findings underscore the complexity of revenue mobilization efforts and the importance of addressing underlying issues such as economic factors, administrative capacity, and enforcement mechanisms to achieve sustainable revenue growth in local government settings.

The majority of respondents disagreeing with the opinion that the local revenue database is continuously updated throughout the year, as indicated by the calculated mean of 1.981, resonates with findings from similar studies conducted in other local government settings. For instance, research by Chirambo et al. (2019) on revenue management practices in Malawian municipalities found that many local authorities face challenges in maintaining up-to-date revenue databases due to factors such as limited human resources, inadequate training, and reliance on manual record-keeping systems. Similarly, a study by Khan et al. (2018) on revenue administration in Pakistani municipalities highlighted issues related to data accuracy and timeliness, underscoring the need for investments in information technology infrastructure and capacity building to improve data management processes. These findings underscore the importance of addressing institutional constraints and investing in technology-enabled solutions to ensure the continuous updating and accuracy of local revenue databases in municipal settings.

The majority of respondents disagreeing with the opinion that the local revenue database is updated once at the beginning of the year, reflected in the calculated mean of 1.937, is consistent with findings from comparable studies conducted in various local government settings. For instance, research by Ndiaye and Ly (2019) on revenue management practices in Senegalese municipalities found that many local authorities face challenges in maintaining timely and accurate revenue databases due to infrequent updating schedules and reliance on manual data entry processes. Similarly, a study by Tadesse and Kebede (2018) on property tax administration in Ethiopian municipalities highlighted issues related to irregular data updating practices, resulting in outdated and incomplete taxpayer records. These findings underscore the importance of establishing regular and systematic procedures for database updating to enhance the effectiveness of revenue management and administration in local government contexts.

The sentiment expressed by the member of the City Executive committee regarding the perceived lack of confidence among taxpayers in local government revenue mobilization efforts resonates with findings from comparable studies conducted in other municipal contexts. For instance, research by O'Byrne and Gupta (2019) on taxpayer perceptions in South African municipalities found that taxpayers often question the transparency and accountability of local government spending, leading to skepticism about the benefits of taxation. Similarly, a study by Asongu and Nwachukwu (2016) on tax compliance behavior in Nigerian local governments highlighted the importance of addressing issues related to trust and public perception to enhance revenue mobilization efforts. These findings underscore the need for local governments to adopt transparent and participatory approaches to revenue mobilization, build taxpayer trust, and effectively communicate the benefits of taxation to foster compliance and support for local development initiatives.

The senior finance staff's observation regarding the perceived limitations of transparency in local revenue reporting, particularly the lack of visibility into individual trader assessments, echoes findings from similar studies conducted in various local government settings. For example, research by Sjoquist and Walker (2018) on transparency and accountability in municipal finance in the United States found that while many local governments disclose aggregate revenue figures, detailed breakdowns of revenue sources and individual taxpayer assessments are often lacking, hindering public scrutiny and oversight. Similarly, a study by Mbah and Onugu (2017) on revenue transparency in Nigerian municipalities highlighted the need for comprehensive disclosure practices to enhance accountability and public trust in local revenue administration. These findings underscore the importance of adopting transparent reporting mechanisms that provide stakeholders with access to detailed revenue data to promote accountability and mitigate potential instances of under-assessment or non-compliance.

The finding that automated taxpayer enumeration significantly influences local revenue performance in Mbale City is consistent with similar studies conducted in various municipal contexts. For instance, research by Ali et al. (2019) on revenue administration systems in Bangladeshi municipalities found that improvements in taxpayer enumeration processes were associated with increased revenue collection efficiency and compliance. Similarly, a study by Bhatia and Singh (2018) on revenue mobilization in Indian cities highlighted the importance of accurate taxpayer data and efficient enumeration techniques in enhancing revenue performance. These findings underscore the critical role of automated taxpayer enumeration systems in optimizing revenue administration processes and improving fiscal outcomes in municipal settings.

5.3 Automated Local Revenue Assessment and Local Revenue Performance in Mbale City

The assertion made by the field staff regarding the interdependence of taxpayer enumeration and tax assessment aligns with findings from comparable studies conducted in various municipal contexts. For example, research by Karaki and Kilungu (2019) on revenue administration practices in Kenyan municipalities found that taxpayer enumeration serves as a foundational step in the tax assessment process, providing the necessary data to accurately assess tax liabilities. Similarly, a study by Saha and Sarker (2017) on revenue management in Bangladeshi local governments highlighted the integrated nature of taxpayer enumeration and assessment within automated revenue administration systems, emphasizing the importance of accurate enumeration data in informing assessment decisions. These findings underscore the symbiotic relationship between taxpayer enumeration and assessment processes, emphasizing the critical role of comprehensive taxpayer data in optimizing revenue administration and performance in municipal settings.

The argument presented by the dissenting respondent regarding the perceived inequity in zoning for tax rate determination aligns with findings from comparable studies conducted in various urban settings. For instance, research by Lefebvre and Partridge (2019) on tax policy and urban development in Canadian cities found that while central business districts often generate higher foot traffic and commercial activity, the benefits of location-based taxation may not always be equitable, particularly for small businesses located in less congested areas. Similarly, a study by Lee and Hsu (2018) on tax zoning policies in Taiwanese municipalities highlighted concerns regarding the fairness and effectiveness of zone-based tax assessments, particularly in areas with diverse economic activities and varying levels of infrastructure development. These findings underscore the complexities involved in designing equitable zoning policies for tax rate determination and the importance of considering the diverse needs and circumstances of businesses within urban environments.

The argument presented by the staff member regarding the limitations of central tax rate setting in improving objectivity resonates with findings from similar studies conducted in various administrative contexts. For instance, research by Alm and Martinez-Vazquez (2019) on tax administration and compliance in decentralized systems found that while centralized rate setting may streamline administrative processes, it can also introduce challenges related to data accuracy and enforcement consistency. Similarly, a study by Torgler and Schneider (2019) on tax compliance behavior in centrally controlled tax systems highlighted concerns regarding the susceptibility of centralized enforcement mechanisms to manipulation and abuse by tax officials. These findings underscore the need for robust internal controls and oversight mechanisms to ensure the integrity and effectiveness of centrally administered tax rate policies.

The sentiment expressed by the interviewee regarding the perceived ineffectiveness of public tax education and sensitization initiatives in improving taxpayer disclosure and honesty resonates with findings from comparable studies conducted in various socio-economic contexts. For instance, research by Batrancea et al. (2019) on tax morale and compliance behavior found that taxpayers' perceptions of government accountability and service delivery significantly influence their willingness to comply with tax obligations. Similarly, a study by Evans et al. (2018) on taxpayer attitudes and compliance in developing countries highlighted the importance of trust in government institutions and transparency in fostering voluntary tax compliance. These findings underscore the need for tax education efforts to address broader governance issues and public trust concerns to effectively promote taxpayer honesty and disclosure.

The concerns raised by the internal audit staff regarding the perceived inadequacies in independent verification processes within the tax assessment system resonate with findings from comparable studies in tax administration and compliance. For example, research by Cummings et al. (2019) on tax compliance and enforcement mechanisms highlighted the importance of robust internal control systems and independent oversight in promoting tax compliance and reducing opportunities for corruption and fraud. Similarly, a study by Bird et al. (2018) emphasized the need for effective audit procedures and adequate staffing levels in tax administration agencies to ensure the integrity and reliability of tax assessment processes. These findings underscore the critical role of independent verification mechanisms and internal audit functions in enhancing objectivity and transparency in tax assessment practices.

The challenges described by the supervisors regarding the limitations of close supervision in tax assessment procedures align with findings from previous studies on tax administration and oversight. Research by Alm and Martinez-Vazquez (2018) emphasized the importance of effective supervision and oversight mechanisms in ensuring the integrity and accuracy of tax assessment processes. However, the study also highlighted the constraints faced by tax administration agencies in providing adequate supervision, particularly in resource-constrained environments. Similarly, a study by Torgler and Schaltegger (2015) underscored the need for enhanced monitoring and supervision of tax administration activities to mitigate the risk of non-compliance and irregularities. These findings emphasize the critical role of close supervision and effective oversight in promoting objectivity and adherence to established parameters in tax assessment procedures.

The observation regarding the limited effectiveness of political monitoring in ensuring supervision aligns with findings from studies on the role of political oversight in public administration and governance. Research by Grindle (2012) emphasized the challenges associated with political monitoring and interference in administrative processes, highlighting its potential negative impact on effective governance and service delivery. Similarly, a study by Chari et al. (2010) underscored the need for a balance between political oversight and administrative autonomy to enhance accountability and performance in public sector organizations. These findings suggest that while political monitoring is intended to ensure accountability and performance, its effectiveness may be hindered by factors such as limited field engagement and focus on superficial indicators rather than substantive outcomes.

The findings regarding the significant correlation between automated revenue assessment and local revenue performance align with similar studies examining the impact of technological interventions on revenue collection and administration. Research by McCluskey and Franzsen (2005) emphasized the importance of modernizing revenue assessment systems to enhance efficiency and effectiveness in revenue collection. Similarly, a study by Akomea-Frimpong and Lartey (2017) highlighted the role of automated revenue assessment systems in improving revenue mobilization and administration in local governments. These studies suggest that technological advancements, such as automated revenue assessment, can significantly contribute to enhancing revenue performance by streamlining processes, reducing errors, and increasing transparency.

5.4 Automated Local Revenue Collection and Local Revenue Performance in Mbale City

The observation that automated local revenue collection has a relatively low impact on local revenue performance in Mbale City resonates with findings from similar studies examining the effectiveness of automated revenue collection systems. Research by Khan and Qureshi (2018) found that while automated revenue collection systems can streamline tax collection processes and reduce administrative burdens, their impact on revenue performance may be limited without complementary measures addressing broader economic and institutional factors. Similarly, a study by Ongore and Kinyua (2013) emphasized the need for integrated approaches that combine technology with effective governance structures and taxpayer education to optimize revenue generation in local governments. These studies suggest that while automated revenue collection systems are important, their effectiveness depends on a range of contextual factors beyond technological implementation alone.

The perception that technical supervision of procedures and spot checks is ineffective in ensuring the collection of all assessed revenue aligns with findings from studies examining the role of supervision and enforcement mechanisms in revenue collection. Research by Mookherjee and Png (1995) highlighted the importance of effective monitoring and enforcement in tax compliance, emphasizing that lax supervision can lead to widespread tax evasion and revenue losses. Similarly, a study by Martinez-Vazquez and McNab (2006) underscored the significance of strong enforcement mechanisms, including regular audits and spot checks, in enhancing revenue performance. These studies suggest that while technical supervision and spot checks are essential components of revenue administration, their effectiveness depends on the presence of robust enforcement mechanisms and institutional capacity to address tax compliance challenges.

The Senior Finance Officer's assessment resonates with findings from various studies emphasizing the importance of comprehensive tax assessment and taxpayer enumeration in improving revenue collection. Research by Bird (2008) emphasizes the critical role of taxpayer registration and enumeration in enhancing tax compliance and revenue performance. Moreover, studies by Alm, Martinez-Vazquez, and Torgler (2006) highlight the significance of effective tax administration systems, including modern technology and robust audit mechanisms, in improving revenue collection outcomes. The recommendation to invest in mobile electronic devices for field staff and enhance internal audit capacity aligns with broader discussions on strengthening tax administration capabilities to address challenges in revenue collection effectively.

The challenges highlighted regarding the effectiveness of regular political monitoring in ensuring technical supervision resonate with findings from broader literature on tax administration and governance. Studies by Fjeldstad and Heggstad (2012) emphasize the importance of depoliticizing tax administration to enhance effectiveness and reduce corruption risks. Similarly, research by Søreide (2014) underscores the negative implications of political interference in tax administration, leading to weakened enforcement and compliance efforts. The supervisor's observation regarding political monitoring being more ritualistic than substantive aligns with discussions on the need for governance reforms to foster impartial and professional tax administration practices.

The skepticism regarding the effectiveness of non-coercive collection methods, particularly penalties beyond the due date, in encouraging voluntary compliance resonates with findings from existing literature on tax compliance behavior. Studies by Torgler (2002) and Kleven et al. (2011) suggest that while penalties can serve as deterrents for some taxpayers, they may not significantly influence compliance behavior for others, especially those who perceive the risk of detection and punishment to be low. Furthermore, research by Alm et al. (2010) emphasizes the importance of perceived fairness and trust in tax authorities, highlighting that coercive measures alone may not be sufficient to foster voluntary compliance if taxpayers perceive them as unjust or arbitrary. The decision to engage independent debt collection contractors, as mentioned by the senior Finance Officer, reflects a recognition of the limitations of internal enforcement mechanisms and underscores the need for innovative approaches to enhance compliance.

The skepticism expressed by respondents regarding the effectiveness of using independent contractors for debt collection aligns with findings from studies examining the efficacy of outsourcing debt collection functions. Research by Lien et al. (2017) suggests that while outsourcing debt collection may offer potential benefits such as cost savings and increased focus on core activities, it also poses risks related to service quality and accountability. Similarly, a study by Keen et al. (2018) highlights concerns about the integrity and performance of third-party debt collectors, noting instances of non-compliance with regulations and inadequate handling of consumer complaints. The observation made by the finance officer regarding the apparent compromise of independent debt collection contractors underscores the importance of robust oversight mechanisms and contractual arrangements to ensure accountability and performance.

The challenges highlighted by the internal audit staff regarding the limited assurance provided by independent verification processes resonate with findings from studies on internal audit effectiveness and capacity constraints. Research by Brink (2016) emphasizes the importance of adequate staffing and resources for internal audit functions to fulfill their assurance responsibilities effectively. Similarly, a study by Abdelsalam et al. (2019) underscores the significance of organizational support and autonomy for internal audit units to conduct thorough and independent assessments of control procedures. The observations made by the internal audit staff regarding the impact of inadequate staffing and unethical behavior on verification processes underscore the need for organizational commitment to bolster internal audit capacity and integrity.

The assertion made by the senior Accounts staff regarding the limited impact of transparency in expenditure on voluntary compliance aligns with findings from research on taxpayer behavior and perceptions of government accountability. Studies by Hood and Lodge (2006) emphasize that taxpayers are more likely to comply voluntarily when they perceive that tax revenues are used effectively to provide public services and infrastructure. However, the effectiveness of transparency initiatives in promoting compliance may be undermined if taxpayers perceive a lack of alignment between tax revenue utilization and their expectations for service delivery, as highlighted by the senior Accounts staff. These findings underscore the importance of not only ensuring transparency but also aligning expenditure with taxpayer preferences to enhance voluntary compliance.

The observation made by the senior accounts staff regarding the limited implementation of revenue tagging aligns with findings from studies on the effectiveness of earmarking revenues for specific projects in enhancing taxpayer engagement and reducing apathy. Research by Searing and Creighton (2017) suggests that while revenue tagging can enhance transparency and accountability in public finance, its effectiveness in motivating taxpayers depends on clear communication and consistent implementation of earmarking policies. The lack of consistent implementation, as highlighted by the senior accounts staff, may contribute to skepticism among taxpayers and undermine their willingness to engage with the tax system. These findings underscore the importance of robust communication and consistent implementation of revenue tagging initiatives to effectively address taxpayer apathy and enhance engagement with local revenue systems.

The skepticism expressed by respondents regarding the effectiveness of continuous tax education and public display of revenue performance in increasing voluntary compliance resonates with findings from similar studies on taxpayer behavior. Research by Alm and Torgler (2011) suggests that while tax education campaigns and transparency initiatives can enhance taxpayer knowledge and awareness, their impact on voluntary compliance may be limited without accompanying measures to address broader concerns such as trust in government and perceived fairness of the tax system. The findings underscore the importance of integrating tax education efforts with strategies aimed at building trust, promoting fairness, and addressing taxpayer grievances to effectively enhance voluntary compliance with local revenue systems.

The finding that automated local revenue collection significantly correlates with local revenue performance aligns with studies investigating the impact of technological interventions on revenue generation. Research by Fjeldstad and Heggstad (2018) underscores the importance of automated revenue systems in enhancing revenue collection efficiency and effectiveness. They argue that automated systems not only streamline revenue administration processes but also improve transparency, reduce leakages, and enhance compliance. However, the observation that a substantial portion of revenue performance is still influenced by factors beyond automation resonates with broader literature on tax compliance, which highlights the multifaceted nature of taxpayer behavior influenced by socio-economic, institutional, and cultural factors.

The regression coefficient results indicating that automated tax payer enumeration does not significantly impact local revenue performance in Mbale City, while automated revenue assessment and automated local revenue collection do, resonate with findings from other studies on the effectiveness of technological interventions in revenue administration. Research by Alm and Torgler (2011) and Blackburn and Bose (2019) emphasize the importance of automated systems in enhancing tax compliance and revenue generation. They argue that automated assessment and collection processes streamline tax administration, reduce compliance costs, and improve revenue outcomes. While the insignificant effect of automated tax payer enumeration suggests a need for further investigation or refinement, the significant impact of automated revenue assessment and collection underscores the potential of technological solutions in driving revenue performance in urban contexts.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.0 Introduction

This chapter presents conclusions and recommendations of the study in relation to the establishment of the effects of the Integrated Revenue Administration System on local Revenue performance at Mbale City in Uganda. The conclusions are drawn in line with the objectives as well as research questions. The recommendations and areas of further research are also included in this chapter.

6.1 Conclusions

6.1 Conclusions

The conclusions were based on the three objectives of the study.

6.1.1 Effect of automated tax payer Enumeration on local revenue performance in Mbale City.

The study established that the automated tax payer enumeration is always done. However, the study findings also revealed that the automated taxpayer enumeration is correlated to local revenue performance by 38.3% at p= .000 in Mbale City. This implies that a unit improvement in automated taxpayer enumeration will improve local revenue performance in Mbale City by 38.3%, in terms of effect, taxpayer enumeration accounts for 14.7% at p=0.000. This shows that automated taxpayer enumeration is a significant factor determining local revenue performance in Mbale City. This implies that 85.3% is contributed by other factors other than automated taxpayer enumeration.

Following up from the responses to the questionnaires, the overall mean of **2.506** is low implying disagreement with the statements. Therefore, besides the automation of enumeration of taxpayers the following must be done if local revenue performance in Mbale City has to improve to match that of Nansana Municipality.

There must be continuous joint political and technical mobilization and sensitization of tax payers on the benefits of tax in order to establish some new sources of local revenue and increase the number of tax payers for every source of local revenue

Ensure there is transparency by public display of the numbers in each category identified for each source of local revenue

6.1.2 Effect of Automated Revenue Assessment on local revenue performance in Mbale City.

The study established that automated revenue assessment is always done. However, the study findings also revealed that the automated revenue assessment is correlated to local revenue performance by 50.6% at p= .000 in Mbale City. This implies that a unit improvement in automated revenue assessment will improve local revenue performance by 50.6%, in terms of effect, automated revenue assessment accounts 25.6% at p=0.000. This shows that automated revenue assessment is a significant factor in determining local revenue performance in Mbale City. This implies that 74.4% is contributed by other factors other than automated revenue assessment.

Following up from the responses to the questionnaires, the overall mean of **2.264** is low implying disagreement with the statements. Therefore, besides the automation of revenue assessment the following must be done if local revenue performance in Mbale

City has to improve to match that of Nansana Municipality.

Whereas under IRAS Mbale City has been demarcated into zones for purposes of equity in application of the tax rates that were set centrally by the Ministry of Trade to ensure improved objectivity the following need to be addressed:

Public tax education and sensitization on the benefits of tax has to improve disclosure and honesty by taxpayers in their self-assessment during voluntary compliance.

Facilitation of the internal audit unit to do independent verification of the tax assessment to enhance objectivity by the enumeration team and assure the existence and effectiveness of the collection procedures and internal controls.

Facilitation to ensure close supervision of the assessment procedures by senior officers to ensure objectivity strictly based on the set parameters

Facilitation of the political leaders to do regular monitoring to ensure that technical supervision has been done effectively to achieve the projected targets.

6.1.3 Effect of Automated Local Revenue collection on local revenue performance in Mbale City

The study established that automated local revenue collection is always done. However, the study findings also revealed that the automated local revenue collection is correlated to local revenue performance by 48.0% at p= .000 in Mbale City. This implies that a unit improvement in automated local revenue collection will improve local revenue performance by 48.0%, in terms of effect, automated local revenue collection accounts 23.0% at p=0.000. This shows that automated local revenue collection is a significant factor in determining local revenue performance in Mbale

City. This implies that 77% is contributed by other factors other than automated local revenue collection.

Following up from the responses to the questionnaires, the overall mean of **2.317** is low implying disagreement with the statements. Therefore, besides the automation of revenue assessment the following must be done if local revenue performance in Mbale City has to improve to match that of Nansana Municipality.

Ensure technical supervision of procedures and do regular spot checks to ensure collection of all the assessed revenue

The regular political monitoring is effective in ensuring effective technical supervision

Encourage use of non-coercive collection methods e.g. penalties beyond due date encourage voluntary compliance

Set voluntary compliance time lines and use independent contractors to enforce debt collection at a fee derived from penalties against defaulters

Ensure transparency in the use of the taxes collected to deliver services to motivate voluntary compliance.

Tag revenue sources to specific service delivery infrastructural projects and fulfilling the commitments to reduce tax payer apathy

Ensure continuous tax education and public display of the revenue performance have increased voluntary compliance

6.2 Recommendations

6.2.1 Effect of automated tax payer enumeration on local revenue performance in Mbale City.

Mbale City should continuously improve and streamline the automated taxpayer enumeration processes to ensure accuracy, efficiency, and completeness. This should involve investing in advanced technology, such as digital platforms and data analytics tools, to effectively identify, register, and monitor taxpayers.

Mbale City should provide training and capacity-building programs for staff involved in automated taxpayer enumeration to ensure they have the necessary skills and knowledge to effectively implement and manage the system. This includes training on data collection, analysis, and interpretation, as well as customer service and communication skills to engage with taxpayers effectively.

Mbale City should implement regular validation and updating procedures to ensure the accuracy and reliability of taxpayer data collected through automated enumeration processes. This should involve conducting periodic audits, cross-checking with other databases, and engaging with taxpayers to verify information and address any discrepancies.

Mbale City should foster collaboration and coordination between relevant stakeholders, including local government authorities, tax administration agencies, business associations, and community groups, to support the implementation and effectiveness of automated taxpayer enumeration efforts. This should include sharing data, resources, and best practices, as well as engaging stakeholders in decision-making processes.

Mbale City should establish a robust monitoring and evaluation framework to track the performance and impact of automated taxpayer enumeration on local revenue generation in Mbale City. This includes setting clear performance indicators, collecting relevant data, conducting regular assessments, and using findings to inform decision-making and improve strategies over time.

Mbale City should diversification of revenue sources. While automated taxpayer enumeration is a significant factor in local revenue performance, it is essential to recognize that other factors also contribute to revenue generation. Therefore, Mbale City should explore diversifying its revenue sources beyond taxation, including exploring opportunities for grants, partnerships, fees for services, and investments in revenue-generating projects

6.2.2 Effect of automated revenue assessment on local revenue performance in Mbale City.

Mbale City should invest in ongoing enhancements and upgrades to the automated revenue assessment systems in Mbale City to ensure they remain up-to-date, efficient, and effective. This should involve incorporating advanced technologies, such as data analytics, machine learning, and artificial intelligence, to enhance accuracy, streamline processes, and identify revenue optimization opportunities.

Mbale City should provide comprehensive training and capacity-building programs for staff involved in automated revenue assessment to ensure they possess the necessary skills and knowledge to utilize the systems effectively. This includes training on data analysis, interpretation, and reporting, as well as technical training on the operation and maintenance of automated assessment tools.

Mbale City should foster integration and data sharing between automated revenue assessment systems and other relevant databases and platforms within Mbale City's administration. This integration will facilitate seamless data exchange, improve data accuracy, and enhance decision-making processes related to revenue collection and management.

Mbale City should establish a robust monitoring and evaluation framework to continuously assess the performance and impact of automated revenue assessment efforts on local revenue generation in Mbale City. This involves setting clear performance indicators, collecting relevant data, conducting regular assessments, and using findings to inform decision-making and refine strategies as needed.

Mbale City should promote stakeholder engagement and transparency in the automated revenue assessment process by providing clear communication channels, soliciting feedback from taxpayers and other stakeholders, and ensuring transparency in how revenue assessments are conducted and utilized. This will help build trust, enhance compliance, and foster collaboration between the local government and the community.

Mbale City should develop and implement risk management strategies and contingency plans to mitigate potential risks and challenges associated with automated revenue assessment processes. This includes identifying potential threats, such as data breaches or system failures, and implementing measures to address them proactively to ensure continuity and reliability of revenue assessment operations

6.2.3 Effect of automated local revenue collection on local revenue performance in Mbale City.

Mbale City should strengthen automated revenue assessment processes. Given the significant effect of automated revenue assessment on local revenue performance, it is crucial to further enhance and optimize these processes. This should involve investing in advanced technologies, improving data analytics capabilities, and implementing regular updates to ensure the accuracy and efficiency of revenue assessment procedures.

Mbale City should optimize automated local Revenue collection. Since automated local revenue collection also significantly influences local revenue performance, efforts should be made to optimize and streamline collection processes. This should include leveraging digital payment platforms, enhancing taxpayer communication and engagement, and implementing innovative collection strategies to improve revenue collection efficiency and effectiveness.

Mbale City should address factors contributing to the remaining 77%. While automated revenue assessment and collection are key factors, it's essential to recognize that other factors contribute to local revenue performance. Therefore, efforts should be made to identify and address these additional factors contributing to the remaining 77% of the variance. This should involve conducting further research to understand these factors, implementing targeted interventions, and continuously monitoring and evaluating their impact on revenue performance.

Mbale City should establish a robust monitoring and evaluation framework to track the effectiveness of automated revenue assessment and collection efforts over time. This includes setting clear performance indicators, collecting relevant data, and conducting regular assessments to identify areas for improvement and inform decision-making.

Mbale City should provide ongoing training and capacity-building programs for staff involved in automated revenue assessment and collection to ensure they have the necessary skills and knowledge to effectively utilize the systems. This includes training on data analysis, technical skills, customer service, and compliance procedures to enhance performance and compliance.

Mbale City should foster collaboration and communication between key stakeholders, including local government officials, taxpayers, business owners, and community members, to ensure alignment of efforts and maximize the impact of automated revenue assessment and collection initiatives. This will help build trust, enhance compliance, and foster a culture of transparency and accountability in revenue generation processes.

6.3 Areas for further Research

1. Further research should explore the specific methods and approaches used in automated taxpayer enumeration. This research should investigate the effectiveness of different enumeration techniques, such as data mining, GIS technology, or machine learning algorithms, in accurately identifying and registering taxpayers.

2. Additionally, examining the role of taxpayer education and outreach programs in improving compliance and revenue generation.
3. Further research should explore drivers of other factors contributing to local revenue performance.
4. Further research should explore the long-term effects of automated revenue management systems.

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APPENDICES

Appendix I: Questionnaire

Dear respondent,

This questionnaire is designed to aid an academic research on "*The effect of Intergrated Revenue Administration System on the Local Revenue Performance of Mbale City, Uganda*". The study is part of the requirement for the award of a Master's degree in Business Administration of Uganda Christian University. You have been selected to participate in this study. All information will be treated with utmost confidentiality and only for purpose of academics. Therefore, your responses will be highly appreciated.

Thank you

Stephen Khaukha

(student).

SECTION A: Demographic data (Tick)

Please answer the following questions by ticking (✓) in the box in front of your answer choiceand specifying where necessary.

Gender of Respondents

Male ☐ Female ☐

Under which age bracket do you fall?

Under 20 ☐

21 – 30 ☐

31 – 40 ☐

41 – 50 ☐

51 – 60 ☐

61 and above ☐

SECTION B: Tax Payer Enumeration

Please tick in the check box below indicating your answer choice ranging from Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D) and Strongly Disagree (SD)

	SCALE	1	2	3	4	5
		Strongly agree	**Agree**	**Neutral**	**Disagree**	**Strongly disagree**
1	There is increased tax revenue base					
2	Increased rate of compliance among tax payers					
3	We have been able to compile and maintain a complete database of businesses and individuals.					
4	We have been able to maintain the integrity of the tax payer register					
5	IRAS has improved the authentication of the enumeration process					
6	There is reduced likelihood of tax payers avoiding their obligations through remaining unregistered					

SECTION C: Revenue Assessment

Please tick in the check box below your answer choice ranging from Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D) and Strongly Disagree SD)

	SCALE	1	2	3	4	5
		Strongly agree	**Agree**	**Neutral**	**Disagree**	**Strongly disagree**
1	There has been increased disclosure on the side of the tax payers.					
2	There is reduced omissions, contradictions, inaccuracies or other errors					
3	There is increased timely payment and filing of returns by taxpayers.					
4	Automation of tax assessment has enabled maintenance of an up to date tax register					

SECTION D: Revenue Collection

Please tick in the check box below your answer choice ranging from Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D) and Strongly Disagree SD)

	SCALE	1	2	3	4	5
		Strongly agree	Agree	Neutral	Disagree	Strongly d
1	Tax payers know the amount they are supposed to pay.					
2	There is increased meeting of set timelines by the taxpayers.					
3	There is stricter tax collection enforcement.					
4	There is ease of tax payment through electronic tax filing.					
5	Improved efficiency and reduced opportunities of corruption.					

SECTION E: LOCAL REVENUE PERFORMANCE

Please tick in the check box below your answer choice ranging from Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D) and Strongly Disagree SD)

		1	2	3	4	5
		SA	A	N	D	SD
1	Automation has contributed to generation of more revenue					
2	Returns on investments guarantee stability for future investments					
3	Revenues are in acceptable proportion with Expenses					
4	The tax base is expanding to satisfy revenue demands					

SECTION F: REVENUE ADMINISTRATION AND LOCAL REVENUE PERFORMANCE

Please tick in the check box below your answer choice ranging from Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD)

		1	2	3	4	5
		SA	A	N	D	SD
1	Tax payer Enumeration strongly impacts Local Revenue performance of Mbale City					
2	Revenue Assessment affects Local Revenue performance of Mbale City					
3	Local revenue collection influences Local Revenue performance of Mbale City					
4	The city realises more revenue on tax collection as expected					

Thank you

Appendix II: Interview guide

1. Name…………………………………………………………
2. Department…………………………………………………………
3. Designation…………………………………………………………
4. How long have you worked for the City /local authority?

…………………………………………………………

5. What decisions are you involved in?
   i. Strategic
   ii. Middle
   iii. Operational
6. In your own opinion, to what extent has automating influenced revenue collection in Mbale City ?

   Very great extent

   Great extent

   Moderate extent

   Little extent

7. How did the City identify the loopholes in the non-automated system?

   ………………………………………………………………………………

   ………………………………………………………………………………

8. What are the major challenges faced by City Council of Mbale in regard to automation of revenue collection?

……………………………………………………………………………………

……………………………………………………………………………………

9. What strategies did the City of Mbale deploy to reduce or eliminate the loss during revenue collection?

……………………………………………………………………………………

……………………………………………………………………………………

Why did the City management use the strategies named above?

……………………………………………………………………………………

……………………………………………………………………………………

10. Are there challenges that emerged due to the changes in strategy?

……………………………………………………………………………………

……………………………………………………………………………………

……………………………………………………………………………………

11. What factors motivated the City of Mbale management to use the strategies mentioned above?

……………………………………………………………………………………

……………………………………………………………………………………

12. What are the future strategies set by Mbale City to help in revenue collection?

……………………………………………………………………………………

…………………………………………………………………………………..

UGANDA CHRISTIAN UNIVERSITY, MBALE UNIVERSITY COLLEGE.

A Centre of Excellence in the Heart of Africa

CITY CHIEF FINANCE OFFICER
P. O. BOX Private Bag
Mbale City

Office of the Academic Registrar

To City Chief Finance Officer
Mbale City

Mr. Musamali A
Handle with him
2/4/23

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss Khaukha Stephen
Of Registration Number; S18/MVC/MBA/008 pursuing a
Masters' Degree/~~Postgraduate Diploma / Bachelor's Degree~~ in
Business Administration (Accounting and Finance)
He/ she is required to carry out an academic research on the topic
Effects of an Integrated Revenue Administration System (IRAS) on local revenue performance in Mbale City.
and thereafter produce a well bound hard cover research report (**MAROON**) in color for undergraduate and three (**BLACK**)copies for Postgraduate students as a University requirement for the award of a degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.
Thank you.

Yours faithfully,

Mr. Akampurira Timothy
Ag.Academic Registrar

UGANDA CHRISTIAN UNIVERSITY
23 JAN 2023

P. O Box 189, Mbale, Uganda, Tel: +256 454 436 222, E-mail: directormbale@ucu.ac.ug

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SCHOOL OF RESEARCH & POSTGRADUATE STUDIES

DISSERTATION CORRECTION COMPLIANCE REPORT BY THE CANDIDATE (POST VIVA FORM)

Date: 05th SEPTEMBER, 2024

Name of Candidate: KHAUKHA STEPHEN Reg. No: S18/MUC/MBA/008

Title of Dissertation INTEGRATED REVENUE ADMINISTRATION SYSTEM AND LOCAL REVENUE PERFORMANCE IN MBALE CITY

SN	COMMENTS BY EXTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	The background is not presented in the conventional logical order that starts with historical, theoretical, conceptual and contextual, and this should be addressed.	The background has been rearranged in the conventional logical order that starts with historical, theoretical, conceptual and contextual	Pages 4 to 21
2	The Literature review section lacks the summary sub-section which would indicate the gaps in literature that this study intends to fill on its completion.	The Literature review summary sub-section which indicates the gaps in literature that this study intends to fill on its completion has been inserted.	Page 35
3	Indicate the version of SPSS that was used to analyse the data	The SPSS version 20 was used to analyse the data	Page 35
4	The font used in the presentation of findings is different	Have been corrected	Pages 27 to 32
5	The content in the tables 4.4.1, 4.5.1, and 4.6.1 is not aligned with the table titles.	The tables titles for 4.4.1, 4.5.1, and 4.6.1 have been corrected to align with the content.	
6	Table 4.3.2 presents findings on the effect of Automated Revenue Administration on Local Revenue Performance when the only data known at that moment is for the Local Revenue Performance	Table 4.3.2 has been corrected to read Findings on Local Revenue Performance	Page 26
7	The items for which data was collected using the questionnaire significantly differ from the items/ dimensions that were presented in the Conceptual Framework.	The dimensions under the Dependent Variable in the Conceptual Framework. have been revisited to indicators of local revenue performance.	Pages 23 to 25

SN	COMMENTS BY INTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	The abstract is too wordy and too detailed and needs to be re-written.	The abstract has been re-written.	Pages 2 to 3
2.	The introduction and background seem to be mixed up with too much information that can be better utilized in literature review. The theoretical perspective does not make much sense,	The background has been rearranged in the conventional logical order that starts with historical, theoretical, conceptual and contextual	Pages 4 to 21
3	The problem statement is remotely articulated. This is so because a number of statements are generic with limited timely evidence to support them.	The problem statement has been re-written with local revenue performance numbers for 3 entities over 4 years from FY 2018/19 to FY 2021/22.	Pages 21 to 23
4	The content, geographical and time scopes are stated and justified. However, the use of hypothesis test in the significance is misplaced	The hypothesis test in the significance has been deleted.	Page 35
5	The explanation of the conceptual framework is lacking and the indicators for both variables are stated casually.	The dimensions under the Dependent Variable in the Conceptual Framework have been restated and the causal relationship explained	Pages 23 to 25
6	The study gaps in literature review have not been well explained	The study gaps in literature review have been explained	Page 35
7	The explanations on rate of return has gaps as statistics given don't add up and also the explanation of the average mean contributing to revenue performance is not right	The numbers have been corrected	Pages 25 to 26
8	The multivariate regression analysis explanations are confusing on which variables are significant and which ones are not	Clear explanations have been made for each of the variables bringing out the significance concept.	Pages 27 to 32
9	(refer to Table 4.7.1) The heading of the chapter are not correctly done	Have been corrected	Page 27
10	The contribution of the study is not clear and needs to be strengthened	The contribution of the study has been strengthened	Pages 32 to 35
11	Conclusion is not well harmonized with the study objectives	The conclusions are based on the specific objectives	Pages 32 to 35
12	The recommendations don't trigger serious policy insights	Action points for policy formulation at the city council have been clearly articulated in the recommendations	

SN	COMMENTS BY VIVA VOCE PANEL	ACTION TAKEN	INDICATOR
1	The problem statement should be able to bring out need for the study since political leaders have commended IRAS for improving local revenue performance.	The problem statement has been re-written with evidence of Gulu and Mbale cities having a dismal improvement of 10% over the four years, justifying the need for the study.	Pages 21 to 23
2	Correction of "Masters" to "Master" of Business Administration degree on cover page	Corrected "Masters" to "Master" of Business Administration degree on cover page	Page 1
3	Replacement of "Faculty" with "School" and deletion of "Administration and Management" and "(Accounting and Finance)" on cover page	Replaced "Faculty" with "School" and deleted "Administration and Management" and "(Accounting and Finance)" on cover page	Page 1

KHAUKHA STEPHEN .... DR. MULYANYUMA AARON ....

Candidate's Name Signature Supervisor's Name Signature