

## **Assessment of Financial Management Processes and Performance in the Public Sector: A Case Study of Accra Metropolitan Assembly (AMA)**

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### **Abstract**

*The main objective of the study was to assess the financial management processes and performance in public sector. The study adopted the descriptive cross-sectional approach which involved the use of questionnaires to gather data from the respondents. The respondents consisted of the directors, budget officers, planners, finance officers, revenue collectors, the internal auditors and staff of Accra Metropolitan Assembly (A.M.A) and Assembly members. Samples of one hundred and twenty (120) respondents were selected for the study using the purposive sampling method. The findings of the study revealed that the assembly has adequate sources of revenue and makes use of both internally and externally generated funds to meet the financial obligations of the assembly. Also, the stable sources of revenue of the assembly includes; basic rate, property rate, special rate and rate payable by public corporation and organization owning properties in the area of jurisdiction of the district assembly, revenue generated from land through concessions and royalties, fees and fines, revenue generated from issuing licenses, rent from market stores, assembly property, bill boards, advertise areas, etc., investment income and also miscellaneous income. The effective and efficient financial management practices of the Metropolitan, Municipal and District Assemblies (MMDAs) which includes; strategic planning and preparation of the budget, resource management, auditing, accounting processes and reporting for expenditure and performance, etc. Thus, the study recommended that financial management training should be organised for revenue collectors, budget officers and the management of the MMDAs to help them keep up with new developments in the budgeting of government projects and programmes, to help minimize cost and maximize the revenue.*

### **Introduction**

#### **1.1 Background to the Study**

In late 2008 and the early 2009, there was a global financial system crisis that was on the brink of collapsing the global economy (Blinder & Zandi, 2010). The ripple effect of this led to serious and structural type of fiscal problems for local governments across the industrialized world. In 1988, Ghana began a new era of Local Government (LG) autonomy (PNDC Law 207, 1988) in which the central government decentralized many aspects of its authority over LG by creating more District Assemblies (Ahwoi, 2010). Decentralization according to Gariba, (2009) refers to the transfer of authority to plan, make decisions and manage public functions from a higher level of government to individual, organization or agency at a lower level. Decentralization has been considered a key component in improving the development activities and also improving the effectiveness of governance in developing countries. Successive governments in Ghana since independence have recognized the need to implement a decentralization programme geared towards faster socio-economic development. The Local Government Act imposed enormous developmental responsibilities on the Metropolitan, Municipal and District Assemblies (MMDAs) and these responsibilities demand an effective and efficient mobilization and management of financial resources (Robertson, 2002). The Assembly was set up to promote development at the local level. Therefore, there is a greater responsibility for them to improve financial resources and expand other vibrant economic opportunities and activities in the district. The Assemblies are charged by various enactments to provide goods and services such as changing civic inertia, poverty and illiteracy to enhance equity, efficiency, effectiveness and economy in their entrepreneurship at the local level. Thus, inadequate financial resources can undermine the effective implementation of developmental projects in the districts.

Financial Management involves the process of planning, budgeting, accounting and controlling of financial resources deployed within an organization. It is a system that provides funds for an organization, ensures the maintenance and the control of the funds as well as reports on the use of the funds (Awaitey, 2003). In order to avoid excessive foreign financial support which may lead to the problem of debt burden and possible domination, it is essential to rely substantially on domestic revenue mobilization (Gupta 2007). Despite the enormous resources available to the various MMDAs, they have not been able to fully actualize the mobilization of the resources, making the assemblies dependent on the central government for their development programmes (Korkor 2003). Thus, this study aims at assessing the various financial management processes and performance in the Public Sector, using the AMA as a case study.

## **Method**

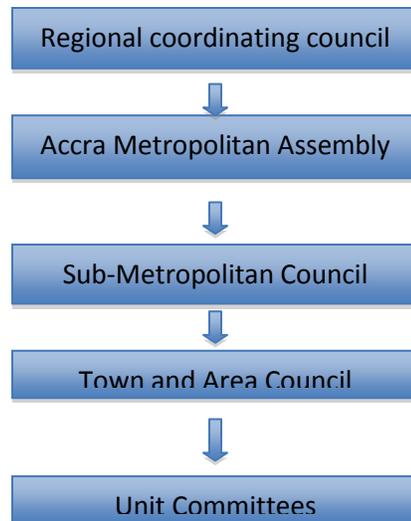
### **Profile of A.M.A**

A.M.A covers an area of 137sq km. The Metropolis is located on longitude 0535°N and on Latitude 0006°W. The Metropolis is bounded on; the East by the La-Dadekotopon Municipal Assembly, on the South by the Gulf of Guinea, on the West by Ga South and Central Municipal Assemblies, and on North by the Ga -West and La-Nkwatanang Municipal Assembly (<http://www.mofep.gov.gh/>, 2014).

### **Establishment Instrument**

Accra as a local authority has been in existence since the colonial days. It was then known as the Accra City Council. However, in 1988 with the passage of Local Government Law 207, and an establishment instrument, LI 1615, Accra became known as the Accra Metropolitan Assembly (A.M.A). After declaration of the 4th Republic, the Local Government Act of 1993 reaffirmed Accra as a Metropolitan Assembly. Having gone through a number of changes in terms of the number of Sub-Metros and sizes, the Accra Metropolitan Assembly (AMA) as it exists now has 10 Sub-Metropolitan Councils under LI 2034 of 2012 which are Osu Klottety, Ashiedu Keteke, Ablekuma South, Ablekuma North, Ablekuma Central, Okaikoi North, Okaikoi South, Ayawaso West, Ayawaso East and Ayawaso Central (<http://www.mofep.gov.gh/>, 2014).

### **The Structure of A.M.A**



The Assembly consists of seventy-six (76) elected Assembly Members and thirty-eight (38) government appointees of which 13% are women. There are thirteen (13) Members of Parliament who are non-voting members of the Assembly. Whilst the Presiding Member presides over the Assembly and the Public Relations and Complaints Committee, the Chief Executive is in charge of the day to day administration.

### **Demography of AMA**

According to the 2010 population census, the Accra Metropolitan Assembly (A.M.A.) has a population of 2.5 million. This population figure shows that, although the A.M.A. is among the smallest District Assemblies in terms of size, it accommodates 17.70% of Ghana's population and also has a daily migrant influx of about one million people not only from Ghana but also from other nations of West Africa for various socio-economic activities.

The A.M.A has almost 42% of the total population of the Greater Accra Region with a population density for 112 per kilometer squared. Migration from rural areas to the cities is a major driver of urban growth of 3.1% which is higher than the national rate.

Several studies on urban poverty have explored the push and pull factors related to rapid urban growth in Ghana including, lack of employment opportunities, better opportunities, quality formal and informal skills training, higher social mobility etc. Accra's population like any other urban population is youthful with 65%-78% being 18 years or older. 52% according to the latest census figures are females. The dominance of females over male is a nationwide trend where the estimated ratio is 1:1.03. The need to target women in any development programme in the Metropolis can therefore not be overemphasized. The dependency ratio has been calculated to be approximately 60%. It follows that 60% of residents of Accra rely on the other 40% for their livelihood. The Capital of the Metropolis is ACCRA. It is to be noted that Accra is both the regional capital of the Greater Accra Region (Planning Unit, A.M.A., 2014)

## 1.2 Research Design

Kirshenblatt-Gimblett (2006) defines research design as the overall strategy selected to integrate the various components of the research in a logical manner. A descriptive cross-sectional survey approach was used to address the objectives of the study. This approach required the researcher to administer questionnaires to obtain data relevant to the study. The questionnaires were administered personally to respondents.

## 1.3 Population

The target population of the study consists of the directors, budget officers, planners, finance officers, revenue collectors, the internal auditors, rate payers and Assembly members (Ablekuma south, Headoffice and Osu Klottey). The estimated population for the staff of Ablekuma South, Headoffice and Osu Klottey is 172.

## 1.4 Sample and sampling procedure

The purposive sampling method which is a non-probability sampling method was adopted for the study since it enabled the researcher to administer the questionnaire to respondents who are well versed in the finances of the Assembly. According to the sample size calculation formula by Cochran (1977), One Hundred and nineteen (119) respondents were appropriate for the study.

$$SS = \frac{Z^2 * (p) * (1-p)}{c^2}$$

Where: Z = Z value (1.96 for 95% confidence level), p = percentage picking a choice, c = confidence interval, expressed as decimal

Correction for Finite Population

$$\text{New SS} = \frac{SS}{1 + \frac{SS-1}{pop}}$$

Where: pop = population

Thus, using a population size of 172, confidence interval (margin of error) of 5% and distribution 50%, a sample size of 119 respondents were obtained.

## 1.5 Sources of Data

The primary source provided data gathered through questionnaires. The advantage of using primary data is that they are more reliable since they come from the original sources and are collected especially for the purpose of the study (Saunders et al 2007). The secondary data was obtained from the various publications, reports, documents, records, annual financial statements and annual budgets of the A.M.A. For secondary data desk review of available documentary sources published in approximately the last 10 years- reports and records, academic studies, legal instruments and other relevant materials.

## 1.6 Data Collection Methods

Prior to the administration of the questionnaires, a letter was written to the management of A.M.A requesting permission to allow the study to take place. Fifteen questionnaires were pilot tested with the aim of fine tuning the items covered by that research instrument. This was done to assess the validity of the questions and the reliability of data collected. The respondents for the pilot test were from Tema Metropolitan Assembly (T.M.A).

The respondents considered for the pilot test were asked to share their opinion on the strengths and short-comings of the questionnaires, the clarity of the instrument, after the pre- test, self-administered questionnaires distributed to them. The respondents were subsequently visited at their place of work during their break time period and administered with the questionnaire

To ensure reliability, the Cronbachs alpha test was used. A high Cronbach’s alpha coefficient indicates the presence of internal consistency. A Cronbach’s alpha coefficient of 0.7 and above is desirable. Consequently a Cronbach’s alpha of 0.74 was recorded.

To ensure validity, the questionnaires were given to four professionals in the Taxation industry as well as four Research experts for scrutiny. The corrections that were suggested by these experts were implemented. My supervisor also made an input into the questionnaire design to further validate them.

**1.7 Retention rate**

The sample size calculated required that not less than 119 respondents were to be considered for the study. Since there is the likelihood of some of the questionnaires not being properly answered by the respondents,the study administered 130 questionnaires. Out of the 130 questionnaires distributed, 120 were retrieved giving a retention rate of 92%.

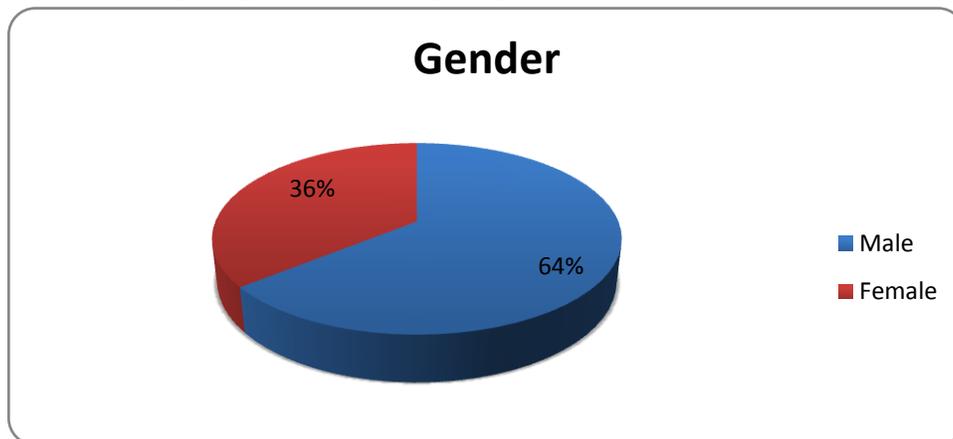
Target Group	Number
Directors	10
Budget officers	20
Planners	15
Finance officers	20
Internal auditors	20
Assembly members	10
Revenue collectors	15
Rate payers	10
<b>Total</b>	<b>120</b>

**1.8 3.8Data Analysis**

The questionnaires obtained from the respondents were edited to detect and correct possible errors and omissions that so as to ensure consistency of responses of respondents. The questionnaires were also coded and keyed into the database of the Statistical Package for Social Sciences (SPSS). The data was thus processed using SPSS version 17. The processed data was analysed quantitatively using the descriptive statistics of mean, standard deviation and percentages and presented in tables and graphs to give a visual representation of the results.

**Results**

This section focuses on the demography of the respondents. The gender distribution of the respondents, age distribution, marital status distribution, status in the assembly, educational level, years in service and positions of the respondents in the assembly are presented subsequently



**Figure 1: Gender of the employees**

Source: Field data, 2014.

As shown in figure 1, 64% of the respondents were males and 36% of the respondents were females. Thus, majority of the respondents were males. The results seem to suggest that there is an almost equitable distribution of both males and females in the study. Thus, the results obtained by the study are not gender biased.

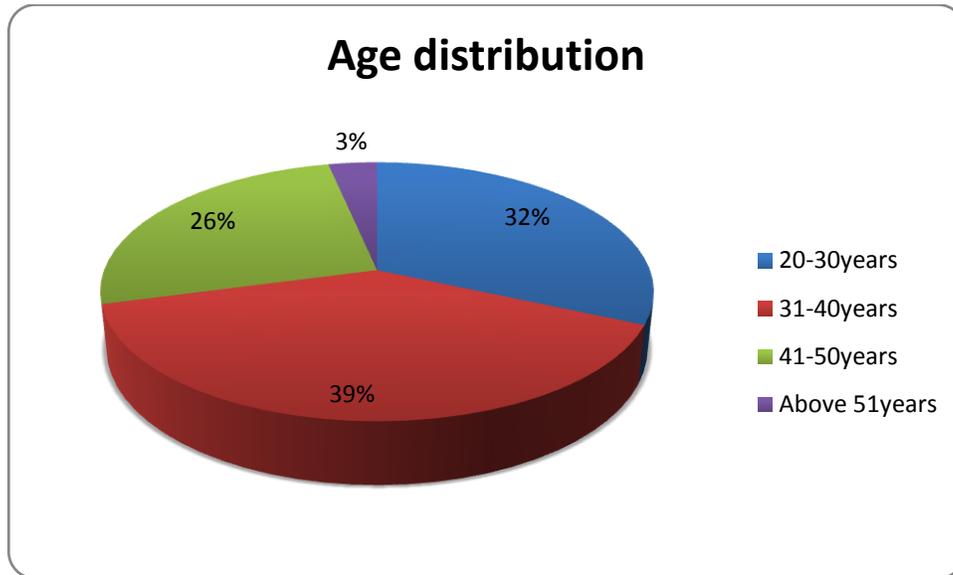


Figure 2: Age of the employees

Source: Field data, 2014.

As demonstrated in figure 2, 39% of the respondents belonged to age group 31-40years, 32% of them belonged to age group 20-30years, 26% of them belonged to age group 41-50years and 3% of them were above 51years. Thus, majority of the respondents were in the age group of 31-40years. Thus the results of the study seems to suggest that majority of the respondents are matured enough to give answers that are relevant to the study.

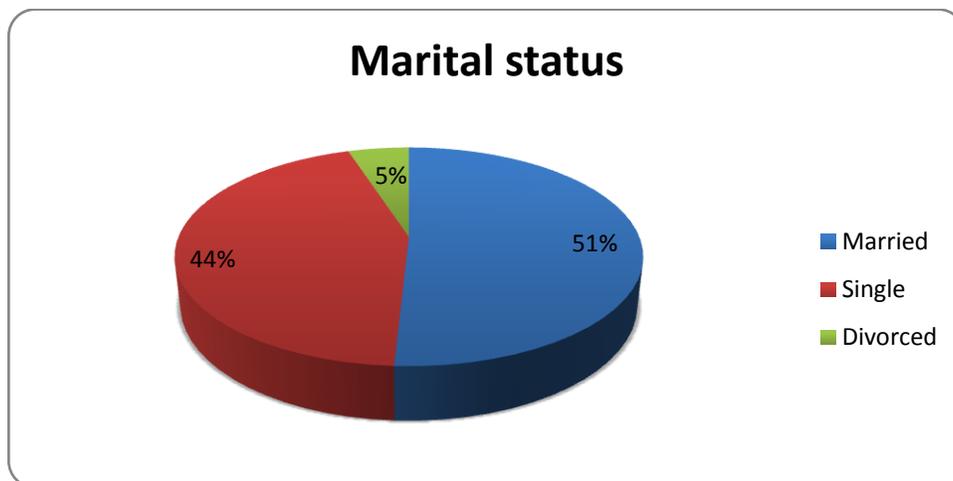
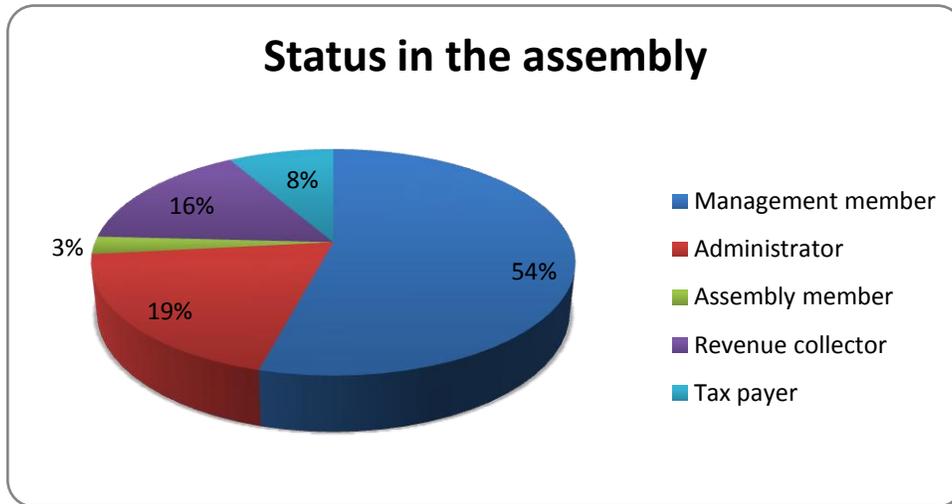


Figure 3: Marital status of the employees

Source: Field data, 2014.

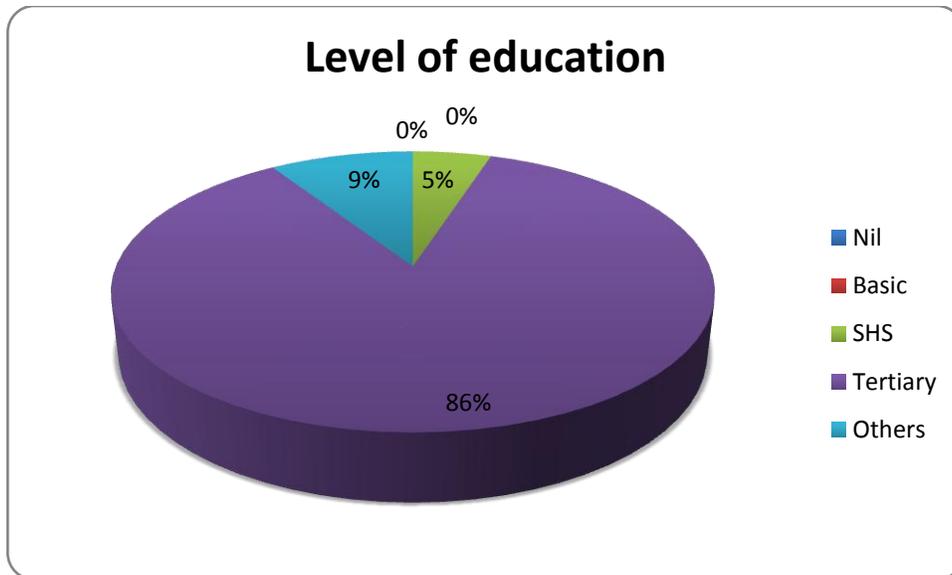
As shown in figure 3, when the respondents were asked about their marital status, it was revealed that 51% of them are Married, 44% of them are Single and 5% of them are Divorced. Thus, the results indicates that majority of the respondents are Married.



**Figure 4: Assembly status of the employees**

Source: Field data, 2014.

As demonstrated in figure 4, when the respondents were asked about their Status in the assembly, it was seen that 54% of them are management members, 19% of them are Administrators, 16% of them are revenue collectors, 8% of them are tax payers and 3% of them are assembly members. Thus, the results indicates that majority of the respondents were management members.



**Figure 5: Level of education of employees**

Source: Field data, 2014.

As demonstrated in figure 5, when the respondents were asked about their level of education, it was seen that 86% of them have had their tertiary education, 9% of them have other educational levels, 5% of them have up to the SHS level, none of them was at the basic level and none of them was uneducated. Thus, the results revealed that majority of the respondents have had their tertiary education.

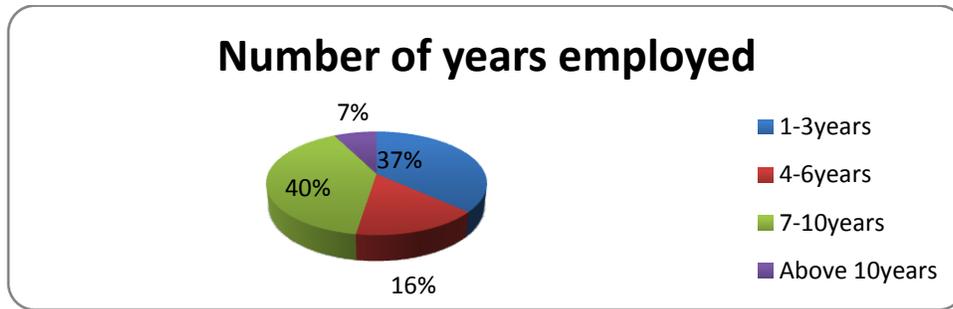


Figure 6: Number of years employed

Source: Field data, 2014.

As shown in figure 6, when the respondents were asked about the number of years they have been employed by the assembly, it was seen that 40% of them have been employed for 7-10 years, 37% of them have been employed for 1-3 years, 16% of them have been employed for 4-6 years and 7% of them have been employed for over 10 years. Thus, the results revealed that majority of the employees have been employed for 7-10 years.

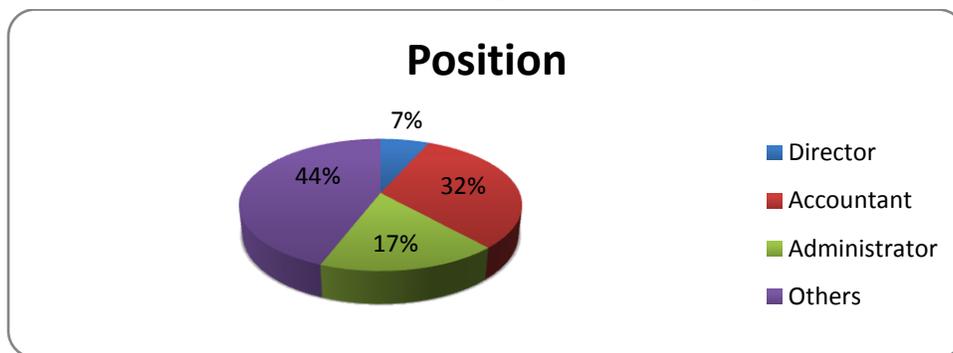


Figure 7: Position of employees

Source: Field data, 2014.

As figure 7 indicates, the results showed that 44% of the respondents have other positions (internal auditor, revenue collector) in the assembly, 32% of them were accountants, 17% of them were administrators and 7% of them were directors. Thus, majority of the respondents were seen to have other positions (internal auditor, revenue collector) in the assembly.

**1.9 4.3 How the assembly is able to fulfill its financial obligations and how stable and predictable revenue sources are to A.M.As operation’s needs.**

This section presents how the assembly is able to fulfill its financial obligations and how stable and predictable revenue sources are to the A.M.As operation. To address this objective, the respondents were posed with statements and were asked to show their level of agreement or disagreement to the statement describing how the assembly is able to fulfill its financial obligation. The respondents were also asked to show their level of agreement to some statements which describes how stable the following revenue sources are to the A.M.As operation’s need

**Table 1: The ways in which the assembly is able to fulfill its financial obligations**

Statement	Mean (X)	Standard Deviation (SD)
The assembly makes use of internally generated funds to meet its financial obligation	4.12	0.75
The assembly makes use of externally generated funds to meet its financial obligation	3.78	0.90

Source: Field data 2014

Response Category: Strongly Disagree= 1.50 or less; Disagree =1.51 – 2.50; Neutral =2.51 – 3.49; Agree= 3.50 – 4.49; and, Strongly Agree =4.5 or greater

As shown in table 1, when the respondents were asked about their level of agreement or disagreement to the ways in which the assembly is able to fulfill its financial obligations, the respondents agreed that they make use of internally generated funds to meet its financial obligation and this is represented by a mean (X)= 4.12. Also, the respondents agreed that they make use of externally generated funds to meet their financial obligation and this is represented by a mean (X) = 3.78. The standard deviations for both responses were below 1 which shows that the responses from the respondents were concentrated around the mean. Thus, the results shows that majority of the respondents agreed that the assembly is able to fulfill its financial obligations with both internally and externally generated funds.

**Table 2: Stability of the following revenue sources to the AMAs operation's need**

Statement	Mean (X)	Standard Deviation (SD)
Basic rate (Poll tax), Property rate (landed property owners), Special rate and Rate payable by public corporation and organization owning properties in the area of jurisdiction of the district assembly.	4.27	0.40
Lands (stool land). Revenue generated from land through Concessions and Royalties	3.57	0.82
Fees and Fines through Markets dues, Slaughter- houses, Dressing Stations, Pounds, Lorry Parks, Conservancy, Cattle Kraals, Marriage and Divorce, Births and Deaths, Building Permit fees, Court fines etc.	4.10	0.79
Licenses (Business Operating Permit Fees) are issuing or giving permission/ grant for engaging in an economic activity. For example; Palm-wine sellers, Herbalists, Hawkers, Chop- bars, Charcoal dealers etc.	4.10	0.81
Rent from Market Stores, Rents from Assembly Property and rent on bill boards and advertise areas	3.68	1.07
Investment Income. Dividends obtained from the Assembly investing some of its revenue	2.35	1.31
Miscellaneous income / Unspecified Receipts. Eg. Overpayment Recoveries (OPR), auction of stock or vehicle.	3.40	1.05
Central Government transfers/ Grants to district assemblies (District Assembly Common, Fund (DACF), Salary Grants, District Development Facility/ Urban Development Grant, Ceded Grant, Donor support, Road Fund, GET Fund, HIPC Fund)	3.55	1.12
Borrowing (Municipal Bonds (LG Bonds), Loans/ overdraft/ credit, Revenue Anticipation Notes)	2.40	1.31
Private Sector Support (Public Private Partnership (PPP), Donors (comes direct to the Assemblies), Sister- City Relations (Twinning Arrangements), Non-governmental organization (NGO) support)	3.56	0.90

Source: Field data 2014

Response Category: Strongly Disagree= 1.50 or less; Disagree =1.51 – 2.50; Neutral =2.51 – 3.49; Agree= 3.50 – 4.49; and, Strongly Agree =4.5 or greater. As shown in table 2, when the respondents were asked to indicate their level of agreement or disagreement to how stable the revenue sources are to the AMAs operation's need, majority of the respondents agreed that basic rate (Poll tax), property rate (landed property owners), special rate and rate payable by public corporation and organization owning properties in the area of jurisdiction of the district assembly are stable revenue sources to the AMAs operation's need and this is represented by a mean (X= 4.27). The standard deviation is below 1 which shows that the answers of the respondents were concentrated around the mean. Majority of the respondents also agreed that lands (stool land), revenue generated from land through concessions and royalties are stable, represented by (X) =3.57. The standard deviation is also below 1 (SD=0.4) which shows that the respondents are concentrated around the mean. Also, majority of the respondents agreed that fees and fines through markets dues, slaughter- houses, dressing stations, pounds, lorry parks, conservancy, cattle kraals, marriage and divorce, births and deaths, building permit fees, court fines etc are stable, represented by a mean (X)=4.10. The standard deviation is below 1 (SD=0.79) which shows that the response by the respondents were concentrated around the mean.

Majority of the respondents also agreed that revenue from licenses (Business Operating Permit Fees) are issuing or giving permission/ grant for engaging in an economic activity. For example; palm-wine sellers, herbalists, hawkers, chop- bars, charcoal dealers etc. are also stable and this is represented by a mean (X)= 4.10. The standard deviation is also below 1(0.81) which shows that the responses were concentrated around the mean.

In addition, majority also agreed that revenue from rent from market stores, rents from assembly property and rent on billboards and advertise areas are stable and this is represented by (X= 3.68). The standard deviation is above 1 (SD=1.07) which shows that the responses were fairly dispersed away from the mean. Majority of the respondents disagreed that revenue from investment Income, dividends obtained from the assembly investing some of its revenue are stable, represented by X= 2.35. The standard deviation is above 1 (SD=1.31) which shows that the responses were dispersed away from the mean.

Also, majority of them were neutral about whether or not the revenue from miscellaneous income / unspecified receipts. eg. Overpayment recoveries (OPR), auction of stock or vehicle was stable, the mean (X) = 3.40. The standard deviation is above 1 (SD=1.05) which shows that the answers of the respondents were dispersed away from the mean.

Majority also agreed that revenue from central government transfers/ grants to district assemblies (District Assembly Common, Fund (DACF), salary grants, district development facility/ urban development grant, ceded grant, donor support, road Fund, GET Fund, HIPC Fund) are also stable., represented by a mean (X)= 3.55. The standard deviation is above 1 (SD=1.12) which shows that the responses were fairly dispersed around the mean.

Majority of the respondents disagreed that revenue from borrowing (Municipal Bonds (LG Bonds), loans/ overdraft/ credit, revenue anticipation notes are stable, represented by X=2.40. the standard deviation is above 1 which shows that the respondents were dispersed away from the mean. Finally, majority also agree that revenue from private sector support (Public Private Partnership (PPP), donors (comes direct to the Assemblies), sister- city relations (Twinning Arrangements), Non-governmental organization (NGO) support are also stable. The standard deviation is below 1 which shows that the respondents were concentrated around the mean.

**1.10 4.4 Availability of adequate revenue sources**

This section presents the results obtained on the availability of adequate revenue sources. To address this objective the respondents were asked if the assembly have adequate revenue sources. They were also asked to show their level of agreement or disagreement to statements describing some of the sources of revenue mobilization that helps to meet financial uncertainties in the Assembly.

**Table 3: Adequate revenue sources of the Assembly**

	Frequency	Percentages (%)
Yes	68	57.0
No	52	43.0
Total	120	100.0

Source: Field data 2014

As demonstrated in table 3, when the respondents were asked if the assembly has enough sources of revenue, 57% of them said yes and 43% of them said no. Thus, the results showed that majority of the respondents agreed that there is adequate source of revenue for the assembly. The finding is in accordance with Yanusa (2012), who states that there are several sources of revenue available to Local Government Council.

**Table 4: Some of the sources of revenue mobilization to meet financial uncertainties in the Assembly**

Statement	Mean (X)	Standard Deviation (SD)
Basic rate (Poll tax), Property rate (landed property owners), Special rate and Rate payable by public corporation and organization owning properties in the area of jurisdiction of the district assembly.	4.26	0.44
Lands (stool land). Revenue generated from land through Concessions and Royalties.	3.92	0.79
Fees and Fines through Markets dues, Slaughter- houses, Dressing Stations, Pounds, Lorry Parks, Conservancy, Cattle Kraals, Marriage and Divorce, Births and Deaths, Building Permit fees, Court fines etc.	3.78	1.08
Licenses (Business Operating Permit Fees) are issuing or giving permission/ grant for	4.01	0.59

engaging in an economic activity. For example; Palm-wine sellers, Herbalists, Hawkers, Chop- bars, Charcoal dealers etc.		
Rent from Market Stores, Rents from Assembly Property and rent on bill boards and advertise areas	4.00	0.86
Investment Income. Dividends obtained from the Assembly investing some of its revenue	2.70	1.27
Miscellaneous income / Unspecified Receipts. Eg. Overpayment Recoveries (OPR), auction of stock or vehicle.	3.18	1.14
Central Government transfers/ Grants to district assemblies (District Assembly Common, Fund (DACF), Salary Grants, District Development Facility/ Urban Development Grant, Ceded Grant, Donor support, Road Fund, GET Fund, HIPC Fund)	3.86	0.73
Borrowing (Municipal Bonds (LG Bonds), Loans/ overdraft/ credit, Revenue Anticipation Notes)	2.13	1.25
Private Sector Support (Public Private Partnership (PPP), Donors (comes direct to the Assemblies), Sister- City Relations (Twinning Arrangements), Non-governmental organization (NGO) support)	3.56	0.90

Source: Field data 2014

Response Category: Strongly Disagree= 1.50 or less; Disagree =1.51 – 2.50; Neutral =2.51 – 3.49; Agree= 3.50 – 4.49; and, Strongly Agree =4.5 or greater. As shown in table 4, when the respondents were asked to indicate their level of agreement or disagreement to some the sources of revenue mobilization to meet financial uncertainties in the assembly of the assembly, majority of them agreed that revenue from basic rate (Poll tax), property rate (landed property owners), special rate and rate payable by public corporation and organization owning properties in the area of jurisdiction of the district assembly meet financial uncertainties and its represented by  $X=4.26$ . The standard deviation is below 1 ( $SD=0.44$ ) which shows that the responses were concentrated around the mean.

Majority of them also agreed that revenue from lands (stool land), revenue generated from land through concessions and royalties meet financial uncertainties, represented by  $X=3.92$ . The SD is also below 1 ( $SD=0.79$ ) which shows that the answers of the respondents were concentrated around the mean.

Also, majority of the respondents agreed that fees and fines through markets dues, slaughter- houses, dressing stations, pounds, lorry parks, conservancy, cattle kraals, marriage and divorce, births and deaths, building permit fees, court fines etc. meet financial uncertainties, represented by  $X=3.78$ . The SD is above 1 ( $SD=1.08$ ) which shows that the answers of respondents were dispersed away from the mean.

In addition, majority agreed that revenue from licenses (Business Operating Permit Fees) issuing or giving permission/ grant for engaging in an economic activity. For example; Palm-wine sellers, Herbalists, Hawkers, Chop- bars, Charcoal dealers etc. meet financial uncertainties, represented by  $X=4.01$ . The SD is below 1 which shows that the respondents were concentrated around the mean. Majority of the respondents agree that revenue from rent from market stores, rents from assembly property and rent on bill boards and advertise areas also meet financial uncertainties, and this is represented by  $X=4.00$ . The SD is below 1 ( $SD=0.59$ ) which shows that the answers of the respondents are concentrated around the mean.

Also, majority of the respondents were neutral to whether or not investment income, dividends obtained from the assembly investing some of its revenue meet financial uncertainties, represented by  $X=2.70$ . The SD is also above 1 ( $SD=1.27$ ) which shows that the answers of the respondents were dispersed away from the mean. In addition to that, majority of the respondents were also neutral about whether miscellaneous income /unspecified receipts. eg. Overpayment recoveries (OPR), auction of stock or vehicle meet financial uncertainties or not, represented by  $X=3.18$ . The SD is above 1 ( $SD=1.14$ ) which shows that the answers of the respondents were dispersed around the mean. Majority of the respondents agree that revenue from central government transfers/ grants to district assemblies (district assembly common, fund (DACF), salary grants, district development facility/ urban development grant, ceded grant, donor support, road Fund, GET Fund, HIPC Fund) meet financial uncertainties and it is represented by  $X=3.86$ . The SD is less than 1 ( $SD=0.73$ ) which shows that the respondents were concentrated around the mean.

Also, majority of the respondents disagree that revenue from borrowing (municipal bonds (LG Bonds), loans/ overdraft/ credit, revenue anticipation notes meets financial uncertainties, represented by  $X=2.13$ . The SD is also above 1 ( $SD=1.25$ ) which shows that the answers of the respondents were fairly dispersed around the mean.

Finally, majority of the respondents agree that revenue from private sector support (Public Private Partnership (PPP), donors (comes direct to the Assemblies), sister- city relations (Twinning Arrangements), non-governmental organization(NGO) support also meet financial uncertainties, represented by  $X=3.56$ . The SD is also below 1 ( $SD=0.90$ ) which shows that the answers of the respondents were concentrated around the mean.

The survey revealed that majority of the respondents neither agrees nor disagrees that the revenue sources are able to meet financial uncertainties in the assembly. This is in line with the findings of Yanusa (2012).

#### 1.11 4.5 Effectiveness and efficiency of the financial management processes and performance are in AMAs.

This section presents results of how effective and efficient the financial management processes and performance are in AMAs. The respondents were asked to show their level of agreement or disagreement to statements describing the financial management processes used at AMAs.

**Table 5: Effectiveness of financial management processes used by AMA**

Statement	Mean (X)	Standard Deviation (SD)
Strategic planning and preparation of the budget	4.04	0.75
Execution of the budget and implementation of the policy goals (Resource Management)	3.70	0.96
Auditing (Internal control, audit and Monitoring)	4.07	0.76
Accounting processes and reporting for expenditure and performance	3.52	1.08
Independent audit and analysis of the expenditure and performance (external audit)	3.79	1.14
Feedback to improve financial control and more efficient public-sector performance	3.04	1.46
The financial management processes adopted by the assembly is effective	2.93	1.19

Source: Field data 2014

Response Category: Strongly Disagree= 1.50 or less; Disagree =1.51 – 2.50; Neutral =2.51 – 3.49; Agree= 3.50 – 4.49; and, Strongly Agree =4.5 or greater.

As shown in table 5, when the respondents were asked about their level of agreement or disagreement to the effectiveness of the following financial management processes undertaken by the assembly, majority of the respondents strongly agreed to strategic planning and preparation of the budget, represented by  $X=4.04$ . The SD is also below 1 ( $SD=0.75$ ) which shows that the answers of the respondents were concentrated around the mean.

They also agreed to execution of the budget and implementation of the policy goals (Resource Management), represented by  $X=3.70$ . The SD was also below 1 ( $SD=0.96$ ) which shows that the respondents were concentrated around the mean. Majority of the respondents also agreed to Auditing (Internal control, audit and Monitoring), represented by  $X=4.07$ . The SD is below 1 ( $SD=0.76$ ) which shows that the answers of the respondents were concentrated around the mean.

In addition, majority of them also agreed to accounting processes and reporting for expenditure and performance, represented by  $X=3.52$ . The SD is above 1( $SD=1.08$ ) which shows that the answers of the respondents were dispersed away from the mean. Also, majority of the respondents agreed to independent audit and analysis of the expenditure and performance (external audit), represented by  $X=3.79$ . The SD is also above 1 ( $SD=1.14$ ) which shows that the answers of the respondents were dispersed around the mean. Majority of them indicated neutral to feedback to improve financial control and more efficient public-sector performance and whether the financial management processes adopted by the assembly is effective, represented by  $X=3.04$  and  $X=2.93$  respectively with their SDs above 1 which shows that the answers of the respondents were fairly dispersed around the mean. The findings of study showed that majority of the respondents agreed that the financial management processes and performance are effective and efficient in the AMAs.

This is supported by the findings of the World Bank Report (2006) that over the last few years, the government of Ghana has accelerated its development and implementation of the Public Financial Management Reforms

(PFMR) through a number of measures intended to strengthen the legislation framework and improve oversight of the use of public resources (World Bank Report, 2006).

### **Conclusion**

The main aim of this study was to assess the financial management processes and performance in the A.M.A. The study adopted the descriptive cross-sectional survey approach. It involved the use of questionnaires to obtain quantitative data from the respondents. The respondents consisted of the directors, budget officers, planners, finance officers, revenue collectors, the internal auditors, rate payers and Assembly members. Purposive sampling method was used to select a sample of 120 respondents for this study. The statistical package for social sciences (SPSS) version 17 was used to process the data obtained and graphs and tables were used to represent the processed data.

The findings of the study revealed that the assembly has adequate source of revenue. The assembly also makes use of internally generated funds as well as externally generated funds to meet its financial obligation. In addition, the findings of the study revealed that stable sources of revenue for the AMA include: basic rate, property rate, special rate, rate payable by public corporation, organization owning properties in the area of jurisdiction of the district assembly, Concessions and Royalties, Fees and Fines through Markets dues, Slaughter- houses, Dressing Stations, Pounds, Lorry Parks, Conservancy, Cattle Kraals, Marriage and Divorce, Births and Deaths, Building Permit fees, Court fines, issuing Licenses (Business Operating Permit Fees), Rent from Market Stores, Rents from Assembly Property and rent on bill boards and advertise areas, Investment Income and Miscellaneous income was also stable revenue sources.

In addition, the findings of the study also revealed that all the stable sources of revenue were used to meet the financial uncertainties in the assembly. Finally, the findings of the study also revealed that Strategic planning and preparation of the budget, Resource Management, Auditing (Internal control, Audit and Monitoring), Accounting processes and reporting for expenditure and performance, independent audit and analysis of the expenditure and performance (external audit) and Feedback to improve financial control and more efficient public-sector performance are all effective and efficient financial management processes and performance in the AMAs.

Based on the results of the study, it can be concluded that the assembly has adequate sources of revenue and they also make use of both internally and externally generated funds to meet the financial obligations of the assembly. It can also be concluded that the stable sources of revenue of the assembly include basic rate, property rate, special rate and Rate payable by public corporation and organization owning properties in the area of jurisdiction of the district assembly were stable revenue sources, revenue generated from land through Concessions and Royalties, fees and fines (through Markets dues, Slaughter- houses, Dressing Stations, Pounds, Lorry Parks, Conservancy, Cattle Kraals, Marriage and Divorce, Births and Deaths, Building Permit fees, Court fines etc.), revenue generated from issuing Licenses (Business Operating Permit Fees), Rent from Market Stores, Rents from Assembly Property and rent on billboards and advertise areas, investment Income and miscellaneous income. The employees were neutral to whether or not investment income, dividends obtained from the assembly investing some of its revenue were some of the sources of funds the assembly uses to meet its financial uncertainties.

Also, the stable sources of revenue mentioned above are used to meet the financial uncertainties of the assembly. The most stable source of revenue is the basic rate (Poll tax), Property rate (landed property owners), Special rate and Rate payable by public corporation and organization owning properties in the area of jurisdiction of the district assembly.

Also, it can be concluded that effective and efficient financial management practices of the AMAs include strategic planning and preparation of the budget, resource management, auditing (Internal control, audit and Monitoring), accounting processes and reporting for expenditure and performance, independent audit and analysis of the expenditure and performance (external audit) and feedback to improve financial control and more efficient public-sector performance. The employees were neutral when asked if the financial management processes adopted by the assembly was effective

### **5Recommendations**

Based on the findings of the study the following recommendations are made;

- i. The employees were neutral when asked if the financial management processes adopted by the assembly was effective. The study therefore recommends that the assembly should be the necessary measures in place to make the financial management effective.  
This can be done by organizing the appropriate financial management training for revenue collectors, budget officers and the management of the MMDAs to help them keep up with new developments in the budgeting of government projects and programmes.
- ii. The study revealed that internally and externally generated funds are used by the assembly to meet its financial obligations. Thus, the study recommends that all the loopholes or bottle necks in the system that causes potential sources of revenue to be lost must be identified and eliminated. Also the assembly must employ consultants to carry out researches to identify the potential sources of revenue (both internally and externally) for the assembly.
- iii. The study revealed that the employees were neutral to whether or not investment income, dividends obtained from the assembly investing some of its revenue were some of the sources of funds the assembly uses to meet its financial uncertainties. The study therefore recommends that the assembly should invest more of its revenue into investments that yield returns so as to enjoy the benefits of these returns. The study also recommends that future studies on this topic should include other assemblies in the other regions of Ghana to help make a better generalization

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