

**INTERNALLY GENERATED REVENUE MANAGEMENT AND SERVICE DELIVERY
IN URBAN AUTHORITIES: A CASE STUDY OF NJERU MUNICIPAL COUNCIL**

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**A DISSERTATION SUBMITTED TO THE GRADUATE SCHOOL IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A
MASTERS DEGREE IN BUSINESS ADMINISTRATION OF
KYAMBOGO UNIVERSITY**

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DECLARATION

I, Luwandagga Apollo. C, declare that, this dissertation entitled "*Internally Generated Revenue Management and Service Delivery in Urban Authorities*" is my own original work and has never been submitted for any academic award in any Institution of higher learning.

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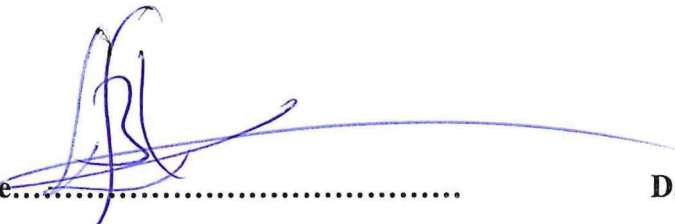

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APPROVAL

This is to certify that this dissertation entitled “*Internally Generated Revenue Management and Service Delivery in Urban Authorities*”: *A case study of Njeru Municipal Council* was administered and presented for examination with my approval as a University Supervisor.

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2nd SUPERVISOR

DEDICATION

This research is dedicated to the Almighty God for his unconditional, immeasurable love and never ceasing inspiration rendered to me since the beginning of my career.

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I am deeply indebted to many people without whose assistance; I would not have succeeded in completing my research.

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I also dedicate it to my entire clan, thank you for the enormous love, moral and financial support, prayers and endearment during my times of need and vulnerability.

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LIST OF ABBREVIATIONS/ACRONYMS

AG	:	Auditor General
DDP	:	District Development Annual Plan
DENIVA	:	Development Network of Indigenous People Voluntary
DRO	:	District Revenue Officer
FY	:	Financial Year
IGG	:	Inspectorate of Government
IMF	:	International Monetary Fund
LC	:	Local Council
LG	:	Local Government
LGDP	:	Local Government Development Program
LG FAR	:	The Local Government Finance and Accounting Regulations
LGHT	:	Local Government Hotel Tax
LREP	:	Local Revenue Enhancement Plan
LST	:	Local Service Tax
MBFP	:	National Budgeting Framework Paper Process
MC	:	Municipal Council
MoLG	:	Ministry of Local Government
MTEF	:	The Medium Term Expenditure Frame Work
NAAD	:	National Agricultural and Advisory Services Organization.
PEAP	:	Poverty Alleviation Program
SPSS	:	Statistical Package for Social Sciences
ULGA	:	Uganda Local Government Association.
UNHCO	:	Uganda National Health Users and Consumers Organization
NSDS	:	National Service Delivery Survey
NPPA	:	National Programmes Priority Areas
IGR	:	Internally Generated Revenue.

ABSTRACT

The study focused on assessing how *Internally Generated Revenue Management affects Service Delivery in Urban Authorities; taking a Case Study of Njeru Municipal Council*. This is because Revenue generation is the nucleus and the path to modern development. This study was guided by the following specific objectives; to examine the effect of internal revenue collection methods on service delivery in Njeru Municipality, establish the extent to which utilization of internally generated revenue influence service delivery in Njeru Municipal Council and assess how accountability for internally generated revenue influence the level of service delivery in Njeru Municipal Council. The methodology adopted a case study research design.

Descriptive analysis was applied to describe the primary variables and associated indicator item related to the study objectives by generating percentages, mean and standard deviation.

The findings of the study revealed that, the methods of internal revenue generation used in Njeru Municipality included; Self-assessment, Private revenue collection (Tendering) and Enforcement by Tax personnel. Njeru municipality internally generated revenue was mainly used for councillors' emoluments, co-funding capital development projects, providing bursaries, building administrative headquarters, operation and maintenance of infrastructural facilities. This funding source was not sufficient to meet service provision at local level. The level of infrastructural development in terms of good roads, pipe-borne water, hospitals, and schools was low due to low levels of internally generated revenue. The researcher also found out that lack of accountability constitute problem for effective utilization of local government revenue, poor leadership, corruption, poor electoral body at the local level, late release of fund from the state government and inadequate skilled personnel. The multi-regression analysis indicated that internally Revenue Collection Methods influenced service delivery in Njeru Municipality ($\beta = 0.539$) followed by Utilisation of Internally Generated Revenue ($\beta = 0.473$), and Accountability for Internally Generated Revenue ($\beta = 0.13$) influenced service delivery in Njeru Municipality in that order respectively. The study concluded that community awareness through sensitization programmes and mobilization for collective participation formed a basis for which revenue management was conducted.

There was no effective utilization of revenue which attributed to underdevelopment in terms of inadequate of social amenities such as good roads, clean and safe water, electricity and other social infrastructural facilities. Financial reporting, adherence to statutory fiscal reporting formats, compliance with financial and auditing regulations as well as an active internal auditing department significantly provided a platform through which public funds are well managed.

The study recommends that Njeru Municipal council should establish Revenue Enhancement Committee as methods and ways of generating and mobilising local revenues that effectively use the scarce resources available in a council to enhance tax administration and promote awareness in a manner that reduces the cost of compliance and maximises the revenues collected".

The Council should further promote sensitization of taxpayers, linking taxes to services, setting reserve prices and updating data to boost internal revenue collections. This study seeks to posit that further research should be conducted to ascertain the extent to which Internally Generated Revenue (IGR) can be expanded. Also, the study seeks to postulate that further research should be conducted to assess the effect of technical administrative framework for local taxation potential; monitoring and supervising the collection procedures affect the level of internal revenue generation in local governments.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The study examined the effects of Internally Generated Revenue Management on service delivery in Urban Authorities in Uganda taking Njeru Municipal Council as a case study. This chapter presents the background to the study, statement of the problem, the purpose of the study, the study objectives, the research questions, scope of the study, significance of the study, the conceptual frame work, definition of key terms and abbreviations.

1.1 Background to the Study

1.1.1 Historical Perspective

Taxation originated during colonial protest against British taxation policy in the 1760s with Property taxes in the United States during colonial times, (Hellerstein, Jerome H., and Hellerstein, Walter, 2001). Responsibility for the assessment and collection of taxes in some cases attached to the state itself; in others, to the counties or townships." Vermont and North Carolina taxed land based on quantity, while New York and Rhode Island taxed land based on value.

Availability of adequate financial resources are desirous for any organization to achieve the purposes for which it is established. Local government councils in Africa are created statutorily to perform clearly assigned functions. Experience has however demonstrated that these councils have fallen short of achieving the objectives for which they were indorsed. Some reasons have been espoused by scholars for the failing performances of most local government councils in Africa.

It is against this backdrop, this study seeks to posit that local government councils are likely to achieve their set objectives to a large extent if their internally generated revenue (IGR) are properly managed.

Municipalities and lower Local governments in Uganda are facing financing challenges. Bankruptcy, budget deficits, financial debacles, un maintained infrastructure, declining quality of service, increasing urban poverty and mounting social exclusion are common headlines and are unfortunate fate of many municipalities; Catherine& Farvacque *et al* (2014).

In the same spirit, Management of revenue in public agencies face a lot of challenges that seem to affect their performance as clearly stated by the IMF Technical Support for structural Fiscal Reforms in Crisis Countries (2009), when they state that “Revenue agencies have encountered growing compliance risks, including escalating tax debts, growth of the cash economy and tax evasion, dubious refund claims and incorrect reporting of losses”. Such challenges are experienced more in less developed countries. So, because of such challenges, Catherine *et al* (2014) goes on to state that, “Most countries have embarked on a decentralisation process with various degree of progress and success. However, the transfer of responsibilities from central governments to municipalities has not been accompanied by the adequate transfer of resources”.

Today, in most countries, municipal budgets are sufficient to cover the Cities’ operating costs but not to finance much needed capital investment. This requires that cities make more effective use of their own revenues as well as access to credit markets, Catherine *et al* (2014). However, as a measure to address these weaknesses, FAD helped to design and implement strategies to contain non - compliance through target enforcement, while helping the tax payers in genuine distress, IMF Technical Support for Structural Fiscal Reform (2009). In the need to put the house in order, Catherine *et al* (2014) observes that “Municipal practitioners are keen to use and integrate new financial management ideas and tools to control their costs, identify new revenue sources and improve local tax collection”.

In Uganda and like in other developing countries, internally generated revenue has always remained low as stated in the Ministry of Local Government Team Report (2014), when they stated that; “Whereas there have been several efforts to improve local revenue collection levels, their contributions to Local Government (LG) budgets have remained low - at less than 3% for districts and slightly higher for urban authorities”. In their findings, the Ministry of Local Government report (2014) indicate that all local revenue performance remains below 50% of the total potential which is largely attributed to the weak institution arrangements for revenue administration.

The report continues to stress the cause for this trend of affairs when it clearly puts it in their findings that; “The abolition of Graduated tax reduced the viability of revenues for Municipalities, and the existing framework does not fully enable municipalities to collect revenues.

In an attempt to address this short fall, the government introduced two new sources of revenue; the Municipality Hotel Tax (LGHT) and the local service tax (LST). However, the findings show that, these new taxes have been unable to fully compensate for the graduated tax, creating a financing gap of over Uganda Shillings 60 billion at the time of abolition. With such background, it is clear that urban authorities face a lot of challenges in meeting the budgeted local revenues which greatly affect their delivery of services to the satisfaction of their stakeholders.

1.1.2 Theoretical Perspective

This research was guided by both Fiscal Federalism Theory and Resource Dependence Theory.

The Fiscal Federalism Theory

Where at its most basic level, the theory of fiscal federalism attempts to define the division of government functions and the financial relationship between different levels of government (usually how federal or central governments fund state and Local Governments). The theory of fiscal federalism was originally developed by German-born American economist Richard Musgrave in 1959. Musgrave argued that federal government systems have the ability to solve many of the issues Local Governments face by providing the balance and stability needed to overcome disruptive issues like uneven distribution of wealth and lack of widely available resources. Musgrave further theorized that federal governments should manage a nation's money from the top and give it to states, who can distribute it locally as needed. According to Ahmed, Brasio (2006), Fiscal Federalism theory, dictates that responsibility should be assigned according to the equivalence principle, or that the jurisdiction responsible for a given public policy should coincide with the geographical coverage of the impact of these policies on households and the relevant electorate.

Basing on Richard Musgrave's definition of Fiscal Federalism as a system whose purpose is to permit different groups living in various states to express different preferences for public services; and this inevitably leads to differences in the levels of taxation and public services, (Musgrave 1959 as cited in Ahmed, Giorgio Brasio 2006). In Uganda, the theory of Fiscal Federalism is practically being implemented through decentralization policy. Looking at revenue management through the lens of Fiscal Federalism theory, it enables the exploration of the relationship between internal revenue management and service delivery in urban authorities.

The Resource Dependence Theory

Another relevant theory to the study is the Resource Dependence Theory. It postulates that for the organizations to survive managers have a role to allocate resources to innovative activities that are required of the firm by external customers and investors (Pfeffer & Salancik, 2003) cited in Onuoha (2013). In other words, how managers compete and win external resources and how they deploy those to productive engagements have huge consequences on the continuity of funding sources and the cooperation of the benefactors of the organization.

Funding problems of the municipalities are deeply rooted on the economic, social and political structures and belief system of the people (Johnstone, 1998; Wangenge-Ouma et al., 2008). Its main focus is not on the resolution of the resource allocation efficiency of the institutions. However, its relevance in understanding the external funding realities of the local governments mandates its application in this study. Many developing countries face high degree of debt burden, political instability, low investment, poor infrastructural development (Odebiyi et al., 1998) and cultural impediments, and these confirm the realisticity of the model and its application in determination of the impetus behind the growing emphasis on IGR. However, the model does not explain, in practical terms, how the institutions respond to the critical environment surrounding the assumptions of the model as does the Resource Dependence Theory. Hence its application appear limited to the theoretical level. This further explains the triangulation of the two theories in this study.

1.1.3 Conceptual review

Urban authorities are mandated to raise their own revenue to finance their day to day activities (Local Government Act, 1997). Internal revenue generation refers to the procedures that are put in place by different urban authorities in collecting all assessed revenue as pre-determined in their annual budgets and work plans on due dates (Local Revenue Handbook. MoLG, 2007). It also refers to the procedures through which taxes and fees payment are obtained from different sources of income to government agencies, (Kawesa, 2001) thus internal revenue generation involves the management of tax laws, rules and regulations promulgated by the Local Government Act 1997, on behalf of the state (Zaake, 1998). Revenue refers to the total amount of money received by a company from goods and services sold (Babiiha.J, 2002). Public revenue means those amounts the

Municipality (LG) receives from various sources (donations, government grants and local revenues e.g. licenses, market dues and other miscellaneous revenues). Hence, the income of a municipality is public revenue. The major sources of local revenue include; parking fees, market dues, land fees, trading licenses, inspection and plan fees, registration fees, water revenue, taxes on specific services, local service tax (LST) , local hotel tax(LHT),operational permits and many others(Baffour,2008). Service delivery is an arrangement under which there is a periodical performance of supplying public goods and services in a way that is satisfactory in the eyes of the public, (Birungi, 2000). It also refers to the provision of standardized services by the government to all people especially those that cannot be provided by the private sector such as road construction, building of health centres, garbage collection and disposal, security, etc (Mutenyo, 2000).

1.1.4 Contextual Perspective

Njeru Municipal Council one of the urban authorities in Buikwe District in central Uganda, it borders with Lugazi Municipality in the west, Wakisi Sub County in the North, Jinja Municipality in the East and Buikwe Town Council in the South. Njeru Municipal Council has a population of 81,052 people and of this total, 38,765 are males and 42,287 are females. According to the 2015/16FY Njeru Municipality estimated to raise Shs 3,466,699,222/= from various local revenues sources, however only Shs1,097,732,362/= was actually realised. This translated into low levels of service delivery as evidenced with poor road networks, un collected garbage along some roads, inadequate school desks and insecurity among others due to poor revenue collection methods, utilization of revenue by management and poor accountability. In Uganda, many urban authorities are unable to deliver adequate and quality services to their communities, this might be because of poor financial management or lack of capacity and skills to provide the required services at an affordable price.

1.2. Statement of the Problem

With adequate internal revenues, Njeru Municipal Council can deliver adequate and desirable services such as; education, health care, waste and garbage disposal, security and other social amenities to the community. However, non-implementation of projects in Njeru Municipality such as; Stone pitching along Damali and Nanteza Roads, Installation of street/security lights in civic areas, Internet installation, Construction of stage shelters at Nyenga, Buziika, Namwezi, Kafunta, Kayunga, Bukaya and Kizungu stages, Construction of Abattoir at Bulyankuyenge in Njeru South parish, Construction of a lined pit latrine at Bukaya Primary School and Construction of a placenta pit at Lugazi II Health Centre has been hampered by inadequate internal revenue collection amounting to UGX 254,960,869/=(Auditor General's Report, for the year ended 30th June, 2015).

A review of revenue performance of the Council revealed that out of the budgeted amount of UGX 2,509,748,056/= only UGX 734,387,132/= (30%) was realized resulting into a short fall of UGX 1,775,360,924/= (70%). The report further noted that Council failed to collect outstanding revenue from various internal sources amounting to UGX 1,140,969,693/= which relate to the financial year 2013/14. Although internal revenue enhancement trainings have been conducted to enhance local revenue collection, low service delivery has persisted and consequently lead to high mortality rates, high unemployment, poor road networks and low education standards which may be attributed to ineffective internal revenue assessments methods, poor utilization and accountability of revenue which have triggered the researcher's interest to conduct a study in this area.

1.3 Purpose of the Study

To assess the effect of internally generated revenue management on service delivery in Urban Authorities, taking Njeru Municipal Council as the case study. Njeru Municipality was earmarked as one the Local governments in Uganda with challenges of mobilising and managing its internally generated revenues from the community and perhaps the findings would aid promote improved service delivery through enhanced internal system of revenue management.

1.4 Objectives of the Study

The study was guided by the following specific objectives;

- i) To examine the effect of internal revenue collection methods on service delivery in Njeru municipality
- ii) To establish the extent to which utilization of internally generated revenue influence service delivery in Njeru Municipal Council
- iii) To assess how accountability for internally generated revenue influence the level of service delivery in Njeru Municipal Council

1.5 Research Questions

The study was guided by the following research questions;

- i) How do internal revenue collection methods affect service delivery in Njeru Municipal Council?
- ii) To what extent does utilization of internally generated revenue influence service delivery in Njeru Municipal Council?
- iii) How does accounting for internally generated revenue affect the level of service delivery in Njeru Municipal Council?

1.6 Scope of the Study

This entails the subject scope, geographical and time scope

1.6.1 Content Scope

The study focused on examining the effect of internally generated revenue on service delivery in urban authorities taking Njeru Municipality as a case study. This involved examining all the sources of internal revenues, methods applied when collecting local revenues and the internal controls to determine the Management of revenues.

1.6.2 Geographical Scope

The study was conducted at Njeru Municipal Council one of the urban authorities in Buikwe District in central Uganda.

Njeru Municipal Council borders with Lugazi Municipality in the west, Wakisi Sub County in the North, Jinja Municipality in the East and Buikwe Town Council in the South.

Njeru Municipal Council has a population of 81,052 people and of this total, 38,765 are males and 42,287 are females.

The area is mainly occupied by Baganda, Basoga, Bacholi, Bagishu and some few Banyakole. The languages spoken are Luganda, Lusoga, Lugishu and Luteso. Njeru Municipal Council is characterized by recreational, industrial, transport and retail businesses as its major economic activities. (Buikwe District Planning Unit: 2012).

This study was conducted from Njeru Urban Authority which is endowed with various stakeholders who are focused and influence revenue generation as well as service delivery.

1.6.3 Time Scope

The study covered a period of four years from year 2012 to 2016. It's within this period that reports of the Auditor General, Public Accounts Committee of Parliament of Uganda and Inspector General of Government's office had queried Njeru Municipal council performance in revenue management.

1.7 Significance of the Study

The study is expected to be beneficial to various stakeholders in the following ways:

The study will enable policy-makers and implementers to identify the real problems associated with internally generated revenue management in urban authorities which will help them to pave mitigation measures for the best outcome and accountability.

The Council and management of Njeru Municipal council will find this research to be of benefit in helping them to understand and discharge their duties and that it will enable them to highlight areas to which their Council may need to pay particular attention.

Njeru Municipality may use the report to identify areas for improvement in internal revenue management so as to improve on its service provision.

In addition the study will help the management of Njeru Municipality to realize their responsibility that is why, how, and when they are supposed to improve on internal revenue collections so as to improve on its operation and the general performance of the Council.

To the policy makers, the findings of the study will act as an eye opener and guide in designing appropriate internal revenue management policies in Urban Councils.

Future scholars may use the report as a source of additional knowledge on internal revenue management and organizational performance since a copy will be part of Kyambogo University library stock for public use.

The study will enable the student (researcher) to achieve the Award of Masters in Business Administration- Accounting and Finance of Kyambogo University.

1.8 Definitions of Key Terms

Revenue: This is the income collected by the public authorities with fair jurisdiction of compulsory contribution from persons or body to finance expenditure; as quoted from the International Referred Research Journal Vol. 6 (2015).

Internally generated Revenue/Local revenue: This is the income that is derived within the state or municipality from various sources to its disposal.

Revenue Management: This is the way how all incomes to the Urban Authorities are controlled to meet their intended goals and objectives.

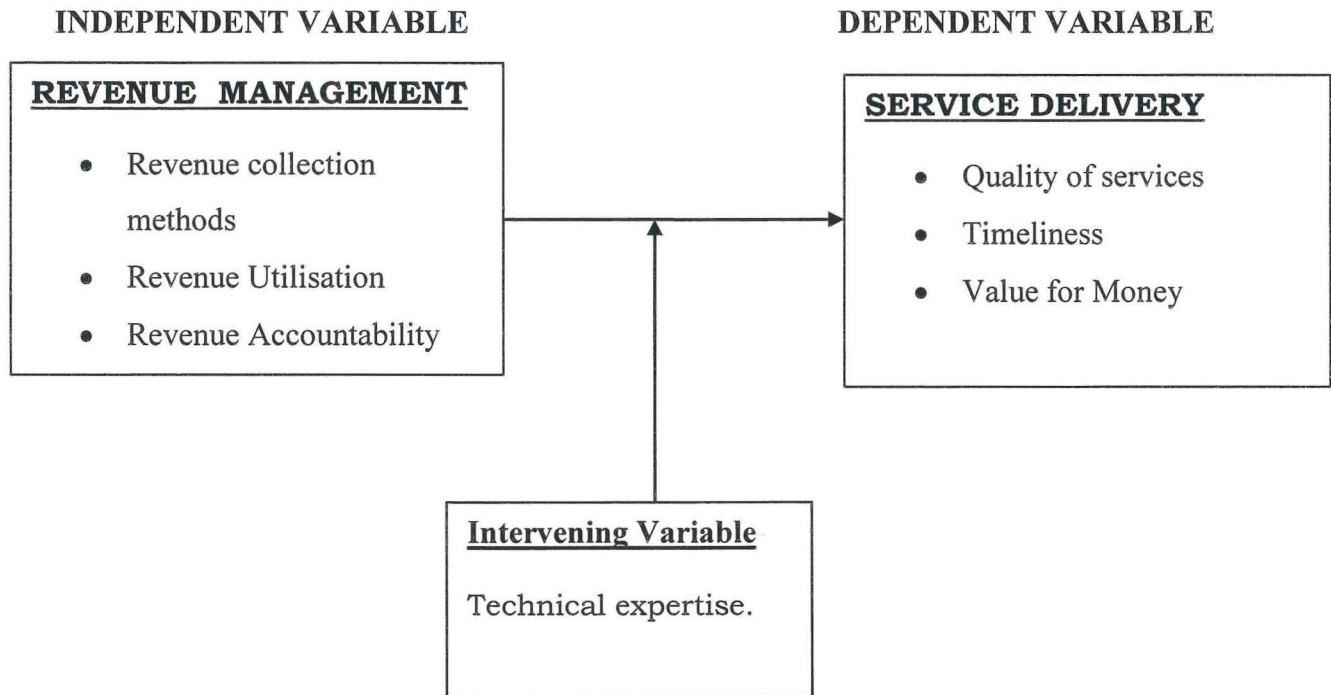
Service Delivery: Is a common phrase used to describe the distribution of basic resources which citizens depend on like water, electricity, sanitation, health care, education, garbage collection, infrastructure, land, and housing.

Urban Council/ Authority: According to the Local Government Act 1997, Section 1.1 (s) defines “urban council” includes city, municipal, division and town council.

Decentralization Policy: Is the process of redistributing or dispersing functions, powers, people or things away from a central location or authority.

Accountability: means of ensuring that public funds/resources has been used in a responsible and productive manner.

1.9 A conceptual frame work



Source: Adapted from Ebdon and Franklin, (2006) and modified by the researcher

Figure 1: illustrating the relationship between internally generated revenue management and service delivery

From the illustration above, the study was based on two variables, the independent variable is revenue management measured by revenue collection methods, internal revenue utilization and accountability and on the other hand the dependent variable was service delivery that is measured by quality of services, timeliness and value for money. However, internally generated revenue management methods alone are not enough to affect service delivery in urban authorities, for this reason the conceptual framework also presents the intervening variables like technical skills which the researcher thinks can also influence provision of adequate social services to the communities in urban authorities.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the literature related to the variables under study which was done in accordance to the theory and objectives of the study. The reviewed literature was obtained from journals, past reports, papers presented at conferences, newspapers and text books. While reviewing, the research was mainly focused on the important study variables which are: internally generated revenue management and service delivery. The review cited out the gaps that were left unfilled and attempts to bridge these gaps by the current study have been reflected.

2.1 Theoretical Review

The Fiscal Federalism Theory was used to guide the study. The theory attempts to define the division of government functions and the financial relationship between different levels of government (usually how federal or central governments fund state and Local Governments). The theory of fiscal federalism was originally developed by German-born American economist Richard Musgrave in 1959. Musgrave argued that federal government systems have the ability to solve many of the issues Local Governments face by providing the balance and stability needed to overcome disruptive issues like uneven distribution of wealth and lack of widely available resources. Musgrave further theorized that federal governments should manage a nation's money from the top and give it to states, who can distribute it locally as needed.

The next step in the theoretical framework was to determine the appropriate taxing framework. In addressing this tax assignment problem, attention was paid to the need to avoid distortions resulting from decentralized taxation of mobile tax bases. Gordon (1983) emphasized that the extensive application of non-benefit taxes on mobile factors at decentralized levels of government could result in distortions in the location of economic activity. The final element of this basic theory to note is the need for fiscal equalization. This is in the form of lumpsum transfers from the central government to decentralized governments. The arguments for equalization were mainly two. The first which is on efficiency grounds saw equalization as a way of correcting for distorted migration patterns.

The second is to provide assistance to poorer regions or jurisdictions. Equalization has been important in a number of federations. For example, Canada has an elaborate equalization scheme built into her inter-governmental fiscal arrangements.

It should be pointed out however, that recent literature emphasizes the importance of reliance on own revenues for financing local budgets. A number of authors (Weingast, 1995; McKinnon, 1997) have drawn attention to the dangers of decentralized levels of government relying too heavily on intergovernmental transfers for financing their budgets. According to Ahmed & Brasio (2006), Fiscal Federalism theory, dictates that responsibility should be assigned according to the equivalence principle, or that the jurisdiction responsible for a given public policy should coincide with the geographical coverage of the impact of these policies on households and the relevant electorate. Basing on Richard Musgrave's definition of Fiscal Federalism as a system whose purpose is to permit different groups living in various states to express different preferences for public services; and this inevitably leads to differences in the levels of taxation and public services, (Musgrave 1959 as cited in Ahmed, Giorgio Brasio 2006).

In Uganda, the theory of Fiscal Federalism is practically being implemented through decentralization policy. Looking at revenue management through the lens of Fiscal Federalism theory, it enables the exploration of the relationship between internal revenue management and service delivery in urban authorities.

Resource Dependence Theory

Another relevant theory to the study is the Resource Dependence Theory. RDT postulates that for the organization to survive managers have a role to allocate resources to innovative activities that are required of the firm by external customers and investors (Pfeffer & Salancik, 2003) cited in Onuoha (2013). In other words, how managers compete and win external resources and how they deploy those to productive engagements have huge consequences on the continuity of funding sources and the cooperation of the benefactors of the organization.

Funding problems of the municipalities are deeply rooted on the economic, social and political structures and belief system of the people (Johnstone, 1998; Wangenge-Ouma et al., 2008).

Its main focus is not on the resolution of the resource allocation efficiency of the institutions. However, its relevance in understanding the external funding realities of the local governments mandates its application in this study. Many developing countries face high degree of debt burden, political instability, low investment, poor infrastructural development (Odebiyi et al., 1998) and cultural impediments, and these confirm the realism of the model and its application in determination of the impetus behind the growing emphasis on IGR. However, the model does not explain, in practical terms, how the institutions respond to the critical environment surrounding the assumptions of the model as does the Resource Dependence Theory. Hence its application appear limited to the theoretical level. This further explains the triangulation of the two theories in this study.

2.2 Internal Revenue Collection Methods and Service Delivery in Urban Authorities

Internal revenue is critical for the successful implementation of local government services. A number of local revenue collection methods have been sighted in various literatures as expounded hereunder: Many Municipality authorities in Tanzania have reformed their tax collection systems in the recent years in order to increase their revenues. Among these reforms is the outsourcing revenue collection method.

According to Odd – Helge Fjeldstad, Lucas Katera and Erasto Ngalewa, in their brief (2008), outsourcing of revenue collection was enhanced by the guidelines on outsourcing municipality services issued in 2001 by the President’s Office - Regional Administration and Municipality. The brief concludes that privatized collection offers no ‘quick-fix’ to increasing a municipality authority’s revenue, as well as easing administrative problems with the revenue collection.

While collection had increased and became more predictable for some urban council which had outsourced revenue collection, others had experienced substantial problems with corruption and exceptionally high profit margins for the private agents at the expense. Katera *et al* (2008) goes on to reveal that; In Tanzania, Revenue collection is outsourced to a range of different types of agents within and across the councils studied. For example, in Kinondoni Municipality Council the collection of property taxes in certain areas were collected by a private consultancy firm specialized in tax advice during 2004-2005; while the collection of market fees was outsourced to market Associations or Co-operatives operating in the respective markets.

In Mwanza, the collection of fish market fees was outsourced to a fish dealer organization, while the collection of fees at the central market was contracted to a vegetable Co-operative society operating in the market. In Kisarawe and Kilosa District Councils, the collection of forest levies (until they were abolished in 2005) was outsourced to a private firm whose main activity is the operation of private schools.

According to the Municipality Finance Commission Act of 2004, local revenue is important to municipalities for a number of reasons like promoting the autonomy of municipalities, maintaining and sustaining investment and savings, meeting the co-funding and borrowing obligations, financial council operations and funding other locally prioritized services and projects. Surrey, (1974) contends that the basic collection administrative procedures include identifying and locating tax payers, checking on tax payers' compliance and collection of taxes. (Vehorn & Ahmad, 1997) also shares on this view while commenting on sub-national administration generally and (Silivan & Albert, 1992) concluded that revenue collection will result specifically from taxpayer registration, training data processing, tax payers relations and simplification forms. The implementation of the private revenue collection approach was among the fiscal reforms intended to improve the performance of municipalities.

Smoke (1993) observed that municipality social reform emerged clearly as a major development issue in the 1990s. As governments of developing countries cut back their budget growth in response to economic reality and donor pressure, many are attempting to tap the under-utilized potentials of the private sector and local authorities to help meet the rising service demand. This remark pointed out the major reasons behind the adoption of privatization and these, among others, included the donor pressure and the increasing demand for effective and efficient services delivery. However, the authors work was based on a case study of the local finance system in Kenya and not particularly in Uganda.

Though it is imperative to note that both Uganda and Kenya were developing countries, their service provision strategies and efforts were expected to differ in one way or the other. Furthermore, the author had generalized all municipalities whereas this study may be unique due to country differences, creating a need to find out what really transpired at the Division level.

According to Bahigwa *et al* (2004), the adoption of fiscal decentralization in Uganda saw many municipalities involved in the collection of taxes using public servants. However, they further observed that due to the increasing appetite for tax base expansions and outsourcing of tax collection, private tax collection or tax farming was adopted as an innovation. This private tax collection or tax farming is what Bitarabeho (2009) defines as a system wherein, the right to collect certain taxes owned by the state is auctioned off to the highest bidder. In a bid to increase municipality revenue, Uganda adopted the use of private firms for this purpose. This was one of the popular strategies to remedy problems of revenue mismanagement in municipalities. The end result would be to improve revenue collection efficiency, effectiveness and accountability.

Fjeldstad and Tungodden (2003) supported this argument saying that privatization of government services was rapidly becoming a key feature in the management of revenues in developing countries. They observed that the present enthusiasm for private tax collection among bureaucrats, and other participants in the policy debate on municipality finances was echoed as enhancing efficiency and effectiveness. In Uganda local revenue collection has been facing a declining trend over the years which need attention to focus on the underlying causes of this declining trend. Municipality revenue sources have faced a drastic decline and therefore have to depend on the central government funding which accounts for 95-98% of their budgets.

Transfers to municipalities as a percentage of public expenditure has fallen from around 47% in 2001/2002FY to about 22% in 2008/2009FY. Thus meaning more resources are being retained at the centre (Kadiresan, 2009). In this view, a number of studies have been conducted to reverse this trend among which is the inventory of best practices by local authorities inspection department (Ministry of Local Government, 2004) and other factors given for this trend include; over reliance on graduated tax, ignorance and existence of obsolete tax laws like Property Tax (Rating decree) 1997, Town and County Planning Act 1964, Public Health Act 1969, Liquor Licensing Act 1967, Markets Act 1942 and others.

In urban authorities, revenue collection can be improved through sensitization of tax payers (Lubega, 2000) as means of shaping their attitudes and ensure compliance of tax payers.

Regulations 28 and 34 of the Local Government Financial and Accounting regulations 1998 highlights duties of revenue collector, guides revenue collectors on accountability of revenue collected. In some instances where low revenues are collected, so as to enable delivery of services, it is attributed to uneven tax administration, (Silivan & Albert, 1992). Local revenue collection has to comply with certain general principles of raising revenue and how these principles should be fair, convenient and certain. The collection and administration of revenue must be economical to the collectors and administrators (Katarikawe, 1996)

Sekono,(2004) contends that most urban authorities lack the capacity to hire and retain highly paid experts and professionals. Consequently, certain potentially remunerative activities like land development, generation and distribution of electricity are being entrusted to special bodies created for the purpose. It is noteworthy that urban authorities have a great potential of developing non-tax and non- grant sources of commercial income. However as a rule, these sources are being neglected.

2.3 Revenue Utilization and Service Delivery in urban authorities

Uganda's decentralization policy provides for the transfer of powers and functions from the central government ministries and departments to local governments. This mandate is embedded in the 1995 Constitution of the Republic of Uganda. The provision of basic services such as water and sanitation, healthcare, primary education, feeder roads and agriculture extension services is left to the local governments. However, the recent policy changes in fiscal decentralization have brought questions about the capacity of local governments to effectively deliver services and ensure value for money in public expenditure. Some government policies which have had alarming impacts include the creation of new districts and the abolition of graduated tax.

The creation of new districts has put more expenditure pressures on the local governments, reducing and in some cases taking away completely resources that would have been used in increasing and improving service delivery (Kadiresan, 2009). This therefore calls for placing "a high priority on delivery of personalized efficient customer services"(Mourney 1991). Attitudes exhibited by service providers, employees and managers must be aimed at developing good working relations and ensuring that customers are handled well while being served, (Musgrave,

1991), Defined public sector as “those industries and services in a country that are owned and run by the state, such as “the education and railways (in many countries) in comparison with private sector. Thus delivery entails public sector delivery mechanism to the local residents of the local government.

Nangobi, (2000) defined service delivery as an “attitude or dispositional sense, referring to the internalization of even service values and norms” she said that service delivery is concerned with supplying “superior products” based on the opinion of the customer. Whereas Kitimbo,(1995) asserts that service delivery should be designed in such a way to provide maximum levels of location and time. Cousell,(1994) confirms it by saying that location of service delivery and their accessibility contribute to customer needs and preferences satisfaction.

According to the National Service Delivery Survey (NSDS) 2000, it was noted that, effectiveness of service delivery in local governments can be gauged by the expenditure amounts allocated to various service items in regard to the National Programmes Priority Areas (NPPA). This report included some other attributes like the perception of perception of service delivery and level of achievement of value for money by the locals, to determine the level of achievement of local governments in attaining reasonable levels of service delivery to its residents/taxpayers.

In contrast, Fitz W Bingling, (1997) requires that service delivery should take into consideration the completion rate and recovery rate by service providers and found out that since technocrats undertake service delivery on behalf of governments, thus there is need for “a bottom-up “prioritizing to have effective spending of public funds.

If prioritizing is not taken into consideration, only those governments that take the decision to provide an effective service delivery, architecture will be able to cost effectively meet citizens continually rising expectations of government services (Stevens James, 2005).

Weng Yeu Lai, (1997) argues that since service delivery remains agency-centered such that government forced citizens to interact with them the way they are organized instead of the way that best makes sense from citizens’ perspective, some of the services provided remain unattended to.

According to the Uganda Particulars Assessment process Wakiso District report (2001), it was indicated that people are unhappy with the service provision. The locals are much concerned about the quality of the services yet most of the poor are scared of inaccessible services, the quality of health service delivery for example are mentioned to be poor and consultants attribute the poor service delivery to mismanagement of public funds, lack of transparency, accountability and consultation from the poor people who never get to know of the services provided and participate little or not in planning for their funds. Thus from that above discussion, there is need for local governments to provide enough information concerning service delivery to the residents. In a budget, service delivery can be strengthened through a number of ways; improved service delivery and strengthened governance and accountability.

However, Kigozi, (1996) notes that despite the governments' determination and commitment, some of their expectations will take long time to be realized because we have to live within the resources that our country can afford. Tax evasion and avoidance is also explained by Snavely, (1998) that compliance by the locals to pay taxes to finance service delivery requires sending messages in the media tracing the benefits of compliance.

According to Abigaba, (1996) the decentralization of local authorities had a loophole in the revenue collection and efficiency of service delivery. This was due to the fact that laws were not clear at times at who should collect revenues and to whom to offer the services, the poor accounting system, untrained personnel and politicians all affected the performance of local authorities. This is in agreement with Babiha, (2002) who noted that the some sub-counties in Mbarara district give water programmes a less priority thus giving minimal funding hindering construction of new and rehabilitation of old safe and communal water sources.

The Local Government Finance Commission has focused on three areas of improvement in order to enhance local revenues. These are; improving co-ordination amongst central institutions; facilitating policy debate to inform the LGFC and MoLG on policy and legal improvements; and enhancing the capacities of local governments to raise more local revenues by encouraging them to implement best practices.

To facilitate the implementation of these revenue enhancement objectives, the LGFC established a Local Revenue Enhancement Co-ordinating Committee (LRECC) in April 2002. The main tasks of the LRECC are to co-ordinate and support the development of conducive decisions and policies regarding local revenue and to enhance the capacities of local governments to effectively and efficiently generate and manage sustainable local revenues. There is a general agreement amongst decentralization authors that a viable local revenue base is central to the development and sustenance of a strong decentralized local governments system. Local revenue, among other things, promotes ownership and autonomy of the local governments (Local Government Finance Commission of Uganda, 2003). Unless local governments have some significant freedom to alter the level and composition of their revenue, neither local autonomy nor local accountability which is central to decentralization is meaningful. Furthermore, local revenue payment is vitally important for the citizens to reinforce accountability for service delivery by locally elected politicians and appointed civil servants who implement policies.

In Uganda, the tax system has been one of the victims of numerous economic crises that have plagued the country since 1966. Tax collections are still very low leading to large fiscal deficits. The country has also suffered from over-dependence on a small number of sources of tax revenue, which are vulnerable to external shocks and remain a crucial problem in the tax system. Since May 1987, Uganda's tax system has undergone fundamental reform in response to the need for funds to support economic and social development. The government intensified efforts in the area of tax administration and expenditure cutting to attain fiscal discipline.

If local governments do not have a significant degree of freedom to set the level and composition of their revenues, neither local autonomy nor local accountability is meaningful. In particular, local government must be able to set tax rates (albeit within limits). Few local governments in developing or transitional Common wealth countries have this ability at the moment. Local government should not only have access to those revenue sources that they are best equipped to exploit - such as residential property taxes and user charges for local services - but they should be both encouraged and permitted to exploit other sources.

The development of responsible and responsive local government is thus dependent on local government having at least some degree of freedom with respect to local revenues, including the freedom to make mistakes and be held accountable for them. This means that local government must have control over the rates of some significant revenue sources if they are to be fiscally responsible and able to innovate as to the way they finance basic social services. Therefore, this research is distinct in that it has been undertaken to study the impact of internally generated revenue management on service delivery in urban authorities.

Ongom-Olero (2003) carried out a research on decentralization and its implications on revenue mobilization and utilization in local authorities. The emphasis was on decentralization as a factor influencing revenue in Kampala Central Division. He argued that further research should be carried out in a more comprehensive and comparative analysis to boost the knowledge base since the case study was just at Division levels within a district. Therefore, this study is unique in the way that it is set on an urban authority and on an evaluation of internally generated revenue management and service delivery in Njeru Municipal Council which is situated in central region of Uganda.

2.4 Accountability for internally generated revenue and service delivery in urban authorities

One of the key objectives of decentralisation in Uganda is to improve financial accountability and responsibility by establishing a clear link between the payments of taxes, improve local revenue collections and the provision of social services to the communities. According to Mulgan (2000), the concept of accountability has gradually evolved and encompassed a number of different meanings, which often call for further clarification of its genuine sense.

Rabrenović (2009), noted that whereas the term accountability draws its origin from financial accounting which is focused on checking the way the books are kept and how money is spent, of recent it has been spread to other disciplines to gain a much broader meaning. He thus gave the most general understanding of the term accountability to mean answerability or justification for one's actions. He urged that, accountability presupposes the existence of at least two key players that is an *accountee*, who is responsible to provide answers and/or justify his/her behaviour and an *accountor*, who has the obligation to ask questions, require explanations and reasons.

Hence, accountability requires the obligation of an *accountee* to provide information about the discharge of his/her duties and the right of an *accountor* to require such information.

Much as Rabrenovic (2009) provided a wider definition of accountability, Lord Sharman of Redlynch, (2001) narrowed it down to financial accountability. He thus defined it as the responsible stewardship for the use of public money. In a wider sense, it is a means of ensuring that public money has been used in a responsible and productive manner. It's all about verification of legality and regularity of financial accounts, but also ensures that value for money has been attained in the use of scarce resources.

The arguments advanced give an open view about accountability rather than the practices involved in financial accountability which this study set out to fulfil.

Dwivedi and Jabbra (1989) found a relationship between financial accountability and revenue management in the budget process. They viewed that while financial accountability in its core sense is a “democratic” concept, it allows the general public to take active role in administration of public money.

Similarly, they observed that where general public, through direct (elections) or more often indirect means and institutions (representative institutions and other bodies), they hold the Government to account for stewardship of public money. Rabrenovic (2009) thus noted that financial accountability and community's participation need to be assured so that possible public wrongdoing is minimized within government at all levels.

In a study by Gibson, Lacy and Dougherty (2003), they noted that many community and public leaders as well as public servants have begun to realize that public participation is important in an environment where the community have a diminished trust in government thus demanding more accountability from public servants.

Gibson and Lacy (2003) thus concluded that the general public play a significant role in setting agendas, developing budgets-(income and expenditure), implementing activities, as well as evaluating outcomes to ensure finances are matched with the plans agreed upon.

Krylova, E. (2005). urged that when various stakeholders are allowed to participate in revenue management it provides a platform and a tool for accounting as an instrument capable of showing the performance of government, fostering transparency, and holding officials accountable both managerial and financial wise.

Similarly, UN-HABITAT (2008) urged that accountability and transparency are essential to people's understanding of local government and who benefits from its decisions and actions. They thus agitated for increased access to information as being fundamental to this understanding and to good governance.

Therefore, revenue management; by permitting the continuous engagement of various stakeholders in revenue assessment, collection and utilisation provides many opportunities for citizens to complain about irregularities and poor service delivery, allowing for verification of local government financial accounts, supporting the transparent procurement, activity monitoring and evaluation goes a long way in promoting accountability in their respective communities.

In support of the above, Holzer and Kloby (2005), concluded that sound and effective service delivery is a concept which cannot be achieved without the proper accountability and involving different stakeholders at all stages. The emphasis here is on service delivery which after implementation will indicate equitable allocation and utilization of all the planned financial resources.

2.4.1 Financial Reporting

Garzón (2007) stated that financial reporting always provides a fundamental platform for evaluating local government financial accountability practices. He asserted that financial reporting assists in fulfilling the government's duty to be publicly accountable and enable users to determine that accountability.

Similarly, the users (and stakeholders) in the process assist in evaluating the operating results of the government entity for each year if information is provided about the sources and uses of financial resources and about how the government entity plans to finance its activities/programmes.

Additionally, financial reporting was found to guide and assist in providing the information necessary to assess whether the jurisdiction's financial position improves or deteriorates as a result of the current year's activities.

In his handbook, Garzón (2007) also notes that financial reporting enable users (and local stakeholders) in assessing the level of services provided by the local municipality and its ability to meet these obligations, as they are due.

This means that financial reporting should provide information about the financial position and condition of the local government.

As asserted by Krylova, (2005) financial reports help the community by providing information about the trends and recent developments in the prosperity of the Municipality and the range of its activities in a way that entities may make a substantial contribution to the local economy in several ways including the number of staff they employ and their patronage of local service providers.

According to Anwar, (2007) financial reports also contain notes and supplementary schedules and other information (For example, they may contain additional information that is relevant to the needs of users about the items in the balance sheet and income statement).

Financial statements may include disclosures about the risks and uncertainties affecting the entity and any resources and obligations not recognized in the balance sheet such as mineral deposits.

This implies that where issues of financial reports are availed to the community, effective service delivery can be attained.

2.4.2 Adherence to Fiscal Reporting

At the every local government, the executive committee and staff must take the all the necessary steps to ensure good stewardship.

Folscher, (2007) noted that it is important that those who give responsibility to the Treasurer set up accountability mechanisms. The treasurer is usually directly accountable to representatives of the group that holds the fund. This could be at district or other levels as by local governments and in turn, this group is accountable to the community who donated the funds and the people who benefit from the initiatives it is spent on.

Nova, (1998) stated that in many countries there are regulations that foster and promote good financial accountability, but the regulations are not always complied with by those concerned. With smaller amounts of money it can be easy for accountability to be ignored, yet financial accountability mechanisms can be easy to set up and be implemented.

This study explores some principles of financial accountability and some practical steps that can be undertaken to ensure good and sound revenue management.

2.5 Literature Review Summary

For purpose of this research, it is considerable to note that the responsibilities of urban authorities have been growing with the passage of time, especially in the area of service delivery.

Increasing functions imply increasing need for resources. Unfortunately urban authorities face a chronic problem on inadequate resources (LGAR, 2001: 9-11).

According to Collier, (2009) internally generated revenues are important for the success and long-term sustainability of infrastructure and service delivery in urban authorities. In deed the importance of local revenues cannot be over emphasized particularly in the case of Uganda where we have seen local revenues used for local leaders' emoluments, co-funding capital development projects, providing bursaries and building administrative offices. However this source has declined due to the ineffective collection methods and many urban authorities are unable to deliver adequate social services to their communities.

This therefore implies that there is a clear and direct relationship between revenue management and service delivery as strengthened by the above literature.

However, very little has been brought forward about internally generated revenue management and service delivery in urban authorities and that is what this research is intended to find out.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology that was used during the study. It involves the Research design, study population, sample size and selection, sampling techniques, data collection methods, data collection instruments, procedure of data collection, reliability and validity of instruments, data analysis, measurements of variables, data presentation and analysis and the limitations to the study.

3.1 Research Design

A case study research design was used with specific reference to Njeru Municipality. This was applicable because only traditional civil servants, tax payers and community leaders within the Municipality were selected for the study, in order to place more emphasis on a full and in depth contextual analysis of fewer events and their interrelationship.

A combination of quantitative and qualitative approaches was used to generate statistical data and descriptive information respectively. Quantitative research helps in getting an in-depth analysis of the problem under investigation and quantitative research was applied in order to describe current conditions and obtain the relationships between the variables while the qualitative method captures a lot of data in a relatively short time, (Creswell et al, 2003).

3.2 Population of the Study

The target population comprised of Njeru Municipality civil servants who are approximately 85 employees and these included; the Town Clerk (01), Heads of Department (08), Senior Finance Officer (06), Administrative staff (14), the Mayor (01), Councillors (30) and tax payers (25) were targeted because they are directly involved in internal revenue collection management, decision making and implementation of Government policies related to service delivery.

3.3 Sampling size and Technique

3.3.1 Sample size

In this study the number of individuals in the targeted population was known in advance as staff, local leaders and some tax payers' lists indicating members for each category are readily available at the office of Town Clerk and the list was exhaustive.

The ultimate sample size of 50 respondents from a target population of 85 was derived using sample table developed by R.V. Krejcie and Morgan table cited in Amin (2005).

Table 3.1 Sample Selection and Sampling Size of the Respondents

Category of respondents	Target Population	Sample size	Sampling strategy
Town Clerk	1	1	Purposive sampling.
Mayor	1	1	Purposive sampling.
Heads of Department	8	6	Simple random sampling
Senior Finance Officer	6	3	Simple random sampling
Administrative Staff	14	7	Simple random sampling
Councillors	30	12	Simple random sampling
Tax payers (community)	25	20	Simple random sampling
Total	85	50	

Source: Primary data (2016)

3.3.2 Sampling Technique

Purposive sampling procedure was used among some senior staff of Njeru Municipal Council because they had facts on the relationship between internal revenue management and service delivery in Njeru Municipal Council which is relevant to the study. Purposive was used because the respondents were knowledgeable about the variables under investigation and have the willingness to provide the information.

Simple random sampling was adopted for tax payers, local leaders, Heads of department and administrative staff in order to ensure more representative sample size of the community.

3.4 Data Collection Methods and Tools

Data for the research was collected using three methods. These included; the self-administered close ended questionnaire which were applied because they enabled easy collection of large amounts of data in a short period of time. Interview and Observation guides were also used because they facilitated collection of data within the social context to enable the researcher hear and observe from the respondents and various field sites thus this enriched the quality of information.

3.4.1 Questionnaire

Self-administered questionnaire were used in the study (Appendix:A) . The respondents who answered the questionnaires were; Administrative Staff; Senior Finance Officer and Heads of Department. Mugenda and Mugenda (2003) stated that questionnaires are used to obtain vital information about the population and ensure a wide coverage of the population in a short time. In addition Sekaran (2003) states that questionnaires are efficient data collection mechanisms where the researcher knows exactly what is required and how to measure the variables of interest, they are also less expensive and save time and they do not need much skills to administer them. Closed ended questions were used with detailed guiding instructions as regards the way respondents were required to fill them independently with minimal supervision. This was possible because the respondents were literate and were given enough time to fill the questionnaires.

3.4.2 Interview Guides

An interview guide (Appendix B) was used where a set of guiding questions were developed. This was appropriate because the method collects data from informed respondents who were; the Town Clerk, Mayor, Councillors as well as the Tax payers (community). These provided in-depth formation about the variables of the study. It also saves time in analysing the data collected and limits irrelevant responses as the questions target specific responses. Interviews were open ended and administered with the researcher after making appointments with the various officials; this helped the researcher to gather some vital data that was not provided for in the questionnaire. This method also gives immediate feedback from respondents to various topics thus going deep into the study.

3.4.3 Observation Guide

The researcher employed observation guide/checklist (Appendix C&G)containing the number of items to be observed such as the general cleanliness, Njeru Municipal Council Mission statement, goals and objectives, state of the roads, water sources, education facilities and healthcare centers among others. Additionally audit reports, financial statements, council minutes, revenue and assessment forms were observed and examined.Observation was advantageous in that it guided the researcher to confirm whether respondents were giving honest responses, (Bhatia,2001). It also provided a unique insight which may not be attained by other methods because it yields first-hand

information which is more valid than that provided by other methods. Observation is more helpful where some respondents are not willing or able to cooperate and it's not expensive to administer.

3.5 Data Collection Procedure

The research was carried out basing on the guideline/regulations governing research. To this, a letter of introduction was got from the Dean Graduate School-Kyambogo University seeking permission to conduct the study after being authorized by the supervisors to do so.

This letter was presented to respondents in the study area for permission to conduct the study.

3.6 Sources of Data Collection

3.6.1 Primary data source

Primary data was obtained from the field by use of self-administered questionnaires and interview guides particularly from Municipal staff, Councilors and tax payers.

3.6.2 Secondary data source

Secondary data was obtained from already existing Municipality financial, performance, audit reports, minutes, regulations, Acts, journals, news papers and some information from the internet and University Library.

3.7 Reliability and validity

3.7.1 Reliability.

Reliability is the measure of the degree to which a research instrument yields consistent results after repeat. Cronbach's Alpha coefficient was used to measure reliability of the instrument. According to Amin (2005) an alpha of 0.5 or higher is sufficient to show reliability, the closer it is to 1 the higher the internal consistency in reliability, (Sekaran, 2003). The questionnaires were pretested using respondents within Njeru Municipality and reliability was computed using statistical Package for Social Scientists (SPSS) and scores were evaluated.

Table 3.1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.742	.823	33

Source: SPSS Output

To ensure reliability of quantitative data, the Cronbach’s Alpha Reliability Coefficient for Likert-Type Scales test was performed.

In statistics, Cronbach’s alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. According to Sekaran (2003) some professionals as a rule of thumb, require a reliability of 0.70 or higher (obtained on a substantial sample) before they use an instrument. Upon performing the test, the results that were above 0.7 were considered reliable.

3.7.2 Validity

On the other hand, Validity refers to truthfulness of findings or the extent to which the instrument is relevant in measuring what is supposed to measure (Amin, 2005). To ensure the content validity of the instrument, the researcher made an extensive review of related literature in order to develop the appropriate content. The research instruments were then studied by experienced lecturers-(the supervisors) to check and clarify the appropriateness of the questions. After their comments and discussion with the researcher, the tools were adjusted accordingly then tested by a sample of respondents to establish if they can understand the questions and to provide the required information.

Amin (2005) stated that statistical analyses are used to describe an account for the observed variability in the behavioural data. After a questions review was done by the supervisors, questions were edited and corrected accordingly to enhance a content validity test which was computed using the formula:

$$\text{Content Validity Index (CVI)} = \frac{\text{Total number of items rated as relevant.}}{\text{Total number of items judged.}} = \frac{22}{32} = 0.7$$

CVI above 0.7 as an average was considered valid and reliable to collect data (Amin, 2005)

3.8 Data Presentation and Analysis

3.8.1 Qualitative Data Analysis

Qualitative data was collected using interview questionnaires and interview guide during the discussion with the administrators and documentary reviews. Descriptive statistics was categorized and organized based on pattern, repetitions and commonalities into different themes and sub-themes using critical judgmental approach and quotations, (Rwomushana, 2005). This kind of data was interpreted by explanations and substantiated using open responses from the field. The data was analysed based on study variables and information was recorded and summarised

3.8.2 Quantitative Data Analysis.

The quantitative data involved data from the questionnaires only. The data was put in order and structured to get meaning from data. The raw data was cleaned, sorted and coded. The data coded was entered into the computer, checked and statistically analysed using the Statistical Package for Social Scientists (SPSS) software package to generate descriptive and inferential Statistics. Descriptive analysis was applied to describe the primary variables and associated indicator item related to the study objectives by generating percentages, mean and standard deviation. The regression coefficient models were used to determine the extent to which the independent variable impacts on the dependent variable. The results are presented in form of tables and charts then discussed in relation to existing literature, conclusions and recommendations were drawn in relation to the set objectives of the study.

3.9 Measurement of Variables

The variables were measured by operationally defining concepts. For instance the questionnaires were designed to ask responses about the methods of revenue collection and how revenue collected has helped in service delivery. These were channelled into observable and measurable elements to enable development of an index of the concept. A 5-Point Likert rating scale constituting 1 for Strongly Disagree, 2 for Disagree, 3 for Not Sure, 4 for Agree and 5 for Strongly Agree was used to measure both the independent and dependent variables.

3.10 Ethical Considerations

This research was conducted in regard to ethical considerations where, a letter of introduction from the Graduate school was secured upon approval of the research proposal to proceed with the study. Permission was sought from Njeru Municipal Council before proceeding to the field to collect data. Respondents consented voluntarily to participate in the study. Lastly, anonymity and confidentiality was extremely observed during and after this study.

3.11 Limitations of the study

3.11.1 Time factor

The research was affected by time constraint since the researcher intended to carry out the study at the same time conducting practicum and working.

Balancing the three was multi-tasking yet a limited time frame was given for submission of reports. The researcher thus established a system time schedule apportionment for the available time to accomplish the different activities accordingly.

3.11.2 Information.

Some respondents gave incomplete information as they look at research as a threat to the Municipal status and wastage of their time. The researcher, endeavoured to make his questions and interview as objective as possible and also to avoid misleading questions

3.11.3 Bias.

Bias from the respondents. However, the researcher tried to encourage the respondents to be as objective as possible.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS

4.0 Introduction

This study was conducted to examine the effect of internally generated revenue management on service delivery in Njeru Municipal Council. The study was guided by the following specific objectives;

- i) To examine how internal revenue collection methods affect service delivery in Njeru Municipal Council
- ii) To establish the extent to which utilization of internally generated revenue influence service delivery in Njeru Municipal Council
- iii) To assess how accountability for internally generated revenue influence the level of service delivery in Njeru Municipal Council

This chapter presents the findings of the study, analysis and interpretation of results. First it presents coverage of demographic characteristics of the respondents and then empirical results on research variables.

4.1 Response Rate

A total of 60 questionnaires were distributed of which 53 were returned. However, 3 of those returned were eliminated as damages and 50 questionnaires were considered for the final analysis. This gave the response rate of 83.3%. An analysis was conducted on the justification of this rate which showed that it was well above 50% which is acceptable as argued by Mubanzi (2009). Unstructured interviews were also administered where all the 10 respondents participated.

4.2 Demographic Data of the respondents

Social demographic characteristics like Gender, age, education level and the position held were very important parameters that can have a bearing on any phenomenon in any society.

Frequency tabulation was used by the researcher to present the respondent category and gender distribution categories of the respondents. Table 4.1 below presents the results:

Table 4. 1: Gender Distribution

Gender	Frequency	Cum.frequency	percentage	Cum.Percentage
Male	33	33	66	66
Female	17	50	34	100
Total	50	50	100.	

Source: Primary data, 2016

Table 4.1 above reveals that majority of the respondents were male (66%) while 34% were female. This implies that Njeru Municipal Council deployed more male workers, who are more aggressive to revenue collection than their female counter parts more especially who had less tactics of enforcing revenue collection among the Njeru community.

4.2.2. Age of Respondents

Question 2 in the questionnaire was used to obtain data on this parameter; Table 4.2 shows the results.

Table 4. 2: Showing respondents by Age Bracket.

	Frequency	Percent	Valid Percent	Cum. Percent
Below 20Years	00	00	00	00
21-30Years	08	16	16	32
31-40Years	26	52	52	84
Above 41Years	16	32	32	100.
Total	50	100.	100.	

Source: Primary data.

According to Table 4.2 above, the sample was dominantly composed of persons aged between 31-40 years (52%), followed by 41years and above while only 16% of the respondents were aged between 21-30years. This predominant age group is believed to be committed, strong and more focused to influencing revenue generation as well as service delivery.

4.2.3 Level of Education.

Frequency distributions were further used to examine the highest academic qualifications of the respondents and the results are presented in Table 4.3 below.

Table 4. 3: Respondents category by level of education.

	Frequency	Percent	Valid Percent	Cum.Percent
Certificate	08	16	16	16
Diploma	14	28	28	44
Degree	24	48	48	92
Post-Graduate	04	08	08	100.0
Total	50	100.	100.	

Source: Primary data

The results above indicated that 48% of the respondents had attained bachelor's degree while the diploma holders were 28%, certificate holders comprised of 16% and Post-Graduate were 8% of the respondents. This implies that majority of the respondents were holders of bachelors degree which means that Njeru Municipal Council possesses a good team of knowledgeable employees, capable of enabling the municipality attain a remarkable and continuous flow of revenue collection.

4.2.4 Length of Service

The researcher asked respondents to indicate the period they have worked with Njeru Municipality Council and Table 4.4 below presented the results.

Table 4. 4: Years of Employment

Length of Service	Frequency	Percent	Valid Percent	Cum.Percent
Less than 2yerars	05	10	10	10
2-5years	12	24	24	34
5-7years	15	30	30	74
Over 8years	18	36	36	100
Total	50	100.	100.	

Source: Primary data

Study finding with reference to experience shows that majority of respondents had worked for a considerable period of time (Over 8years) i.e 36%. Hence they were more acquainted with internal revenue management and service delivery policies and practices within Njeru Municipality.

The results in Table 4.4 further illustrate that 30% had worked a period between 5-7years, 24% of the respondents had served in Njeru Municipal Council for a period of 2-5years and only 10% had worked for less than 2years. .

4.2.5 Position held at the Njeru Municipality

The frequency distributions were further used to establish the positions held by the respondents at Njeru Municipality and the results are presented in Table 4.5 below.

Table 4. 5: Respondents category by Position.

	Frequency	Percent	Valid Percent	Cum.Percent
Tax Payers	20	40	40	40
Local Leaders/Councillors	12	24	24	64
Administrative Staff	07	14	14	78
Heads of Department	06	12	12	90
Senior Finance Officers	03	06	06	96
Town Clerk	01	02	02	98
Mayor	01	02	02	100
Total	50	100.	100.	

Source: Primary data

Findings in Table 4.5 illustrate that all respondents were responsible and discharged several roles in relation to internal revenue management and service delivery in Njeru Municipality.

Results in Table 4.5 also indicated that respondents held various positions in Njeru Municipal Council to influence revenue generation. These included; tax payers (40%), Local Leaders and councillors (24%), Administrative Staff(14%), Departmental Heads (12%), Senior finance officers (6%) ,Town Clerk (2%) and Mayor (2%) The implication of this finding is that involving different responsibilities (discharging various responsibilities such as Paying tax like trading licenses, market dues, local hotel tax, and local service tax and parking fees as a source of local revenue in Njeru Municipal) staff enabled collection of diverse information relevant for comparative analysis of the

revenue generation mechanisms and their ability to strengthen service delivery levels in Njeru municipality

4.3. Internal Revenue Collection Methods and service delivery in Njeru Municipal Council

In bid to elicit data about the first objective of the study which to establish the methods of local revenue collection in Njeru Municipal Council the researcher administered research tools whose findings were presented under section 4.6 as follows.

Table 4. 6: Methods of Local Revenue Collection used in Njeru Municipal Council

Item Scale	N	Minimum	Maximum	Mean	Standard deviation
Self-assessment Collection	50	1	5	2.52	1.03
Private Revenue Collection (Tendering)	50	1	5	3.88	0.93
Public Servants	50	1	5	3.76	0.69
Enforcement by tax personnel	50	1	5	2.60	1.12
Contribution	50	1	5	3.26	0.86
Creating awareness to the public	50	1	5	3.10	0.85
Public enlightenment and campaign that will educate the tax payer	50	1	5	3.00	0.99
Average Mean and SD				3.14	0.92

Source: Primary data (2016)

From the 5- point likert scale which was used in the study, the findings in the Table 4.6 above shows that most respondents agreed with the statements on the methods of internally revenue generation in Njeru Municipal Council were used as most of the means are ≥ 3 .

Results showed that Self-assessment was one of the methods of collecting internally generated revenue in Njeru Municipal Council (Mean = 2.52). This implies that taxpayers were registered with the municipal tax department which made it possible to collect taxes earlier.

Interviews with one tax payer held on 2nd September; 2016 said that “at times Council staffs do over-assess them without taking into consideration of the nature and location of their businesses which in turn frustrates them when it comes to payment taxes/rates.”

Table 4.6 also indicates that respondents also agreed that Private Revenue Collection through Tendering was an approach used to generate revenue in Njeru Municipal Council,(Mean =3.88).

Interviews held on 5th September, 2016 with head of finance department revealed that; “Council inadequately facilitates them to monitor and supervise private revenue collectors which in turn leads to under-collection of revenues. He further said that council doesn’t have any means of transport like motorcycles to carry out field activities like monitoring”

Findings in Table 4.6 above further provide that internal revenue was generated through public Servants (Mean = 3.09). This implies that public servants made investments from which revenue was generated in Njeru Municipal Council.

The study also found out that, the enforcement of tax personnel was another method of collecting internally generated revenue in Njeru Municipal Council (Mean = 2.60).

“One fresh-foods vendor who had this to say; “tax enforcers did not have the skills and were too cruel to some market vendors”

This implies that, Tax enforcement officers had to ensure that taxpayers pay the correct amount of tax on all income they receive. The tax law enforcement officers had knowledge of the false deductions or omission of income, the degree of participation by the officers in the filing of the false returns, the potential criminal and/or civil liability of the officers, and the credibility of the officers in other matters. Taxpayers are responsible for the accuracy of all entries made on their tax returns, including all related schedules and supporting documentation.

The findings in the above table also shows that respondents also agreed that contribution was the other the methods of collecting internally generated revenue in Njeru Municipal Council(Mean =3.26). This means that Njeru municipality was responsible for enforcing national tax laws, i.e. the administration (assessment and collection) of domestic taxes, the revenue from which accounts for the major part of the General Revenue Account.

Results showed that creating awareness to the public was one of the methods of collecting internally generated revenue in Njeru Municipal Council (Mean = 3.55).

This means that Public enlightenment was on average conducted in Njeru municipality created through seminars, workshops, symposium, posters and public sensitizations to enhance revenue generation.

This also implies that Njeru Municipality tax officers manage these activities by integrating examination of and guidance for taxpayers, by offering tax consultation services, and through public relations activities.

Interviews with the Mayor indicated that; “there was low sensitization of the masses about the role of taxes in fulfilling the needs of the community which hampered revenue generation and service delivery. She further hinted that some taxpayers cannot distinguish between a calendar and a financial year which causes confusion amongst the vendors/tax payers.”

Table 4.6 results also portray that in Njeru Municipality Public enlightenment and campaign by tax officers used to educate the tax payers (Mean =3.00). This means that taxpayers were informed on how to file tax returns and pay their tax liabilities voluntarily. This aids to create a favorable environment for taxpayers through guidance and public relations activities, which aim to advise taxpayers of relevant procedures and provide legal interpretation by tax laws and also strive to secure tax revenues through careful management of revenue accounts and execution of compulsory collection. This further helped Njeru Municipality to operate smoothly, maintain an appropriate relationship with taxpayers through effective tax examination and information gathering programs.

4.4. The extent to which utilization of internally generated revenue influence service delivery in Njeru Municipal Council

The third objective of the study was to examine how has revenue collection helped to improve service delivery in Njeru Municipal Council. The respondents indicated the extent to which they; Strongly disagree (5), Disagree (4), Not sure (3), Agree (2), Strongly agree (1) . The findings are here presented, interpreted and analysed in section 4.7 as below;

Table 4. 7: How Revenue collected has helped in Service Delivery

How Revenue collected has helped in Service Delivery	n	Minimum	Maximum	Mean	Standard deviation
Garbage collection	50	1	5	3.55	0.835
Provision of a well-equipped health centre in the community to reduce the death rate of the people	50	1	5	2.45	0.798
Road construction & maintenance for easy movement of transportation	50	2	4	2.14	1.015
Health centres & Medical facilitation	50	2	4	2.37	0.661
Awareness and Community sensitisation	50	2	5	2.45	0.869
Security, law enforcement and environmental protection	50	1	5	3.89	1.043
Provision of clean water for the people in the municipality area	50	2	5	2.41	0.668
Provision of free adult education in the community to reduce the level of illiteracy in the society	50	2	4	2.49	0.769
Provision and maintenance of public conveniences, sewerage and waste disposal	50	2	5	2.87	0.739

Source: **Primary Data (2016)**

From the 5- point likert scale which was used in the study, the finding in the Table 4.7 above shows that most respondents agreed with the statements on how revenue collection helped to improve service delivery in Njeru Municipal Council, as most of the means are \geq (greater or equal) to 2.

Results showed that internally generated revenue was used for garbage collection (Mean = 3.55). This implies that sanitation was maintained by the urban authority using the collected revenue to make the Council clean.

Table 4.7 findings also reveal that internally generated revenue was used for Provision of a well-equipped health centre in the community to reduce the death rate among the people (Mean = 2.45). This means that internally generated revenue was low to be used to finance health units in Njeru municipality and hence health facility delivery rates are still rather low in Njeru Municipality.

From Table 4.7 findings indicate that internally generated revenue was also used for Road construction and maintenance to allow easy movement of goods and transportation of produce to the market (Mean =2.14). This implies that internally generated revenue was insufficient to fund construction of feeder roads and the municipal roads within Njeru Urban Council (Photograph 5).

The study also found out that, internally generated revenue was used to finance Health centres & medical facilities in Njeru municipality (Mean = 2.37). This implies that village health teams workforce and medicines were not yet a reality in the urban centre and hence low health standards.

Results in Table 4.7 also reveal that internally generated revenue was used to provide awareness and community sensitization (Mean=2.45). This implies that lack of effective public awareness of the role of taxation increased acute non-tax compliance by the business community in Njeru municipality.

It was revealed that Council provided for Security, law enforcement and environmental protection (Mean = 3.89). This means that Njeru Municipality Council utilized part of internally generated revenue to reinforce security, law, order and peace keeping in the area.

Respondents also agreed that provision of clean water for the people in the municipality area was another indicator for effective use of internally generated revenue in Njeru Municipality (Mean =2.41). This means less than 50% of the population in Njeru municipal council lacked access to safe water.(Photograph 7).

It was also found out that Provision of free adult education in the community was the other use of internally generated revenue in Njeru to reduce the level of illiteracy in the society (Mean = 2.49). This means that on average the municipality provided basic education to the adults within the community.

The study further showed that provision and maintenance of public conveniences, sewerage and Waste Disposal (Mean =2.87). This implies that Njeru municipality public conveniences, sewerage and waste disposal were in sorry state due to limited revenue for maintenance(Photograph 6 and 1 respectively)

Interview results with the Mayor Njeru Municipal Council

The mayor said that, the Total Local Revenues is majority collected from Property rates of big institutions, amounting to 1,173,007,982/=. Another big sum of 1,159,000,000/= is from accumulated Ground Rent arrears. Other sources over 100 million worth mentioning are Development tax, Local Service Tax, Royalties, Ground Rent and Trading Licences.

Interview with a senior finance officer indicated that Local Service Tax was generated from eligible taxpayers such as petty food vendors, boda-boda cyclists, sole petty artisans and small scale businesses in the road side markets (Photograph 1).

Most of the generated local revenue is used to cater for recurrent expenses in their departments. During interview with service delivery monitoring committee, the Medium Term Expenditure Plans meant to be financed by internally generated revenue to improve service delivery were; Construction of a new office block, Improve service delivery facilities such as construction of roads, construction of classroom blocks for schools, provision of safe water through construction of bore holes, extension of piped water, installation of a sewage system, installation of security lights on the roads and markets. Improve the public image of Njeru and attract more investors and tourists.

Table 4. 8: Njeru Municipal Council-Revenue Performance and Plans

Proposed Budget	2015/2016FY
Locally Raised Revenues	3,626,900
Other Fees and Charges	9,500
Advertisements/Billboards	45,733
Agency Fees	10,000
Animal & Crop Husbandry related levies	3,000
Business licences	192,368
Ground rent	1,159,000
Inspection Fees	253,400
Municipality Hotel Tax	46,000
Local Service Tax	253,203
Miscellaneous	30,000
Other licences	33,349
Royalties	293,120
Market/Gate Charges	20,900
Sale of non-produced government Properties/assets	1,000
Park Fees	73,600
Rent & Rates from other Gov't Units	1,700
Registration (e.g. Births, Deaths, Marriages, etc.) Fees	3,520
Public Health Licences	24,500
Property related Duties/Fees	1,173,007

Source: Secondary Data

Total Local Revenues of 3,644,457,173/= is majorly expected from Property rates. Another big sum of 1,159,000,000/= is expected from accumulated Ground Rent arrears of stock farm. Other sources over 100 million worth mentioning are Development tax, Local Service Tax, Royalties, Ground Rent and Trading Licences. All the revenue is expected to be balanced with an equal expenditure within council departments to facilitate implementation of budget.

4.5 How accountability for internally generated revenue influence the level of service delivery in Njeru Municipal Council

In the context of financial accountability, it became somehow tragic since most reports and minutes from the internal audit department were gutted by fire in March, 2016. Hence scanty information was provided.

Table 4. 9: Effect of Financial Accountability on service delivery in Njeru Municipality Council.

Financial Accountability	Min	Max	Mean	SD
Financial accountability is done regularly thus financial losses are minimized	1	5	2.41	.64
Njeru Municipality follows the statutory fiscal reporting formats by the ministry of finance planning and economic development	1	5	2.60	.74
The local government public accounts committee regularly reviews the Municipality internal audit reports	1	5	2.52	.78
The auditor general regularly examines Municipality accounts for compliance with the public finance and accounting Regulations (LGFAR).	1	5	3.78	.79
Quarterly Financial reports are read and displayed at different Municipal Divisions.	1	5	2.34	.28
Financial documents about projects are easily accessed by community.	1	5	2.39	.31
Recommendations of the annual IGG audits are always implemented by Municipality	1	5	2.48	.42
Staff and Local leaders are able to track the revenues and expenditures at all levels throughout the financial year.	1	5	2.33	.24
Total			20.85	4.2
Average			2.61	0.53

Source: Primary Data

Table 4.9 above reveals how accountability for internally generated revenue affected service delivery in Njeru Municipal. The study showed that Financial accountability is fairly done regularly

thus financial losses are minimized (Mean =2.41 and SD =.64). The council also has a chamber with a citizens' gallery which enabled interested citizens to witness council proceedings. The systems to ensure administrative accountability were in place and the relevant discussions regarding major issues such as audit and public accounts committee (PAC) reports had been addressed.

It also ensures that leaders adhere to minimum standard behavior and conduct while conducting official duties, since the Leadership Code of Conduct prohibits conduct that compromises public service values such as honesty, integrity, impartiality, and imposes penalties to those that breach it. the IG undertakes to implement the legislation and regulations pertaining to promoting accountability in local government, by way of enforcing the Leadership Code of Conduct.

As already noted, the Constitution, 1995 (Art. 225[d]) and the Leadership Code Act, 2002 mandates the IG to ensure that specified public officers from time to time declare their incomes, assets, and liabilities and show how they acquired or incurred them. The rationale is to ensure that leaders declare their wealth, to make them accountable and to establish that the acquisition of assets was not through corruption.

Results in Table 4.9 above indicate that Njeru Municipality follows the statutory fiscal reporting formats by the ministry of finance planning and economic development (Mean =2.60 and SD =.74). This implies that financial management and oversight; political functions and representation; legislation and related legislative functions; development planning; and constituency servicing and monitoring of service delivery on five national priority programmes.

Failure to adhere to financial regulations, lack of proper resource allocation and utilization and low impact on enforcing discipline and adequacy of process leads to mismanagement and misappropriation of funds, abuse of office, non-payment of salaries and benefits, forgery and uttering of false documents, delays in public service delivery, victimization, embezzlement of public funds and conflict of interest.. This also demonstrates that, either the existing legislation and regulatory framework is not yet fully operationalized or perhaps, it has inherent weaknesses.

Table 4.9 also shows that the local government public accounts committee regularly reviews the Municipality internal audit reports (Mean =2.52 and SD =.78). This means that the inspectorate division of the Ministry of Local Government undertakes an annual assessment of all local

governments that focuses on measuring the extent to which they conform to the performance measurements and meet the minimum standards set by the ministry.

Findings in table 4.9 also reveal that the auditor general regularly examines Municipality accounts for compliance with the Local Government Finance and Accounting Regulations (LGFAR) (Mean =3.78 and SD =.79). The implication of this finding is that the mandate to promote efficient and effective public management in public offices by the Inspector General of government is derived from the Constitution of Uganda, 1995 (Art. 225[1]) and the IGA 2002 (s.8), which requires the Inspector General of government:

- To promote and foster strict adherence to the rule of law and principles of natural justice in administration;
- To eliminate and foster the elimination of corruption, abuse of authority and of public office;
- To promote fair, efficient and good governance in public offices;
- To enforce the Leadership Code of Conduct;
- To investigate any act, omission, advice, decision, or recommendation by a public officer or any other authority to which this Article applies, taken, made, given or done in exercise of administrative functions;
- To investigate the conduct of any public officer this may be connected with or conducive to: abuse of office or authority, neglect of official duties, economic malpractices by the officer

The study however, found that reading and displaying financial reports was fairly done by the Municipality officials (Mean =2.34 and SD =.28) which reduced the participation of the people in the revenue management process. If the reports are not put to public view or consumption, it means that the likelihood of people to participate in the revenue management (e.g assessment and collection) process is lowered since they are not even informed about the final outcomes. This was supported by Dwivedi and Jabbra (1989) who viewed that while financial accountability in its core sense is a “democratic” concept, it allows the community to take active role in administration of public money. Similarly, they observed that where citizens, through direct (elections) or more often indirect means and institutions (representative institutions and other bodies), they hold the Government to account for stewardship of public funds.

The findings in table 4.9 illustrate that Financial documents about projects are easily accessed by community (Mean =2.39 and SD =.31), where council had an established practice of displaying public funds and ongoing projects on public notice boards, the implication of this finding is that Njeru Municipality Divisions discharged their mandate on behalf of the citizens and especially the voters who elected the councillors/local leaders. In this regard, they are expected to be accountable to the community with regard to what they do not only by accounting to the voters but also by demanding for accountability from the central government. The indicator for measuring accountability therefore include fiscal, political and administrative accountability where community based organisations and the community are involved.

Results in Table 4.9 indicated that recommendations of the annual Inspector General of Government audits were always fairly implemented by Municipality (Mean =2.48 and SD =.42). This means that the Local Governments Act (Cap243) together with associated Local Government Financial and Accounting Regulations are robust enough to ensure proper control and management of funds by municipality.

However, compliance with the Act and the associated regulations remains a big challenge as is evidenced by the internal audit reports.

The study findings in Table 4.9 above also indicate that Staff and Local leaders are able to track the revenues and expenditures at all levels throughout the financial year (Mean =2.33 and SD =.24). This means that Councilors' contact with the electorate should be improved through councilor-community meetings and attendance of Division meetings. Working through the office of the municipality chairperson, councilors should create a Municipal platform to increase interface not only between citizens and the political leaders but also citizens and the technical leaders.

This will provide for accurate and timely feedback from the citizens to their leaders and build trust among the municipality leadership and the residents. It will also provide opportunities to educate the communities about the roles and responsibilities of the councilors and the need for the community members to use such benchmarks to assess their leaders' performance.

Additionally, the study noted that financial accountability was not done regularly (Mean =2.41 and SD =.64) thus financial losses were fairly minimized which further limited the council to be financially sound. Rabrenovic (2009) thus noted that financial accountability and citizen's

participation needed to be assured so that possible public wrongdoing is minimized within government at all levels in the chain of command.

Therefore, urban authorities have to institute measures by which citizens are active players rather than decision takers which uphold the accountability of finances

4.6 Multi Regression Analyses

Table 4. 10: Showing Multi regression analysis for revenue collection methods, utilization and accountability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.685(a)	.489	.453	.263

a. Predictors: (Constant), Accountability for Internally Generated Revenue, Utilization of Internally Generated Revenue, Revenue Collection Methods

ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102.349	3	34.116	494.910	.000(a)
	Residual	3.171	46	.069		
	Total	105.520	49			

a. Predictors: (Constant), Accountability for Internally Generated Revenue, Utilisation of Internally Generated Revenue, Revenue Collection Methods

b. Dependent Variable: Service Delivery

ANOVA test was conducted to test the significance level of the entire model. The significance value 0.000 was obtained. Since the value was less than 0.05, it was concluded that Internally Generated Revenue Management constructs; Accountability for Internally Generated Revenue, Utilisation of Internally Generated Revenue, Revenue Collection Methods jointly have significant effect on the level of Service Delivery in Njeru Municipal Council as shown in Table 4.11 below.

Table 4.11

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		Std. Error
1	(Constant)	.081	.102		.798	.429
	Revenue Collection Methods	.539	.105	.528	5.128	.000
	Utilisation of Internally Generated Revenue	.473	.091	.457	5.221	.000
	Accountability for Internally Generated Revenue	.013	.093	.012	.137	.892

a Dependent Variable: Service Delivery

Where the regression beta coefficient is positive, the interpretation is that for every 1-unit increase in the predictor variables (i.v), the dependent variable will increase by the unstandardized beta coefficient value.

The results in Table 4.11 indicated that Internal Revenue Collection Methods influenced service delivery in Njeru Municipality ($\beta = 0.539$) followed by Utilisation of Internally Generated Revenue ($\beta = 0.473$), and Accountability for Internally Generated Revenue ($\beta = 0.13$) influenced service delivery in Njeru Municipality in that order respectively. This indicated that the dependent variable, that is, the service delivery in Njeru Municipality would change by a corresponding number of standard deviations when the respective independent variables change by one standard deviation.

Therefore, the fitted regression line is as follows;

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = .081 + .539X_1 + .473X_2 + .013X_3 + e$$

Where:

Y = Service delivery in Njeru Municipality

a = Constant

β_1, β_2 and β_3 = Beta coefficients

X_1 = Internal Revenue Collection Methods

X_2 = Utilisation of Internally Generated Revenue

X_3 = Accountability for Internally Generated Revenue

e = Error term

CHAPTER FIVE

DISCUSSION OF FINDINGS, SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.0 Introduction

This chapter presents discussion of the major findings, summary of the findings, conclusions, recommendation and suggestions for further research based on the study findings in chapter four and answering the objectives of the study spelt out in chapter one.

5.1 Discussion of the major Findings

The study findings presented were based on the three research questions in chapter one. These findings are discussed using objective by objective approach.

5.1.1 How internal revenue collection methods affect service delivery in Njeru Municipal Council.

From chapter 4 results in Table 4.6 indicated that, Self-assessment was one of the methods of raising internally generated revenue in Njeru Municipal Council (Mean = 2.52 and standard deviation =1.03), This implied that taxpayers registered with the municipal Tax department which made it possible to collect taxes earlier. Where tax was assessed and tax payers were given receipts that are tax collectors whom they identified as revenue enforcement officers collected money and brought bank slips after banking. They also revealed that Njeru Municipal Council used housing finance bank where they had an account for all local revenue are deposited that is Local service tax ,local hotel tax ,market dues ,trading license, property tax and other local revenues like fines ,tax park fees ,public toilet collections and street parking collections. This finding is in line with what Bahiigwa et al (2006), said in chapter two that “the adoption of fiscal decentralization in Uganda saw many municipalities involved in the collection of taxes using public servants.

Findings in Table 4.6 further provide that internal revenue was generated through Private Tendering (Mean = 3.88 and SD = 0.93).The respondents revealed that this has been achieved through proper regulations, procedures and standardized bidding documents. And this is done by allowing private sectors to participate in revenue collection through tendering where the tender is taken by the highest bidder.

The increasing appetite for tax base expansions and outsourcing of tax collection, private tax collection was adopted as an innovation.

And according to the field findings public servants go in field to supervise and do the assessment of local taxes and this is done according to the size, location, nature of the business.

The rate of tax depends on the location where by businesses which are located on high street, road pay higher taxes compared to others. Respondents identified different tenderers in Njeru Municipal Council who has helped in revenue collection and they collect tax on behalf of municipality. Which among others include Akamba Enterprise Ltd who is collecting trading license, local hotel tax and local service tax, Fairway Co.Ltd in charge of street parking and property tax and Central Market Vendors Association in charge of market dues.

The finding is in agreement with Katera *et al* (2008) goes on to reveal that, in Tanzania, revenue collection is outsourced to a range of different types of agents within and across the councils studied. For example, in Kinondoni Municipality Council the collection of property taxes in certain areas were collected by a private consultancy firm specialized in tax advice during 2004-2005; while the collection of market fees was outsourced to market Associations or Co-operatives operating in the respective markets.

The study also established that, the enforcement of tax personnel was another method of collecting internally generated revenue in Njeru Municipal Council (Mean = 2.60 and SD =1.12).

Tax enforcement officers had to ensure that taxpayers pay the correct amount of tax on all income they receive. The tax law enforcement officers had knowledge of the false deductions or omission of income, the degree of participation by the officers in the filing of the false returns, the potential criminal and/or civil liability of the officers, and the credibility of the officers in other matters. Taxpayers are responsible for the accuracy of all entries made on their tax returns, including all related schedules and supporting documentation. Revenue enforcement included fines from within and around the divisions.

The finding is synonymous to Albert. H, (1992) who concluded that revenue collection will result specifically from tax enforcement through taxpayer registration, training and data processing.

5.1.2 The extent to which utilization of internally generated revenue influence service delivery in Njeru Municipal Council

The third objective of the study was to examine how revenue collection helped to improve service delivery in Njeru Municipal Council.

The finding in the Table 4.7 above shows that most respondents agreed with the statements on how internally generated revenue helped to improve service delivery in Njeru Municipal Council as most of the means between are >2 .

Interview with the Finance and Planning department revealed that, the total revenue allocated to the municipality was spent on administrative expenses of supervision, payroll management, records, travels, stationary, welfare, medical assistance to staff, incapacity and other office operations.

Njeru municipality in the FY2015/16 collected locally raised revenue of 991,427,000/= which was spent on revenue assessment & remunerations, tax education, Budget desk, payment to creditors, URA deductions, supplementary valuation, valuation of council assets, commission to revenue collector, Board of survey, Final accounts preparations, office operations and other administrative expenses. Results also showed that internally generated revenue was used for Garbage collection (Mean = 3.55). sanitation was maintained by the urban authority using the collected revenue to make the municipality clean, though Njeru experiences many dilapidated structures and poor sanitation is still evident.

Njeru Municipal Council citizens on average were contented that the Local revenue helped them to remain clean by daily collection of Garbage. Strong revenue base supported by an effective revenue enforcement team enhanced urban good sanitation. A total amount of 875,315,000/= was spent on the following activities: waste management, improvement of sanitation and hygiene, procurement of a garbage collection truck. The finding is in agreement with Lutaaya (1996) who revealed that internally generated revenue have a positive effect on social services delivery though the process carries a number of benefits, it's not yet properly rooted in the Ugandan political structure. He concluded that there is need to sensitize the people in all aspects of decentralization.

The findings in Table 4.7 also reveal that internally generated revenue was used for Provision of a well-equipped health centre in the community to reduce the death rate among the people (Mean = 2.37 and SD = 0.601). This means that internally generated revenue was not sufficient to be used to

finance health units in Njeru municipality and hence health facility delivery rates are still rather low in Njeru Municipality. Njeru community complains with regard to health overcrowding and low staffing levels. Provision of health centres and medical facilities put in place like St. Francis Health centre, Nyenga hospital, Buikwe health centre and that these health centres to a lesser extent helped them in terms of medical facilities.

The planned activities and outputs in the FY 2015/16 that included: Upgrading of health centre and its rehabilitation, Providing basic health care services to the last member of the community, having a Health centre IV in the municipality, provision of Free HIV care and treatment to patients by St. Francis H/C, Training of community health workers and supervising them, Provide ambulance services by St. Francis and one for the LCIII Chairman, increasing access to outpatient (OPD) were very low while deliveries in health units continued to decline in Njeru Municipal council due to insufficient realization of low internally generated revenue. At Njeru municipal HC IIIs and IVs, patient ratio manifested in overcrowding at most of the health centres and lacked maternity facilities.

There is lack of safe and clean drinking water in the majority of the health centres. Most HC IIs were not connected to piped water, borehole or rain water harvesting systems. The finding contravenes Wilcox (2004) who argued the basis for financing the urban authorities' services has many advantages, above all, that of providing maximum transparency and popular control (bottom-up) over the tax money. The taxpayers have the possibility of knowing exactly, what their taxes are being used for literally, they can see with their own eyes the schools, roads, the hospitals, which have been got for them in return for their taxes.

From Table 4.7 findings indicate that internally generated revenue was also used for Road construction & maintenance to allow easy movement of goods and transportation of produce to the market, (Mean = 2.14). Internally Generated Revenue was insufficient to fund construction of feeder roads and the municipal roads within Njeru Urban Council in accordance to the budget provision. Hence service delivery was low as access feeder roads were in bad states making transportation services difficult and low business development in the municipal council (Photograph.No.5).

The municipality is served by community access roads (140kms) that connect rural communities to the divisions in the municipality and by district roads (755kms) that connect sub-counties to the district. There are only two tarmac roads in Njeru (Kampala-Jinja highway and Njeru-Kayuga road). Despite the importance of the district and community access roads to the livelihood of the Njeru municipality populace, 70% of the feeder roads are in a deplorable state, and thus limit easy transportation of agricultural produce, fish and other commercial goods to markets. These roads are not only narrow but also dusty, full of potholes and impassable (are of poor quality), especially during the rainy season. The finding is in disagreement with Kadiresan,(2009) who argues realization of internal revenue helps realising high priority on delivery of personalized efficient customer services within communities.

Results in Table 4.7 also reveal that internally generated revenue was used to provide awareness and community sensitization (Mean=2.45). Lack of effective public awareness of the role of taxation increased acute non-tax compliance by the business community in Njeru municipality.

Njeru municipality managed to organize 4 workshops per sector per quarter in the 3 divisions of Njeru central, and 1 at the Municipal level in the financial year 2015/16 but increasing awareness on health systems was still very low. Sensitization on leadership and management skills by Adult Community Center, Orientations, trainings from Municipality council executives, sensitization and workshops, monitoring and supervision, inspection, school health, commemoration of health days, surveillance and other general health activities were not conducted due to insufficient internally generated revenue using a total of 136,894,404/= against the ceiling of 495,146,525/= budgeted.

Results in chapter four indicated that Provision of free adult education in the community was the other use of internally generated revenue in Njeru to reduce the level of illiteracy in the society (Mean = 2.49). This means that on minimal levels, the municipality provided basic education to the adults within the community. Two classroom blocks constructed at Njeru P/S and Buziika C/U P/S. All Primary schools in the municipality inspected with detail report on their operations.

Plans to construct more classrooms for the schools, better toilet facilities for the schools in the municipality, staff quarters for the teachers in the government aided primary schools, purchase 2 motorcycles for field activities and construct latrines at: Nakibizzi C/U, St. Stephen P/S, God's Will Junior School, Bugungu P/S, Kiryowa UMEA P/S, Njeru P/S, and Namwezi UMEA P/S were all not possible due to low internally generated revenue. The study is supported by Fitz W

Bingling,(1997) who argues that service delivery should take into consideration the completion rate and recovery rate by service providers and similarly Minnesota, (2008) found out that since technocrats undertake service delivery on behalf of governments, thus there is need for “a bottom-up “prioritizing to have effective spending of public resources. Results also revealed that provision of clean water for the people in the municipality area was another indicator for effective use of internally generated revenue in njeru Municipality (Mean =2.41). This means less than 50% of the population in Njeru municipal council lacked acces to safe water, (Photograph No.7)

Plans and Links to the Development Plan to install water harvesting tanks to each school in the municipality in order to improve access to safe water for the communitybut internally generated revenue were insufficient to fulfil the projects. Access to safe water and sanitation is as one of the key public services that determine the quality of life of the population in Njeru municipality through increasing domestic water points that include boreholes, shallow wells, protected springs, rain water harvesting tanks and public taps was only possible to a tune of 20 % of the population having access to safe water. This finding is in agreement with Kaweesa. K (2001) saying that poor local revenue management poses serious constraints to service delivery levels. Where revenue collections are low, the activity budgets will not be met and hence the services will not be satisfactorily delivered which will make the community to miss out the much needed services, and worse still the urban authorities which depend entirely on local revenue for operations and emoluments will be faced with stringent challenges to deliver services.

5.1.3. Accountability for internally generated revenue and the level of service delivery in Njeru Municipal Council

Findings in Table 4.9 indicated that Service delivery was also linked to financial accountability were community awareness and evaluation intervened. The study however, found that reading and displaying financial reports was fairly done by the Municipality officials (Mean=2.39) which reduced the participation of the people in the revenue management process. If the reports are not put to public view or consumption, it means that the likelihood of people to participate in the revenue management (e.g assessment and collection) process is lowered since they are not even informed about the final outcomes.

This was supported by Dwivedi and Jabbra (1989) who viewed that while financial accountability in its core sense is a “democratic” concept, it allows the community to take active role in administration of public money. Similarly, they observed that where citizens, through direct (elections) or more often indirect means and institutions (representative institutions and other bodies), they hold the Government to account for stewardship of public funds. Similarly, the study in Table 4.9 noted that some Council staff and Local leaders were not able to track revenues and expenditures statements, (Mean=2.33) for which undermined their active participation in the revenue management process. Additionally, the study noted that financial accountability was not done regularly (Mean=2.41) thus financial losses were fairly minimized which further limited the council to be financially sound. Rabrenovic (2009) thus noted that financial accountability and citizen’s participation needed to be assured so that possible public wrongdoing is minimized within government at all levels in the chain of command. Therefore, urban authorities have to institute measures by which citizens are active players rather than decision takers which uphold the accountability of finances.

Just like, Krylova, E. (2005). Urged that allowing various stakeholders participation in revenue management becomes a tool for accounting to an instrument capable of showing the performance of local government, fostering transparency, and holding officials accountable both managerial and financial wise. This was however not established by this study as access to financial documents was not found hence minimizing financial accountability.

5.2 Summary of the major findings

5.2.1 How internal revenue collection methods affect service delivery in Njeru Municipal Council

The primary aim of this study was to analyse and evaluate revenue generation in relation to service delivery in Njeru municipality. In an attempt to give such in depth analysis, the researcher decided to place emphasis on some relevant areas, thus the different methods of internal revenue generation were clearly enumerated which included; Self-assessment, Private revenue collection (Tendering), Enforcement by Tax personnel and Public awareness among others.

5.2.2 Utilization of internally generated revenue and service delivery in Njeru Municipal Council

The effective performance of municipality can best be assessed by considering the status of key social economic indicators for the Municipality. The associated subsequent reforms placed the delivery of primary education, health, rural roads, water and sanitation, community services, and agriculture extension services, among others, in the hands of municipality councils. Municipality council leaders are also supposed to ensure that central government services are effectively delivered to their electorate. Essentially, well performing municipality should lead to improvements in key indicators for these services. The municipality infrastructural development in terms of good roads, pipe-borne water, hospitals, and schools was low due to low levels of internally generated revenue. This retarded the number of people and business that pay taxes and definitely increased the revenue generation because less people would continue paying taxes to Njeru municipality.

Supply of social and economic services was low due to low levels of management of internally generated revenue. Service delivery could not therefore be directed towards the provision of social services like good wards, basic health facilities, environmental sanitation, town halls, street light and water supply. Hence revenue generation cannot support infrastructure development in Njeru municipality.

Njeru municipality internally generated revenue was mainly used for councillors' emoluments, co-funding capital development projects, providing bursaries, building administrative headquarters, operation and maintenance of infrastructural facilities. This funding source was therefore instrumental in sustaining decentralisation but not sufficient for service provision at local level

Misplaced priority also hinders utilization of revenue of the local governments. The revenue allocated and generated by local government are always misplaced and mismanaged. As one of the findings of this study, priorities are misplaced projects are done not according to or as demanded by the people.

5.2.3 Accountability for internally generated revenue and the level of service delivery in Njeru Municipal Council

The analysis on financial accountability presented in the Table 4.9 in Chapter 4 revealed that financial accountability constituted of only two components which were identified as fiscal reporting and adherence to fiscal procedures. These components explained that about 51.542% of the total variance in financial accountability in the Municipality which suggested that financial accountability was just average implying that it was not fully implemented and achieved in Njeru Municipality. The researcher also found out that lack of accountability constitute problem for effective utilization of local government revenue, poor leadership, corruption, poor electoral body at the local level, late release of fund from the state government and inadequate skilled personnel.

5.3 Conclusion

Generally, the study established the relationship between revenue management and its contribution to service delivery in urban authorities. It denotes that were a higher level of revenue management is practiced within the urban authority; there is great improvement towards service delivery within the community. The study concluded that revenue management was averagely practiced in urban authorities in which various revenue collection methods (Self-assessment and tendering), revenue utilisation and accountability were identified. This shows that urban councils have tried to involve all the different stakeholders into revenue management processes.

Secondly, I conclude that community awareness through sensitization programmes and mobilization for collective participation formed a basis for which revenue management was conducted. The major problem of the utilization of local government revenue originated from electing greedy and semi-skilled personnel who knew little of nothing about being a leader or functionaries in the local government. The overall impact of the problem of effective utilization of revenue available is to say that, it has produced underdevelopment such as inadequate of social amenities like good roads, clean and safe water, electricity and other social infrastructural facilities. The research work has discussed critically and analytically the issues of accountability. It is the view of the researcher that if those entrusted with the money of the local government are honest and accountable, posses sound knowledge about revenue, reduce human factors and posses accurate and reliable information etc. they will be able to effectively and efficiently manage and utilize revenue

at municipality level in such a way that will commend the support and approval of the people and deliver the needed services to where it is most wanted. However, public dissemination of the financial outcomes as well as display materials about the revenue management process was not fully carried out by the Municipality thereby impinging on the participation of various stakeholders in revenue management. This in turn underscored the possibility of the community to participate in monitoring and evaluation of the planned activities thus limiting accountability.

Additionally, I denoted that a sound revenue management process greatly contributes to adequate and quality social services in a way that financial accountability in form of financial reporting, adherence to statutory fiscal reporting formats, compliance with financial and auditing regulations as well as an active internal auditing department which regularly scrutinizes reports significantly provide a platform through which public funds are well managed. It is therefore becomes imperative for officials of Njeru municipality to adopt measures such as good governance, transparency, public enlightenment, efficient personnel management and visionary leadership to shore up its revenue generation.

5.4 Recommendations

Based on this study conclusion the researcher made the following recommendations:

- a)* Firstly, it is pertinent to underline the fact that proper management and accountability in the management of internally generated revenue must be recognised as a first instance as Njeru Municipality embark on broadening the revenue base.
- b)* Njeru municipal council should establish Revenue Enhancement Committee as “methods and ways of generating and mobilising local revenues that effectively use the scarce resources (people-power and money) available in a council to enhance tax administration and promote awareness in a manner that reduces the cost of compliance and maximises the revenues collected”. These include, inter alia, sensitization of taxpayers, linking taxes to services, setting reserve prices and updating data.
- c)* Timely accountability to tax payers should be done in order to avoid wastage of local revenue collected and ensuring proper allocation of services to the community.
- d)* Njeru Municipality should organize continuous tax education and awareness of the civic, political leaders and communities on the collection, utilization and accountability of local

- revenues through engaging in a partnership with civil society, the private sector and to educate masses about their rights and obligations including paying taxes for development.
- e) Political leaders that include councillors must be educated and frequently reminded of their supportive role in local revenue collection.
 - f) Councils must monitor compliance with the contracts entered with outsourced revenue collection agents
 - g) Municipalities should enact bylaws for all sources of own source revenue. This will ensure that there is legal backing for collection and follow up on compliance and defaulters.

5.5 Areas for Further Research

Further research should be conducted to establish how appropriate interventions of combating corrupt practice, misappropriations of public funds, instituting proper disciplinary and legal actions can reduce loss of revenue generation.

- More research should also be conducted on ways of enhancing local revenue base in local governments.
- To examine the influence of computerized revenue management system on service delivery in the public sector authorities.
- To assess the effect of technical administrative framework for local taxation potential, monitoring and supervising the collection procedures affect the level of internal revenue generation in local governments.

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APPENDIX A: QUESTIONNAIRE FOR THE PUBLIC AND LOCAL AUTHORITIES

Dear Respondent,

I am Luwandagga Apollo.C, a student of Kyambogo University conducting a study on *“Internally Generated Revenue Management and Service Delivery in Urban Authorities, A case Study of Njeru Municipal Council.”* as a case study. Your opinion on the issues in the questionnaire is to facilitate me attain the partial fulfilment of the requirements for the award of the degree of Masters in Business Administration of Kyambogo University. The information given is purely for academic purposes and will be treated with utmost confidentiality. Your cooperation will be highly appreciated.

Section A: Demographic Characteristics of Respondents. (tick where appropriate)

No	Biodata	Option	Please tick
1.	Gender	a) Male	
		b) Female	
2.	Age Bracket (years)	a) Below 20	
		b) 21- 30	
		c) 31- 40	
		d) 41 and above	
3.	Education Level	a) Certificate	
		b) Diploma	
		c) First degree	
		d) 2 nd degree and postgraduate	
		Others specify	
4.	Length of Service in Njeru Municipal Council	a) Less than 2 year	
		b) 2-5 yrs	
		c) 5-7 yrs	
		d) Over 8 years	
5.	Position held in Njeru Municipal Council	a) Town Clerk.	
		b) Mayor	
		c) Heads of Department.	
		d) Senior finance officer	
		e) Administrative Staff	
		f) Local Leaders.	
		g) Tax payer	

Section C(ii): How Revenue collected has helped in Service Delivery

How has revenue collection helped to improve service delivery in Njeru Municipal Council,?

Please indicate the extent to which you; Strongly disagree (1), Disagree (2), Not sure (3), Agree (4), Strongly agree (5)

	How Revenue collected has helped in Service Delivery	5	4	3	2	1
16	Garbage collection					
17	Provision of a well-equipped health centre in the community to reduce the rate of the people					
18	Road construction & maintenance for easy movement of transportation					
19	Health centres and medical facilities					
20	Free education and construction of schools					
21	Security, law enforcement environmental al protection					
22	Provision of clean water for the people in the municipality area					
23	Provision of free education in the community to reduce the level of illiteracy in the society					
24	Provision and maintenance of public conveniences, sewage and refuse disposal					

Section D: Financial Accountability in urban authorities

How financial accountability has been achieved in Njeru Municipal Council.? Please indicate the extent to which you; Strongly disagree (1), Disagree (2), Not sure (3), Agree (4), Strongly agree (5)

	How Financial accountability has been achieved in relation to service delivery.	5	4	3	2	1
25	Financial accountability is done regularly thus revenue losses are minimized					
26	Njeru Municipality follows the statutory fiscal reporting formats by the ministry of finance planning and economic development.					
27	The local government public accounts committee regularly reviews the Municipality internal audit reports					
28	The auditor general regularly examines Municipality accounts for compliance with the public finance and accounting Regulations (LGFAR).					
29	Quarterly Financial reports are read and displayed at different Municipal Divisions					
30	Financial documents about projects are easily accessed by community.					
31	Recommendations of the annual IGG audits are always implemented by Municipality					
32	Staff and Local leaders are able to track the revenues and expenditures at all levels throughout the financial year.					

Thank you.

APPENDIX B: INTERVIEW GUIDE

Dear respondent,

This questionnaire is purely for academic purpose, designed for obtaining information about: **Internally Generated Revenue Management and Service Delivery in urban authorities** : - A case study of Njeru Municipal Council. This research is a requirement for the award of a Masters degree of Business Administration of Kyambogo University and therefore the information obtained will be treated with utmost confidentiality.

Section A: Bio data

1. Title.....
2. Sex/gender.....3. Age.....4. Contact

Section B: Questions.

1. What are the different sources of internally generated revenue in Njeru Municipal Council?
2. In your opinion, how does Njeru Municipal council collect internal revenues from the business community?
3. In your opinion, does Njeru Municipal Council account for internally generated revenue?
4. Do you think Njeru Municipal council collects enough local revenue from the business community?
5. Are the feeder roads in Njeru Municipality passable?
6. Do you think community members access good health services from Health centres IIIs in Njeru Municipality?
7. Are you comfortable with the quality of education offered by schools in Njeru Municipal council?
8. In your Opinion, is garbage collection and disposal done regularly in Njeru Municipal council?
9. What is your opinion on the competence and skills of Njeru Municipal council staff in regard to service delivery?
10. In your opinion, do you think Political leaders influence the assessment, collection and usage of local revenue in NjeruMunicipal

APPENDIX C: OBSERVATION CHECKLIST

1. Status of Primary schools structures and teaching aids in Njeru Municipality
2. Access to clean water sources in Njeru Municipality
3. State of Feeder roads in Njeru Municipality
4. Health centers in Njeru Municipality
5. Value for money and compliance reports
6. The state of hygiene in Njeru Municipality
7. Garbage collection and disposal centres in Njeru Municipality
8. Revenue collection Centres in Njeru Municipality
9. Status of Toilet facilities at some Primary Schools in njeru Municipality
10. Status of accommodation facilitates at some Primary schools in Njeru Municipality

Appendix F: MUNICIPALITY BUDGET FRAMEWORK illustrating Locally Raised Revenues

A. Revenue Performance and Plans

<i>UShs 000's</i>	2015/16 Approved Budget	Receipts by End September	2016/17 Proposed Budget
1. Locally Raised Revenues	0	0	3,626,900
Other Fees and Charges	0	0	9,500
Advertisements/Billboards	0	0	45,733
Agency Fees	0	0	10,000
Animal & Crop Husbandry related levies	0	0	3,000
Business licences	0	0	192,368
Ground rent	0	0	1,159,000
Inspection Fees	0	0	253,400
Municipality Hotel Tax	0	0	46,000
Local Service Tax	0	0	253,203
Miscellaneous	0	0	30,000
Other licences	0	0	33,349
Royalties	0	0	293,120
Market/Gate Charges	0	0	20,900
Sale of non-produced government Properties/assets	0	0	1,000
Park Fees	0	0	73,600
Rent & Rates from other Gov't Units	0	0	1,700
Registration (e.g. Births, Deaths, Marriages, etc.) Fees	0	0	3,520
Public Health Licences	0	0	24,500
Property related Duties/Fees	0	0	1,173,007
2a. Discretionary Government Transfers	0	0	810,222
Urban Unconditional Grant (Wage)	0	0	365,257
Urban Discretionary Development Equalization Grant	0	0	146,843

APPENDIX G: PHOTOGRAPHIC ILLUSTRATION OF THE INDICATORS OF LOW SERVICE DELIVERY IN NJERU MUNICIPALITY

Photo 1: Redundant Roadside market at Buziika-Njeru South Parish due to lack of Toilet, Water and Electricity in the Market



Photo 2: Inadequate Desks in Classroom at St. Anthony Girls Primary School-Nyenga

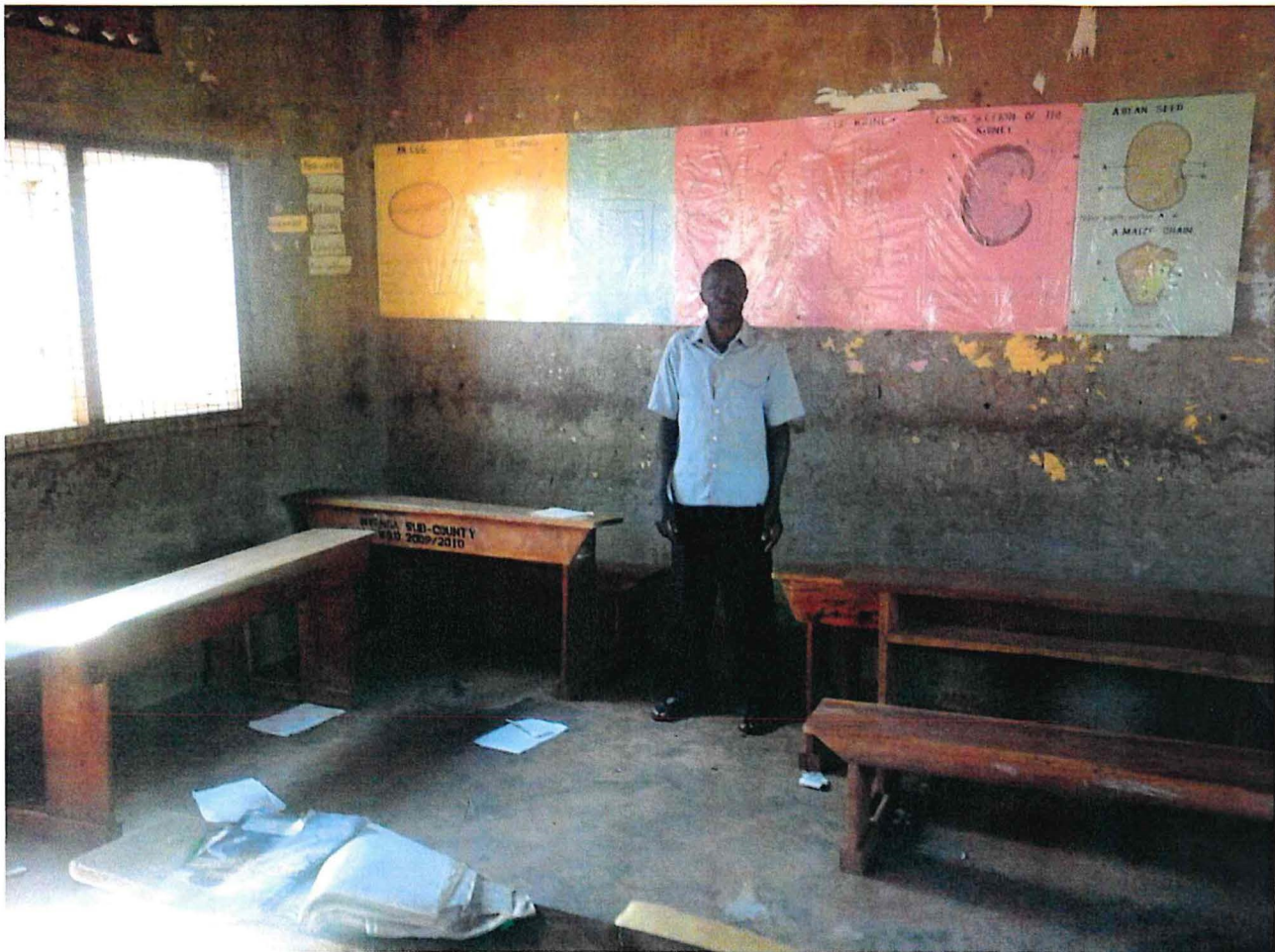


Photo 3: Poor Toilet Facilities at St. Marys Kiryowa Primary School



Photo 4: Dilapidated and Condemned Staff Quarters at St. Marys Kiryowa Primary School



Photo 5: Potholes and Bushes along roads along Yusuf-Lule Road



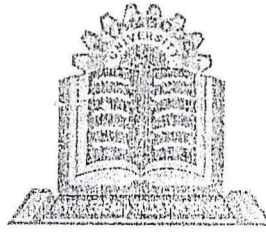
Photo 6: Hips of garbage along Njeru-Kayunga Road



Photo 7: Illustrating 50% of the population in Njeru Municipality Accessing Unsafe Water



KYAMBOGO UNIVERSITY



P.O.BOX 1 KYAMBOGO, KAMPALA-UGANDA

Tel: 0414289475 Fax: 0414-220464.

www.kyambogo.ac.ug

Office of the Dean, Graduate School

Your Ref.....

Our ref KYU/GSch/01/15

9th August, 2016.

TO WHOM IT MY CONCERN

Dear Sir/Madam

RE: LETTER OF INTRODUCTION

This is to introduce to you, Luwandagga Apollo.C Registration Number 13/U/2012/GMBA/PE who is a student of Kyambogo University pursuing a Master of Business Administration of Kyambogo University.

He is carrying out a research on "*Internally Generated Revenue Management and Service Delivery in Urban Authorities: A Case of Njeru Municipality Council.*" The study will be conducted in Njeru Municipality Council in partial fulfillment of the requirements for the award of the Master of Business Administration of Kyambogo University.

This is to kindly request you to grant him permission to carry out this study in your establishment.

Any assistance rendered to him will be highly appreciated.

Yours faithfully,

Handwritten signature of Dr. M.A. Byaruhanga Kadoodooba.

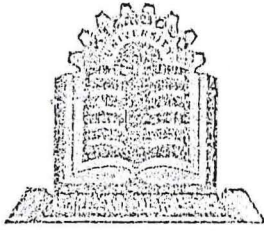
Dr. M.A. Byaruhanga Kadoodooba

Dean-Graduate School

Handwritten signature.

19/08/2016

BK/nmb



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www.kyambogo.ac.ug

Kyambogo University Graduate School

Form: KyU/GS/PR/1

PROGRESS REPORT RESEARCH WORK

FACULTY SOME DEPARTMENT MANAGEMENT SCIENCE

STUDENT'S NAME LWANDA GITA APOLLO C

REG. NO. B/112012/CTMBX/PR PHD/MSc/MA/MA Phil/ MBA Full/Part Time

PROJECT TITLE
FINANCIALLY GENERATED REVENUE MANAGEMENT AND
SERVICE DELIVERY IN URBAN AUTHORITIES

SUMMARY OF WORK COMPLETED

CHAPTERS ONE, TWO AND THREE.

PERCENTAGE PORTION OF ORIGINAL WORKPLAN COMPLETED

60%

CONSTRAINTS, PROBLEMS/SUGGESTIONS

FUNDING AND TIME.

WORKPLAN FOR THE NEXT SIX MONTHS

DATA COLLECTION AND ANALYSIS.

STUDENT'S SIGNATURE

DATE

05/08/2016

COMMENTS: BY THE PROGRAMME CORDINATOR

.....
.....
.....
NAME & SIGNATURE *Dr. Joseph*
DATE *8/8/2016*

COMMENTS: BY THE PRINCIPAL SUPERVISOR OR SECOND SUPERVISOR

.....
.....
.....
NAME & SIGNATURE *W. Stephen Karamba*
DATE

COMMENTS: BY CHAIRMAN OF DEPARTMENTAL GRADUATE & RESEARCH COMMITTEE (WHO IS HEAD OF DEPARTMENT)

.....
.....
.....
NAME & SIGNATURE *Hajjat Bwira*
DATE *5th 18/08/2016*

COMMENTS: BY FACULTY GRADUATE AND RESEARCH COMMITTEE (WHO IS THE DEAN OF FACULTY/SCHOOL)

.....
.....
.....
NAME & SIGNATURE *Munyira*
DATE *5/8/2016*

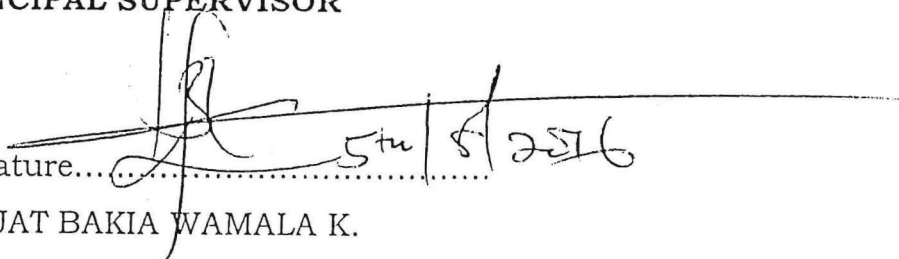
COMMENTS: BY CHAIRMAN KYAMBOGO UNIVERSITY GRADUATE BOARD

.....
.....
.....
NAME & SIGNATURE *W. Bwalya Karamba*
DATE *08/08/2016*

APPROVAL

This Research Proposal entitled “**Internally generated revenue management and service delivery in Urban Authorities**”: A case study of Njeru Municipal Council was administered and presented for examination with my approval as a University Supervisor.

Signature..... 05/8/2016
DR. KASUMBA STEPHEN
PRINCIPAL SUPERVISOR

Signature..... 5th / 8 / 2016
HAJJAT BAKIA WAMALA K.
2nd SUPERVISOR

APPENDIX 3: NOTICE OF SUBMISSION OF THESIS

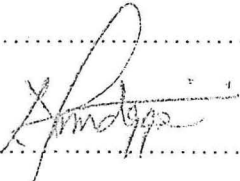
The student to submit three (3) copies of this form and submit it to the Graduate School

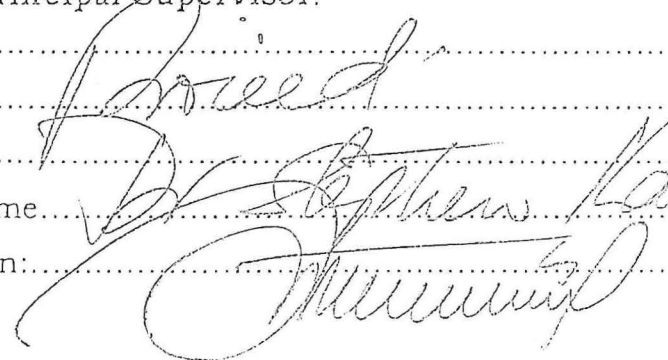
TO: The Chairperson, Kyambogo University Graduate School Board

FROM: Student's Name: LWANDALWA APOLLO C
 Registration Number: 13/U/2012/EMBA/PE
 Student Number: 130810002012
 Department: MANAGEMENT SCIENCE
 Faculty/School: SOME
 (Par Time/Full time) FULL TIME

I propose to submit my thesis (MAG, MARS, MBA, MEd.PPM, MAH, MSc.SCM, MSP, IOPP or PhD) For examination on or before Day: 30th Month OCTOBER of year: 2016

Field of Specialization: FINANCE & ACCOUNTING (e.g. Sport science, Literature etc)
 Thesis Title: INTERNALLY GENERATED REVENUE MANAGEMENT AND SERVICE DELIVERY - A CASE STUDY OF NJERO MUNICIPALITY

Student's signature:  Date: 26/09/16
 Comments from the following:

(a) Principal Supervisor:
 Name: Dr Stephen Kasamba
 Sign:  Date: 27/09/2016

(b) 2nd supervisor(s) comments:

O.K

Hajjat Bakia Khamala Besaal

Name:

Sign:

Date:

27th/9/2016

(c) Programme Coordinātor

Advanca

Name:

Sign:

Date:

Bisasa - E. Rita

Bisasa

27th Sept 2016

(d) Chairman Departmental Graduate & Research Comments:

Proceed

Name:

Sign:

Date:

Hajjat Bakia Khamala Besaal

Hajjat

27th/9/2016

(e) Chairman Faculty Graduate & Research Comments:

Proceed

Name:

Sign:

Date:

Dr. Stephen Kalumba

Dr. Stephen

27/9/2016

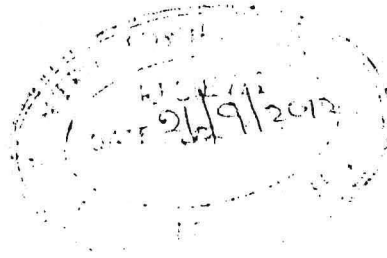
TEL: 256-043-121040
256-043-121010
Email: njeruurbancouncil@yahoo.com

IN ANY CORRESPONDENT ON
THIS SUBJECT PLEASE QUOTE No.



NJERU TOWN COUNCIL
INTERNAL AUDIT DEPARTMENT
P.O. Box 1
NJERU - UGANDA

21/09/2012



The Ag Town Clerk,
Njeru Town Council.

Fourth Quarter Internal Audit Draft Report for the financial year 2011/12

In accordance with the Local Government Internal Audit Manual 2007, I wish to submit to your office the fourth quarter internal audit draft report for the financial year 2011/12 for your consideration and response to the issues therein. Attached is a copy of the same.

Yours faithfully,

Ssentongó Herman

Head of Internal Audit.



Copied to; Head of Finance

All Heads of Departments



THE REPUBLIC OF UGANDA

ORIGINAL

UGANDA LOCAL GOVERNMENT
NJERU TOWN COUNCIL

GENERAL RECEIPT

Date: 24/8/2011

FOR TREASURY

Received from Maganda G.
 the sum of Four million five hundred
forty two thousand three hundred shillings only cents
 being Revenue collections from field

VOUCHER NO.

HEAD AND SUB-HEAD	AMOUNT	
	SHS.	CTS
	= 4,542,000 =	
11 2701 — 80,000 =		
14 2206 — 232,000 =		
WST — 2,795,000 =		
14 2214 — 46,000 =		
14 2208 — 1,389,000 =		
	= 4,542,000 =	
Cash/Cheque No	TOTAL	

.....Cashier