MAKERERE ⬡ UNIVERSITY

MAKERERE UNIVERSITY BUSINESS SCHOOL

AN ASSESSMENT ON THE EFFECTIVENESS OF REVENUE COLLECTION IN LIRA CITY

BY

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PLAN B

DECLARATION

I Odongo Milton Amaya Moses do declare that this research report is my own initiative which has certainly not been presented to any university or institution of higher learning for award of a degree.
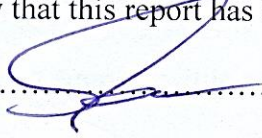
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APPROVAL

This is to certify that this report has been submitted with our approval as university supervisors

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DEDICATION

I dedicate this research to my wife Stella Odongo and my daughter Adite Wine Getrude, sons Okune Aron and Egika Tonny and other children for their love, understanding, and encouragement and support while conducting this study and throughout my course. I would also like to thank my children, for their constant support and encouragement and for keeping it fun.

ACKNOWLEDGEMENT

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LIST OF ACRONYMS

BMAU	Budget Monitoring and Accountability Unit
CSBAG	Civil Society Budget Advocacy Group
IFMS	Financial Management System
IMF	International Monetary Fund
KIWEPI	Kitgum Women Peace Initiative
LCC	Lira City Council
LG	Local Government
LGAs	Local Government Authorities
LGFC	Local Government Finance Commission
LGPAC	Local Government Public Accounts Committee
LGRP	The Local Government Reform Programms
MoFPED	Ministry of Finance Planning and Economic Development
MOLG	Ministry of Local Government
OECD	The Organization for Economic Co-Operation and Development
PER	Public Expenditure Review
PFMA	Public Finance management Act
SEATINI	Southern and Eastern Africa Trade Information
SPSS	Statistical Package for Social Sciences
Ug	Uganda
USMID	Uganda Support to Municipal Infrastructure Development

OPERATIONAL DEFINITIONS

Revenue - Revenue as used in public sectors is the money receive by the public sector for delivery of public services through exchange transactions and non-exchange transactions

Local revenue - Local revenue refers to the money that the local government collects from tax payers to finance it activates

Taxes - Are compulsory contribution to state revenue, levied by the government on workers' income and business profits, or added to the cost of some goods, services, and transactions.

ABSTRACT

The study assessed the effectiveness of local revenue collection in Lira city Local Government (LGs). Specific objectives were to examine: The effectiveness of local revenue collection, challenges in ensuring effective revenue collection; and to establish the strategies that can be undertaken to ensure effective local revenue collection in Lira city. The research adopted a descriptive and a cross sectional approach conducted using quantitative approach, employing primary method of data collection. The finding highlighted ineffectiveness of local revenue collection to the extent that the local revenue collected cannot fund council operations and hence over dependence from Central Government. Central Government and political interference; corruption practices; ineffective enforcement of policies; ineffective revenue accounting system and mechanism, no engagement of tax payers; use of unskilled, unprofessional and unmotivated staff; not all budgeted local revenue collected; and lack of supervision and monitoring of local revenue collection were identified as challenges to local revenue collection. Strategies identified included effective and strengthened internal control system for revenue collection; regular update and strengthening the policy and legal framework for revenue administration and collection; ensuring efficient perfromance0; creating awareness, sensitization and providing information to tax payers; effective planning, mobilization, and enforcement of local revenue collection; enhancing transparency and accountability; and engaging tax payers and utilization of skilled and motivated local revenue collectors. The study recommended that Lira city strengthens its internal control system on local revenue collection; ensure an effective risk management system; ensure constant management and supervision of local revenue collection; and implement the strategies identified in the research findings so as to ensure effective local revenue collection. Areas for further studies are: An assessment of the perception of tax payers on local revenue collection in Lira city; and an assessment of the attitude of personnel on local revenue collection.

CHAPHTER ONE

INTRODUCTION

1.1 Background

Effective local government is the backbone of community development. It is responsible for aspects of everyday life that people care about deeply such as good services delivery (Victorian Government, 2012). It is obvious that in order to deliver such services, any government needs adequate revenue generation (Ijeoma, 2010).However, it should be noted that a successful development of any country depends in largerly on the efficiency, integrity, and effectiveness with which the state raises, manages, and expends public resources (Hegarty and Maggi, 2009). These resources are responsible for financing different development activities in both economic and social in the process of fostering economic growth and social development. (Bakibinga, Kanggave and Ngabirano, 2018).

Local governments are constitutionally empowered to control, regulate and also raise revenues from activities in their jurisdiction. In so doing, they impose some taxes and rates on these economic activities as a way of generating funds for their operations. The Constitution and Local Governments Act (CAP 243) also provides for sources of local revenue where LGs should benefit.

Awitta, (2010) referred to revenue collection as the amount of money that an Entity receives during a specific period. It is the "top line" or "gross income" figure from which costs are subtracted to determine net income. Revenue collection can be defined as income that an organization receives from its normal business activities, usually from the sale of goods and services to customers. In SEATINI & KIWEPI Report, (2017) revenue collection was referred to as the assessment, billing, enhancement and the enforcement of taxes to be paid by the tax payers to the local government.

According to the Monitoring and Accountability, Ministry of Finance, Planning and Economic Development Briefing Paper- BMAU, (2019), local governments generate revenue internally through levies that include; property tax, business licenses, market dues, parking fees, and fines. The Local Governments through the Technical Planning Committee (TPC) identifies the available sources of local revenue within the locality. Assessment of the current revenue sources and collections is done at the lower local governments (sub-counties, parishes and villages). Additionally, projections for revenue collections of the ensuing financial year are determined based on the previous years' collection and forecast. The revenue projection and their sources are then submitted

The Government of Uganda since financial year 2015/2016, started to implement reforms to improve the ways LGs are financed to implement their mandates as enshrined in the law(s) governing them. Government has embarked on reforms to finance LGs to enable them to better deliver the mandated services. Among these is the Intergovernmental Fiscal Transfer Reform that started in FY 2014/15 that focuses on three main objectives: a) Restore adequacy in financing of decentralized service delivery; b) Ensure equity in allocation of funds to LGs for service delivery; and c) Improve the efficiency of LGs in the delivery of services (Local Government Finance Commission, Annual Reports-LGFC Report, 2018). In addition, from financial year 2011/12, the Local Government Finance Commission has supported a number of LGs through, among other activities, installing a local revenue database system to improve taxpayer data and increase collection. Currently those which are effectively operational are 24 districts and the 14 Municipalities under the USMID program (BMAU, 2019).

Despite the above reforms, globally, various researchers and audit findings revealed that almost all Local authorities rely on Central government (C.G) grants in order to run well their operations as well as developmental activities, an indication that without those grants almost all Local governments could collapse (McCluskey, et al, 2019).

In Sierra, Leone and Malawi and Fish, (2015) noted collecting revenue from large numbers of businesses and citizens as an ongoing challenge especially in developing countries.

In Tanzania, Mdagachule, (2014) also assessed factors affecting revenue collection in Local government authorities in Mpwapwa District Council and found several problems in collecting revenue from its own sources.

In Kenya, Kiplangat and Njiru, (2016) observed that Local governments continue to experience low levels of revenue generation and maintenance most of which are man-made and therefore avoidable. Despite the numerous rules and regulations, the varying and deepening levels in revenue generation and collection still occur across all entities in the government and private sectors

In Uganda, local revenue enhancement in local governments continues to be a very big challenge despite the various interventions from the different stakeholders (Local Government Performance Assessment report, 2018). The inadequacy of Uganda locally generated revenue has remained a major challenge for Local Governments (LGs) with recent studies showing that collections of local revenues are highly inadequate and that local governments are highly dependent on central government grants in running their operations (Bakibinga et al, 2018). The contribution to the local government budgets has remained low, at less than 3% for district local governments, and 7% for Town Councils and Municipalities; and the local governments have not fully exploited their potential to generate local revenue. There is an increasing inability of LGs to finance operation and maintenance of their investments in the wake of reducing local revenues (BMAU Briefing Paper, 2019).

Most of the Local governments are still unable to finance their budgets from locally generated revenues (SEATINI Ug. and KIWEPI, 2017). It has not been clearly established whether the funds are fully collected and properly utilized (Mapaata et al, 2017); and what remains unclear is the actual causes of poor local revenue collection in local governments (McCluskey, et al, 2019) because local governments

largely depend on central government transfers which are usually conditional (SEATINI Ug. and KIWEPI, 2017). Most local government financing is from conditional grants from the Centre, with limited flexibility for specific local needs; Central Government grants to Local Governments contribute over 85% of financing to LG budgets with more than 90% of this funding coming in form of conditional grants. As a result, focus has now been more on minor repairs leading to a backlog of rehabilitation and reconstruction which is partly the cause of breakdown of public infrastructure investments like boreholes, bridges, and roads. Across most local governments, local revenue collected cannot even cover the sitting allowances for councilors in a financial year (BMAU, 2019).

This undermines the whole essence of decentralization, aims at strengthening the autonomy of local governments (Bakibinga et al, 2018). Needless to say, therefore, there is a need to assess the effectiveness of revenue collection in Lira city: a reason that necessitated this study.

1.2 Statement of the problem

The Government of Uganda has been implementing reforms to improve the way Local Governments (LGs) are financed to implement their mandates as enshrined in the law(s) governing them. Local government are mandated to collect revenue in order to bridge the funding gaps between central government transfers and the actual amount of funds budgeted by the local government (BMAU, 2019). Local governments with no exception of cities continue to experience low levels of revenue generation and maintenance most of which are man-made and therefore avoidable. Despite the numerous rules and regulations, the varying and deepening levels in revenue generation and collection still occur across all entities in the government and private sectors (Kiplangat and Njiru, 2016). A number of revenue sources for local revenues remain untapped, subsequently, distorting planning as revenue targets are not based on actual assessed potential and thus making collection difficult (BMAU, 2019). There is a low overall collection of local revenues by Uganda local governments including municipalities' local governments

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with only 22% of the local revenue potential is being collected which raises questions as to what happens to the remaining 78% uncollected (LGFC Annual Report- 2018).

Although Lira city has good sources of revenue and polices set in place for revenue assessment, revenue enforcement and revenue collection, reports from the internal audit department for financial year 2018/2019 indicated poor revenue collection to the extent that only 67% of the budgeted local revenue was collected which makes it very ineffective for the city to mobilize revenue and finance its operation and maintenance of its investments (Lira city Internal Audit reports, 2019)

According to the report, the total estimated registered tax payers was over 5,000 with total budgeted local revenue was 1.8 billion but by the end of June, 2019, only 1.2 (67%) billion was collected leaving an arrears of 6 billion (33%) uncollected.

1.3 General objective of the study

In the light of the aforementioned context, the main objective of the study was to assess the factors contributing to the effectiveness of local revenue collection by Lira city local government

1.3.1 Specific Objectives

i.   To examine effectiveness of revenue collection in Lira City

ii. To examine the challenges in revenue collection in Lira City

iii. To establish strategies to improve revenue collection in Lira City

1.4 Research Questions

iv. The study sought to answer the following questions:

v.   What is the effectiveness of revenue collection in Lira City?

vi. What are the challenges that effect revenue collection in Lira City?

vii. What strategies can improve the revenues collection in Lira City?

1.5 Study Scope

1.5.1 Geographical scope

The study was conducted in Lira city and its two divisions (Lira city West Division and Lira city East division) in Northern Uganda.

1.5.2. Content scope

The study looked at the effectiveness of revenue collection, challenges in revenue collection and strategies to improve revenue collection in Lira City local government.

1.5.3 Time Scope

The study considered literature related to time periods 2015-2020 because the span was wide enough to come up with logical conclusion on the subject matter to generate comprehensive report.

1.6 Significant of the study

To the researcher, the study may not only lead to the award of a master degree in Business administration but shall also help the researcher to gain more skills, knowledge, and experience about effectiveness of revenue collection in local governments. The research would be used by academicians and researchers as knowledge of literature in the areas of effectiveness of revenue collection; challenges to the effectiveness and revenue collection; and strategies to improve revenue collection in local governments

This study is important in its attempt to investigate the challenges affecting local revenue collection by Lira city local government. The strategies and recommendations made at the end of this study would assist leadership and supervisors in Lira City Council both politically and administratively to effectively deal with challenges they face in ensuring effective revenue collection and allocation.

It is hoped that the findings of the research would assist the Local government as well as the public in the city council of policies and strategies to ensure the effective revenue collection by public officials of Cities that could be used as a strategic framework designed to serve as a guide in all cities, thereby leading to the improvement of service delivery.

It is also envisaged that the study would provide insight to other researchers interested in revenue collection and allocation in the public sector for effective service delivery to explore further the findings emanating from this study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed existing literature on the study variables: factors contributing to effectiveness local revenue collection in Lira City. The chapter is divided into sections covering; theories related to local revenue collection, effectiveness of local revenue collection in local governments, practices challenges facing revenue collection by local governments, and measures to improve local revenue collection in local governments

2.1. Theoretical Background

The theoretical framework refers to a structure of concepts that exists and is a ready-made map for a study. It is composed of principles, theories, research findings and generalizations which are related to the subject under investigation (Sirkin, 2011). The study was built on institutional theory and the agency theory.

2.1.1. Institutional Theory

This theory, more sociological in character, originates from work done by Meyer and Rowan (1977). It has been said that institutional theory is becoming an important theoretical perspective in accounting and theory research (Dillard, Rigsby & Goodman, 2009). According to this theory, entities develop and design structures, processes and systems not primarily based on rational economic cost benefit analysis, but because they are more or less required incorporating new practices and procedures.

According to Meyer and Rowan (1977), organizations are driven to incorporate the practices and procedures defined by the prevailing rationalized concepts of organizational work and institutionalized in society. Organizations that do so increase their legitimacy and their survival prospects, independent of the immediate efficacy of the acquired practices and procedures.

For the purpose of this study, Institutional Theory was used because Local Revenue collection entities apply a system of corporate governance where there are several stakeholders, that is, the political class, the managerial class and the community or society. Institutional theory focuses more on the environmental factors being experienced by an organization such as "external or societal norms, rules, and requirements which organizations must conform to, for them to receive legitimacy and support. This theory helps understand the relationship that exists between different stakeholders and how it affects local revenue collection. Local Authorities use political structure of governance, which means their management are controlled by the political class in terms of policy making, decision making, revenue allocation and expenditures.

2.1.2. Agency Theory

Agency Theory According to the agency theory, a firm consists of a nexus of contracts between the owners of economic resources (the principals) and managers (the agents) who are charged with using and controlling those resources (Jensen & Meckling, 1976). The theory posits that agents have more information than principals and that this information asymmetry adversely affects the principals' ability to monitor whether or not their interests are being properly served by agents. As such, the theory describes firms as necessary structures to maintain contracts, and through firms, it is possible to exercise control which minimizes opportunistic behavior of agents (Jensen & Meckling, 1976). The theory recognizes that any incomplete information about the relationship, interests or work performance of the agent described could be adverse and a moral hazard. Moral hazard and adverse selection impact on the output of the agent in two ways; not possessing the knowledge about what should be done and not doing exactly what the agent is appointed to do. The agency theory therefore works on the assumption that principals and agents act rationally and use contracting to maximize their wealth (Jensen & Meckling, 1976).

2.2 Effectiveness of revenue collection in local governments

LGAs have to make sure that they have skilled employees all the time so as to increase efficiency and effectiveness of revenue collection. It should be noted that the success of local government depend not only on how the local government makes the most of human abilities, but also how it inspires commitment to an organization (Nijhof et al., 1998). Therefore, in order to bring revenue collection efficiency in local government authorities, employee's commitment has to be taken into consideration. Furthermore, administrative capacity and effective utilization of revenue sources will help to increase revenue collection in a cost effective way in LGAs (ILO, 2010). Moreover, corruptions, effectiveness of local government by laws and willingness to pay tax by tax payers have much to do with revenue collection efficiency in LGAs. Additionally, it is clear that political stability has positive impact on revenue collection efficiency. While political instability would reduce the efficiency of the revenue collection (Aizenman and Jinjarak, 2005). Therefore, it is the duty of the government to maintain political stability which has much to do in revenue collection efficiency in LGAs.

A number of issues have also been raised on the general practices within the different Local Governments which have hindered effective Local Revenue Mobilisation. The general trend which has been reported in most LGs is that the current methods, tools and professionalism with which the taxes are collected and their ultimate impact still remain insignificant (SEATINI Ug. and KIWEPI, 2018).
Various audit review and researchers have been undertaken on the ability of local governments to raise and properly utilize its revenue but the audit findings and researchers revealed ineffectiveness by local governments to collect local revenue which in return has resulted to almost all Local authorities relying on Central government (C.G) grants in order to run well their operations as well as developmental activities, an indication that without those grants almost all Local governments could collapse (McCluskey, et al, 2019).

Fish, (2015) on his research based on his fieldwork in Sierra Leone and Malawi revealed ineffectiveness of local governments to collect local revenue and that collecting revenue from large numbers of businesses and citizens is an ongoing challenge for any government, especially in developing countries. Review finding by McCluskey, et al, (2019) highlighted poor revenue collection by local governments. Mapaata et al, (2017) in his study report, doubted the collected and proper utilization of funds collected by local governments as there is laxity of revenue collectors to collect the potential revenues coupled with uncoordinated political statements and failure to maintain up-to-date taxpayer's registers hence failing to accurately estimate revenue potential and targets.

According to the LGFC Annual report, (2018), despite the various interventions from the different stakeholders, local revenue enhancement in Uganda local governments continues to be a very big challenge with recent studies showing that collections of local revenues are highly inadequate and that local governments are highly dependent on central government grants in running their operations (Bakibinga et al, 2018).

Studies conducted by Kopanyi and Franzsen, (2018) in Uganda, also revealed that only Kampala Capital City Authority (KCCA) has made significant improvements in revenue enhancement, confirming that efficient revenue collection relies on a good administration and a solid institutional framework.

BMAU report, (2019) revealed that a number of revenue sources for local revenues remain untapped, subsequently, distorting planning as revenue targets are not based on actual assessed potential and thus making collection difficult, and as a result, the contribution of local revenues to the Local Government budgets has remained low, at less than 3% for district local governments, and 7% for Town Councils and Municipalities. The LGFC Annual report, (2018) also revealed that newly introduced taxes have been unable to fully compensate for Graduated Tax leaving a financing gap; and that only 22% of the

local revenue potential is being collected which raises questions as to what happens to the remaining 78% uncollected.

SEATINI Ug. and KIWEPI report, (2017) highlighted low revenue collection by local governments of Uganda and that most of the Local governments are still unable to finance their budgets from locally generated revenues and hence, focus has now been more on minor repairs leading to a backlog of rehabilitation and reconstruction which is partly the cause of breakdown of public infrastructure investments like boreholes, bridges, and roads. In addition, BMAU, report, (2019) indicated that across most local governments, local revenue collected cannot even cover the sitting allowances for councilors in a financial year which has resulted in to local governments largely depend on central government transfers which are usually conditional Central Government grants to Local Governments which contribute over 85% of financing to LG budgets with more than 90% of this funding coming in form of conditional grants.

In a study conducted by Ogeatum, (2015) in Soroti Municipal Council, ineffectiveness and low of local revenue collection has been highlighted as one of the major challenges faced by the council. In Lira district local government, the Auditor General's Reports, (2016/2017) highlighted shortfall in revenue collection by 11% caused by ineffectiveness in the Internal Control System; and in Lira City, second quarter local revenue report shown, (2018/2019) that for period 1/7/2018 to 31/12/2018, only 615,750 of the annual budgeted 1,817, 080,000 has so far been collected representing only 67.7% of the expected revenue for the period.

2.3 Challenges in ensuring effective local revenue collection in local governments

Nuluva, (2015) asserts that challenges affecting revenue collection in local government authorities differ among local authorities. What remains unclear is the actual causes of poor performance of local revenue in local governments (McCluskey, et al, 2019). Generally, Ndungu & Kagiri, (2016) highlighted reasons for underperformance of local revenues to include lack of trained manpower, inadequate planning, lack of commitment, and poor implementation of revenue collection rules, regulation and procedure, lack of awareness by tax payers and poor method of data base management. Nuluva, (2015) also highlighted poor assessment of revenue base, lack of full automation, poor implementation of revenue rules, regulations and procedure, poor planning and lack of data base management, lack of awareness in tax payers, attitudinal problems and lack of commitment of revenue officers as challenges to local revenue collection.

Mutua and Wamalwa, (2017) argued that despite that fact that policy and legal framework are a paramount and foundational aspect of understanding own source revenue collection system and underpins the local revenue structure and design for any sub-national government, foundational challenges affecting local revenue collection is that governments lack adequate legislative framework for revenue mobilization and management coupled with lengthy and bureaucratic processes in enforcement of the legal framework. In addition, Local revenue legal provisions on enforcement for each of the revenue sources are very weak and even the penalties cannot be enforced due to lack of updated and comprehensive legal basis for revenue mobilization and management. The Civil Society Budget Advocacy Group-CSBA, (2017) believed that lacks of a comprehensive policy and legislation underpins revenue regime that consequently affects revenue mobilization.

According to SEATINI Ug. and KIWEPI, report, (2017), despite the fact that Registration and Enumeration and Assessment committees are critical in enhancing local revenue collection, currently, local governments are faced with challenges in regards to Registration and Enumeration and Assessment committee and to the extent that some of the local governments do not have the committees in place, at sub county, town council, municipal and district level yet without these committees, the Registration and enumeration and assessment process cannot function effectively.

As revealed in the CSBAG report, (2017), at the district, there is little or absence of tax data that could be used as a basis for developing a viable strategy to make reserve prices and capitalization of viable sources, and besides, many of the potential tax payers' do not have this tax data while other are just unwilling to share it. Furthermore, the tax payers are not so much involved in the revenue administration exercise; this can explain why most of them don't know why they pay the taxes.

Tendering out of revenue sources has caused a tremendous loss in revenue collections for a number of Local Governments. In this regard, before tendering out a revenue source (SEATINI Ug. and KIWEPI, 2017). This is because Local Governments allow private individuals/persons, associations, and cooperative societies to collect and have custody of proceeds from charges/levies (public funds) from passenger vehicles, yet some of these associations managing parks lack competence to manage them, have no technical and financial capacities, and personnel, and there is no proper assessment of the reserve prices of vehicle parks and there are illegal/private taxi parks operated by private operators (BMAU, 2019).

The Local Government Finance and Accounting Manual 2007, procedures on expenditures require that Local Government officials should not spend the revenue collected at source, but some local governments continues to spent revenue at source and as a result, less revenue collections are registered hence limiting the amount of money available for allocation to social services (SEATINI Ug. and

KIWEPI, 2017). This was also highlighted in BMAU report, (2019) that in some situations, revenue collectors have spent at source contrary to the PFMA, 2015 provisions. All these point to struggles by the Local Government staff to survive amidst low pay yet with a lot of responsibilities to shoulder. In addition, there is a display of poor attitude among technical staff, their leaders and Central Government in relation to local revenue and its enhancement due to general neglect of local revenue activities as if it is insignificant in the general Local Government financing system.

McCluskey, et al, (2019) asserts that there is no doubt that weak and often corrupt revenue administration remains a fundamental barrier to effective and fair taxation, and to building wider trust between government and citizens. This is coupled with low pay among the revenue staff has demoralized their efforts to conduct their duties of local revenue collection and management, and in some Local Governments, cases of connivance between the Local Government staff and the bidders for works and services have been sighted. This was also confirmed by study finding by Shemdoe, (2015) that mentioned corruption as one of the most revenues diverging factor in the council as officials are bribed to issue minimal charges, fees, or taxes.

According to Mapaata et al, (2017), compliance from the tax payers is a function of this transparency and ensuring that revenue collection by local governments is accounted for and linked to the basic services delivered to the community but the ability of local governments to Local governments to increase their tax base, providing public services, mobilizing community resources and stimulating private investments is always constrained by lack of transparency by the local governments.

While property rates present a huge potential for closing the existing funding gap in most local governments, they are for the most part poorly enforced (Bakibinga et al, 2018). Though Property taxes constitute the major source of LG revenue, and have the potential to substantially enhance the revenue of LGs if well administered, there is a substantial number of new properties in the councils that are not

valued. Most urban councils have not encouraged the formation of property owners' associations to oversee the implementation of property tax. The low collections for property taxes are attributed to weak collection and enforcement mechanisms at LGs (BMAU, 2019). A bigger discrepancy between the budgeted and actual property rates collected are always due to exemptions on residential properties for owner occupied residences, cost of property valuation and the subsequent post valuation process costs being unaffordable by most Urban councils, most urban councils having expired valuation rolls, unrealistic budgeting by urban councils and Failure to carry out proper assessment of property rates before budgeting (LGFC Annual Report, 2018).

According to Development initiative, (2018), inadequate skills and expertise in performing key own source revenue mobilisation tasks such as revenue forecasting, collection, management and assessment of revenue collection costs is a challenge in most counties. Staffing at the local government level is hindering local revenue mobilisation, some of the districts have limited staff working on local revenue mobilisation. For example, one parish chief is in charge three different parishes; in some of the districts; sub-accountants are shared between two sub counties which affects performance and delivery of their role in the process of local revenue mobilisation (SEATINI Ug. and KIWEPI, 2017).

Lacks of requisite personnel capacity in revenue collection and administration compounded by weak enforcement mechanism and fragmented revenue system. There is weak administrative capacity to administer and manage revenue collection in terms of inadequate staff capacity and enforcement mechanisms, lack of comprehensive automation of revenue collection as well as capacity to undertake revenue forecasting (Mutua and Wamalwa, 2017). There is low capacity in terms of relevant technical staff numbers and quality; and equipment for enforcement function, and in all the Local Governments, the revenue officers are the key staff in revenue administration yet practically, the revenue related staff

like Parish Chiefs and Town Agents are very few at Lower Local Governments and besides they are not trained in local revenue management.

Across the local governments in Uganda, the issue of Local Revenue Mobilisation is mainly handled by accountants yet by training, accountants are expected to be in charge of spending and accounting for the finances they have in place which limits their ability to concentrate on collecting local revenue Recommendation: In this regard, there is need to establish an independent Revenue Department within each local government and further strengthen its capacity to collect local revenues. An ideal Revenue department would comprise at least 5 staff; statistician, revenue officer, accounts assistant, enforcement and public relations officers (SEATINI Ug. and KIWEPI, 2017).

CSBAG, (2017) argued that those occupying these posts of revenue officers are professional accountants who are assigned the duties of this function but have no technical knowledge on how to advise the Local Government to generate local revenue. In addition, the arbitration process is daunted by non-functionality and unfairness. As a result, a number of revenue sources for local revenues remain untapped, subsequently, distorting planning as revenue targets are not based on actual assessed potential and thus making collection difficult. This is compounded by equipment that's inadequate for effective own source revenue mobilization (BMAU, 2019).

Supervision of the Lower Local Governments is hurriedly done on quarterly basis. Senior District technical staff and the political wing (Finance committee) rarely go out to monitor and crosscheck on the activities of the revenue collectors. Consequently, most sub counties under declare or fail to declare how much revenue they collect. (SEATINI Ug. and KIWEPI, 2017). LGs lack sustained follow-ups from MoLG) and LGFC on local revenue enhancement. This is due to the fact that these institutions i.e. LGFC and MoLG are poorly funded to perform this function and cover all the districts, in any given financial year. Currently, the two institutions conduct support trainings in about a third of these LGs

every year. Subsequently, the country is covered in about 4 years, which necessitates follow-up which cannot easily be done concurrently with the trainings.

Support for local government revenue administration, to some extent, has been largely ignored (McCluskey et al, 2019). A review of LGs done by the LGFC showed that there were no specific budget lines for sensitization and or mobilization for local revenue (BMAU, 2019). Local Governments often budget less amounts of money for the process of Local Revenue Mobilisation. Some do not even direct any funds towards Local Revenue Mobilisation. This limits their ability to effectively mobilise revenue from the available sources. (SEATINI Ug. and KIWEPI, 2017).

One of the areas in revenue collection is fees and fare collection in the councils ensuring good fare collection. Changes in the fare structure also impact riders, with increased fares reducing ridership and reduced fares increasing ridership (Shemdoe, 2015). In a study conducted by (Mutua and Wamalwa, 2017), it was observed that governments are facing resistance and in some cases demonstrations from tax payers as a result of high rates and fees

According to the LG ACT CAP 243 Fifth schedule, section 4 states that the expenditure of a local government in a financial year on emoluments and allowances of chairpersons and councilors shall not exceed 20% of total revenue collected by that LG council. A number of local governments have been seen to spend more than 20% of revenue on councilor's allowances and in the process neglect allocations to the key social sectors such as health, education, roads, water, and production. As a result, service delivery has been hindered hence discouraging many tax payers from paying their taxes because they don't feel like they benefit from the taxes they pay. (SEATINI Ug. and KIWEPI, 2017).

The main challenge affecting local revenue collection is that service delivery is not commensurate to fees and charges paid, largely attributed to unwillingness to pay taxes and fees. Tax payment and willingness to pay was significantly dependent on reciprocal improvement in service delivery by the

County of Nairobi. Those paying taxes expect proper support infrastructure and improvement of service delivery (value for money) is an incentive to compliance failure to see a direct link between what they pay and service delivery, they would resist compliance (Mutua and Wamalwa, 2017).

There is significant taxpayer dissatisfaction on the way the locally generated revenue is being utilized at district level. In addition, the tax payers acknowledge that there is tax evasion which is due to insufficient visibility of the services provided. This indicates a significant taxpayer dissatisfaction on the way the revenue is utilised. Almost all the Tax payers who evade payment do so because they do not see the value of the taxes they pay (CSBAG, 2017). Low willingness to pay is explained in part by dissatisfaction with public administration and quality of service provision at the county level. Oppressive revenue collection approaches coupled with multiplicity of taxes, charges and fees levied by county governments also contribute to low willingness to pay. Low willingness to pay leads to intentional tax evasion and resistance from tax payers. This contributes to low achievement of annual own source revenue collection targets (Development initiative, 2018).

2.4 Strategies in improving local revenue in local governments

To increase the performance of Local revenue collection, it requires ensuring that the relevant legal provisions are revised to make them enabling enough; administrative capacities of human, skills and institutions are significantly improved; rightful procedures are followed; other relevant supportive strategies are deployed (CSBAG, 2017). Establishing an effective policy and legal framework is expected to facilitate own source revenue mobilisation through clear guidelines and strategies for tax administration and management (Development initiative, 2018).

The local governments have sufficiently been empowered by law to mobilise local revenue for development. Despite their legal backing local authorities local governments are not able to develop effective strategies to mobilise sufficient revenue at the local level. Because of the important role the

local governments play in the achievement of development goals, their financial ability in terms of revenue mobilisation needs to be studied periodically. The reason for this is that their development effort can only succeed if they have strong financial base. Academics, opinion leaders and other interested observers have expressed much concern about the fact that revenue mobilisation does not match expectation for development (Agyapong, 2012, Olowu & Wunsch, 2003).

Measures be put in place to establish a comprehensive policy and legal framework within which their revenue system should operate. A policy should be put in place for the urban local governments to submit a favourable percentage of revenue to the lower local governments (SEATINI Ug. and KIWEPI, 2017).

Mutua and Wamalwa, (2017) in their study in Nairobi recommended that to enhance local revenue mobilization, it should expedite updating and strengthening of its legal framework for county revenue administration and collection and simplifies tax legislations and requirement and enhance overall revenue transparency as this is important in creating awareness and credibility amongst tax payers (Mutua and Wamalwa, 2017).

If district local governments are to succeed in their revenue collection efforts, there must be significant steps taken towards ensuring that there is transparency in terms of tax assessment, tendering and procurement of services. There should be transparent on revenue collections, overall revenue performance and how the public is going to benefit. There is need for transparency in order to not only register significance in revenue collection but also ensure that the current collections are put to proper use that has meaning and tangible benefits for the community (Mapaata et al, 2017).

Several comprehensive central government tax reforms have been put in place during the last decade, local government revenue systems in Sub-Saharan Africa have continued to be mainly unchanged until recently (Falleti 2004). Commonly, a fundamental requirement when redesigning local revenue systems

is greater emphasis on the cost-effectiveness of revenue collection, taking into account not only the direct costs of revenue administration, but also the overall costs to the economy, including the compliance costs to tax payers. In addition, losses through corruption and evasion need to be reduced. Clearly, improved revenue administration cannot compensate for bad revenue design. Thus, reforming the revenue structure should precede the reform of revenue administration since there is not much merit in making a bad revenue system work somewhat better (Fjeldstad, 2001).

Revenue administration systems must be designed in a way to ensure transparency, be capable of providing information that can be made publicly available and have systems to improve public confidence in the fiscal probity of local government. Transparency of information can also improve public and stakeholder engagement with public administration and apply domestic pressure on ensuring its efficiency through accountability mechanisms (McCluskey et al, 2019).

To eliminate corruption and collusion by revenue collectors, local governments should restructure their revenue management model down to the sub county and ward levels as well as adopt a rotation approach for revenue collectors to dismantle cartels. Furthermore, the Finance Department should take full control of all revenue collection policies to among other things address the anomaly of spending revenue at source (Mutua and Wamalwa, 2017).

Creating a sustainable tax administration system that can administer own source revenues in an easy, efficient and cost-effective manner is a goal that many national and sub-national governments around the world share (CSBAG, 2017). Local governments should ensure establishment of local revenue data, bases, and sensitization about tax payers, improving revenue administration, as well as exploring new revenue sources. The Local Governments should sensitize the public about existing taxes, while exploring new revenue sources as well (BMAU, 2019).

Local governments should focus on progressively ensuring that they have a comprehensive revenue automation that factors every revenue stream and there is need for an integrated system that connects all revenue collection sources thus minimizing corruption and loopholes and also making it easier to pay and collect revenues (Mutua and Wamalwa, 2017). Local Governments should be able to budget sufficiently for all stages of the Local Revenue Mobilisation processes, prioritize investing in appropriate automated local revenue management systems to improve data management and enumeration, assessment, update of registers and collection of revenue and endeavour to allocate substantial amount of the revenue collected allocated to services including education, health, security, water and production. The Local Governments should utilize the revenue module in the Integrated Financial Management System (IFMS) to develop a database of all tax payers. There should be support for development and maintenance of revenue data, systems and other logistical capacity for overall revenue growth (BMAU, 2019).

Local governments should prioritize the need to have comprehensive Local revenue registers to improve on revenue forecasting (SEATINI Ug. and KIWEPI, 2017). Local Governments should establish local revenue data bases, which provides accurate information of tax payers and amounts to be charged (LGPAC Report, 2018); and this will make property valuation, billing systems and revenue collections easier (BMAU, 2019). Revenue collection from property rates will indeed have to be complemented by on one hand, interventions such as ensuring up to date registration and regularization of property. On the other hand, the national level interventions including development of national land registry and digitization of land titles calls for close collaboration (Mutua and Wamalwa, 2017). The MoLG and the LGFC should carry out a comprehensive local revenue assessment and registration for all the local revenue sources at LGs (BMAU, 2019).

There should be an effort/mechanism put in place to improve on Local Revenue collection such as enforcing the use of Local Revenue registers and Book Keeping. LGs should ensure that arrears register is in place to enable in tracking tax payers who have not honoured their obligations as required by the different LGs (SEATINI Ug. and KIWEPI, 2018). LGs should update the Property Valuation List and serialize the properties based on location to address the gaps. They should operationalize the Property Owners' Associations and provide them with all the information required in the management of property tax (BMAU, 2019).

For increased compliance levels, there is need to proactively engage tax payers, simplify tax legislations and explore partnership for better engagement. For efficient revenue collection, comprehensive revenue automation is paramount coupled with better administrative capacity and cost-effective collection practices (Mutua and Wamalwa, 2017).

There is also need to put in place strict procedure to ensure that lower local governments provide correct information through the use of ICT (SEATINI Uganda and KIWEPI, 2017). Public education and awareness on revenue structure and design, amount of fees required, procedure, and where to pay is important information that should be share with tax payers for improved compliance (BMAU, 2019). Local governments should sensitize the public on relevance of paying revenues using local media, community meeting with local leaders and regularly carryout feasibility studies to map the revenue viable sectors to support the efficiency of local revenue collection. CSBAG, (2017), noted that it is imperative to adequately sensitise the population on the local revenues, its collection, and their involvement in local revenue management. The LGs should sensitize the public about existing taxes, while exploring new revenue sources as well (BMAU, 2019).

Prioritizing expansion of revenue base by mapping and tapping into unexploited revenue streams calls for investment in research and assessment of the viability of untapped own source revenue streams and regular mapping and registration of businesses within counties for taxation (Development initiative, 2018). Tabaro, (2018) identified introduction of new revenue sources and benchmarking of successful techniques, improving relations between the district and the tax payers and sensitization of the public to comply on payment of revenue as strategies to improve local revenue collection

Creating a favourable business and investment environment through adequate infrastructure development, as well as improving service delivery and regulatory reforms can enhance trade, thereby creating more taxation opportunities for local revenue collection. This calls for adequate reinvestment of resources in urban areas where most businesses are located. In order to deter resistance by tax payers, there is need to first focus on improving service delivery before any consideration of increasing or revising tax rates, fees and charges as this will incentivize tax payers to comply. This will also build trust and credibility from the perspective of tax payers. County governments should ensure value for money for tax payers by providing quality services to enhance willingness to pay taxes (Mutua and Wamalwa, 2017).

The Ministry of Local Government and Ministry of Public Service should ensure that all critical staffing positions at all levels that support local revenue management at LGs are adequately filled to improve local revenue performance. In addition, more resources both human and financial should be allocated to MOLG and LGFC to facilitate follow ups within the local governments (SEATINI Uganda and KIWEPI, 2017)

The MoLG should invest in building capacity for technical staff in Local Governments to adequately conduct enumeration, assessment and registration for improved local revenue performance (BMAU, 2019). Revenue collectors be trained regularly on new automated payment system and there is need to

invest in taxpayer education for increased uptake and compliance levels. Tax payers should proactively be engaged in all county revenue matters, including legislations through better communication and publicity of all-important documents in advance of meetings (Mutua and Wamalwa, 2017).

Constant supervision and provision of support for the local governments will greatly improve their revenue collections. Officials from LGFC and MOLG should adopt a multi-stakeholder approach because effectiveness of revenue mobilisation requires inter-connection among the different offices within LGs; and The Local Government Finance and Accounting Regulations should be revised to harmonise with the Auditor General's template which provides for the modified cash basis of accounting. LGs should adhere to the Finance and Accounting Manual and Regulations to stop spending at source. There is need to invest in an e-tax system across the different Local Governments to enhance transparency and accountability. Local Governments should establish a reserve price or optimal levels expected to be collected from each source. This will form a good basis for estimation of the amount expected from the revenue sources and this will guard against the exploitative revenue tenderers (SEATINI Uganda and KIWEPI, 2017)

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology of the study. Methodology refers to the detailed procedure used to realize the objectives of the study. Methodology includes the clarification of the research design, sampling techniques, instruments as well as the data analysis procedure. Research is "a systematic and purposive investigation of events or phenomena or developments with respect to their origin, nature, causes and effects or possible future implications" Amin (2005). The research methodology included the research design, the area of study, population of study, and the sample size, sample selection, data collection methods, research instruments, validity and reliability of the instruments, the ethical consideration, data processing and analysis, limitation and delamination

3.1 Research Design

This study was cross sectional, descriptive employing both primary and secondary data method of data collection. A descriptive research design portrays an accurate profile of persons, events or situations (Chandran, 2004).

3.2 Study Population

The population comprised of 102 people were selected from the technical staff and politicians from Lira City selected as under: 24 from technical planning committees; 12 staff in the finance department and 2 staff in Internal Audit department; 6 from City Executive committee and 10 from finance committee; 24 executive committee members from the four division council; and 24 members from finance committee of the four division councils.

3.3 Sample Size

The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample. From the study population of 100, a sample size of 89 respondents was drawn from the Executive committees, Technical planning committees, Finance and account staff, internal audit staff and Finance committees. The respondents' distribution is as in table 3.1:

Table 3.1: Composition of the Population size, Sample size and methods

Departments	Population	Sample size	Sampling methods
Executive Committee of City council and division council	30	26	Purposive sampling
Municipal technical planning committee of Lira City	24	21	Purposive sampling
Account staff in in Lira City and division council	12	10	Purposive sampling
Municipal Finance committee	10	9	Purposive sampling
Division finance committee	26	23	Purposive sampling
Total	**102**	**89**	

Source: Human Resource department, Lira City, 2019

3.4 Sampling size determination

The researcher seeks a 95% confident level or a 5% precision level and using the calculated approximated population size of 102, Yamane formula was used to determine a minimum size of 81 plus (8) a 10% of sampling size added for non-respondent, making a sample size of 89

According to Yamane, (1967: 886) formula, $n=N/1+N$ (e^2). Where: n is the sample size, N is the population size, and e is the level of precision. But N=102 and e=5% (0.05). Therefore, n=102/1+102 (0.05*0.05) =102/1+ 0. 225=102/1.225=81 and finally, 81+ 8 (10% of 81) 89.

3.5 Sampling techniques

Both probability and non-probability sampling techniques shall be employed. The study shall employ probability sampling technique, stratified random sampling and non-probability sampling techniques, purposive sampling technique and convenience sampling technique.

Finally, convenience sampling techniques shall be used during the final selection of the respondents. This is because it gives all the respondents who are available at the time of the research the opportunities to participate in the study.

3.6 Sources of data

The primary source of data was generated by the researcher from the sample population by use of the questionnaire. Primary refers to raw facts collected or generated in a given research for the first time.

3.7 Measurement of variables

Effectiveness of local revenue collection in local governments shall be measured on a five Likert scale (strongly agree, agree, not sure, disagree and strongly disagree) and the results shall be presented in frequencies, percentage and average;

Challenged I faced by local governments in local revenue collection shall be measured on a five Likert scale (strongly agree, agree, not sure, disagree and strongly disagree) and the results shall be presented in frequencies, percentage and average; and Measures to improve on local revenue collection by local governments shall be measured on a five Likert scale (strongly agree, agree, not sure, disagree and strongly disagree) and the results shall be presented in frequencies, percentage and average.

3.8 Data collection instruments

The researcher used questionnaire as an instrument of data collection. A questionnaire is a list of questions drafted by the researcher to be filled by the respondent. This shall be the basic tool the researcher will use in data collection. Closed ended questionnaire with a five likerk system shall be used indicating whether the respondents strongly agree, agree, not sure, disagree and strongly disagree. This shall be used because it allows: easy of association of the respondents attitudinal disposition on the variables under study and busy respondents fill it at their convenient time, respondents express their views and opinions without fear of being victimized; and helps respondents make quick decisions and the researcher code the information easily for subsequent analysis and narrow down the error gap while analyzing data

3.9 Data Validity and Reliability

Hopkins (2000) defines validity as how well a variable measure what it is supposed to measure; while reliability tells one how reproducible measure are in a retest. Edwards & Talbot, (2004) suggest that the validity of information is based on the extent to which the methods measure what they are expected to.

A pilot study was conducted on the respondents for the pilot drawn from the same population from which the final sample was drawn to pretest the questionnaires that were used in data collection for reliability and validity.

According to Patton (2002), the number of respondents for the pilot study should be between 9-10% of the sample population. In this study, a total of 10 (10%) respondents from finance and internal audit staff of departments of Lira City were selected for the pilot study since the total population sample was 102.

For an instrument to be reliable, it should consistently yield the same results when repeated measurements of the same subjects are taken under the same conditions (Nsubuga, 2000). The study

employed Test-Rest method to establish the reliability of the questionnaires. The technique involves administering the same instrument twice to the same group of respondents (Gregory, 1992). The test-retest method was applied where a part of the population was used to test reliability. This was done by issuing a questionnaire to the selected staff from finance and internal audit departments. The selected respondents filled the questionnaires twice at an interval of one weeks. Pearson Product Moment Correlation Coefficient was calculated for each questionnaire. In social sciences, acceptable reliability coefficient ranges from 0.7 to 1.0 (George & Mallery, (2003). The average reliability Coefficient was 0.867 showing that the questionnaires were reliable.

3.10 Ethical Consideration

I strictly adhered to the professional ethical conduct of research. I sought an approval from Makerere University Business School to allow me conduct the research. I obtained the consent of potential respondents, and explained the purpose and nature of the research, not only to ensure that participation in the research is voluntary. When respondents volunteer to participate in the research, they were assured of confidentiality, and the assurance of their rights to withdraw from the research especially if and when questions asked, or if the process in general, tended to trigger emotional responses and affect self-understanding. In addition, I endeavored to make the process useful to the respondents by providing information that addressed questions are likely to rise, and giving them information about other support services. As it is increasingly advocated that "people who contributed to research as participants, informants or respondents were offered or given information about research findings and outcomes, and the researcher discussed draft bits of findings with key informants, and promised to provide them with copies of the final report of the research.

3.11 Data Analysis and Presentation.

Data has no clear meaning unless it is analyzed and interpreted. Data analysis therefore gives raw data meaning and implications. Frankel and Wallen (2000), states that data analysis involves a number of closely related operations which are performed with the purpose of summarizing the collected data and organizing it in a manner that answers the research questions. Babbie, (2005) list the operations of data analysis to include editing, coding, classification and tabulation. It also entails categorizing, ordering, manipulating and summarizing data in order to find answers to the research questions.

Data obtained from the field in raw form was edited, coded, and summarized in a data summary sheet designed by the researcher. Summarized date was then entered in special packages for social science (SPSS) soft ware

The edited and coded collected data were analyzed quantitatively using statistical application methods in the social sciences research. Data was analyzed using descriptive statistics, percentages, frequency distributions, and presented using graphs, charts and tables.

CHAPTER FOUR

ANALYSIS AND PRESENTATION

4.0 Introduction

This chapter presented analyzed research findings obtained by use of tables, numbers, frequencies and percentages. It begun with respondents' background information; policy and legal practices affection revenue collection; practices challenges in ensuring local revenue collection; and measures in ensuring effective local revenue collection in local governments

4.1 Background information

Table 4.1: Gender of respondents (n=89)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	48	54,0	54.0	54.0
	Female	41	46.0	46.0	100.0
	Total	89	100.0	100.0	

Source: Field Data

4.1.1. Gender of respondents

Table 4.1 shows that 54% of the respondents were male while 46% were female. This implies that there is gender equity and therefor the information provided was gender balanced.

Table 4.2: Marital status (n=89)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	47	53.0	53.0	53.0
	Single	20	22.0	22.0	75.0
	Separated	8	9.0	9.0	84.0
	Widow	14	16.0	16.0	100.0
	Total	89	100	100.0	

Source: Field Data

4.1.2 Marital status of respondents

As indicated in table 4.2, 53% of the respondents were married, 22% single, and 9% separated while 16% were widow. This implies that the majority of respondents were married people hence informed information obtained.

Table 4.3: Levels of education of respondents (n=89)

		Frequency	Percent	Valid Percent	Cumulative %
Valid	Primary	8	9.0	9.0	9.0
	Secondary	10	12.0	12.0	21.0
	Certificate	20	22.0	22.0	43.0
	Diploma	15	17.0	17.0	60.0
	Degree and above	36	40.0	40.0	100.0
	Total	**89**	**100.0**	**100.0**	

Source: Field Data

4.1.3 Levels of education of respondents

Table 4.3 shown that 9% respondents attained primary level education, 12% attained secondary education, 22% are certificate holders, 8% are diploma holders while 40% have at least a degree. This implied that the majority of the respondents were have the required knowledge diploma holders and as such, quality and accurate information were obtained

Table 4.4: Title of respondents (n=89)

Variable	Frequency	Percentage (%)
Accountant	14	16
Internal Auditor	2	2
Commercial Officers	2	2
Other technical planning staff	26	29
Executives and finance committee	45	51
Total	89	100.0

Source: Field data

4.1.4 Title of respondents

Table 4.4, shown that 16% of the respondents were Accountants, 2% internal auditor, 2% commercial officer, 29% were members of technical planning committee while 51% were from the executive and finance committee. This implied that most of the respondents have knowledge about the study areas indication that the research findings were reliable.

4.2 Effectiveness of revenue collection in Lira City.

Effectiveness of revenue collection in Lira fCity are presented as in tables below;

Table 4.1: Effectiveness of revenue collection in Lira City.

	Min	Max	Mean	SD
There is no professionalism during the collection of taxes	4.00	5.00	4.6167	.49030
The council has no effectiveness system for revenue collection	3.00	5.00	4.4000	.55845
Local revenues are not enough to run most of the council operations.	3.00	5.00	4.2500	.60014
There is no adequate collection of local revenue.	2.00	5.00	4.0833	.71997
There is no improvement on revenue enhancement	2.00	5.00	4.2833	.66617
Local revenue contribution to the national budget is poor	3.00	5.00	4.0500	.59447
Global mean and Standard Deviation			4.2806	0.6049

Source: Field data

4.2 Effectiveness of revenue collection in Lira City

The global mean and the standard deviation above indicate that Lira City has an effectiveness system for revenue collection and that revenues are used to run most council operations, there is drastic improvement in revenue enhancement and there is adequate collection and utilization of local revenue by the local government.

4.3 Challenges in ensuring effective revenue collection in Lira City

Challenges in ensuring effective revenue collection in Lira City are presented as in tables below:

Table 4.1:Challenges in ensuring effective revenue collection in Lira City

	Min	Max	Mean	SD
Council inadequately plan for local revenues collection	2.00	5.00	4.3000	.56148
Council has ineffective revenue accounting system and mechanism to reach tax payers	1.00	5.00	4.0500	.89110
Local revenue collection is affected by central government and politicians	1.00	5.00	4.0833	.84956
Tax payers are not so much involved in the revenue administration exercise	2.00	5.00	4.3000	.72017
Council has ineffective enforcement policies for local revenue collection	1.00	5.00	4.0000	.82339
There are corruption practices during local revenue collection	2.00	5.00	4.0833	.64550
Council staff who collect local revenues are unskilled and inadequately paid	3.00	5.00	4.2833	.66617
Council rarely supervise and monitor local revenue collection	3.00	5.00	4.2500	.57120
Local revenues are not fully collected and utilized	2.00	5.00	4.3000	.82954
Tax payers are dissatisfied with the use of revenues collected from them by the council	2.00	5.00	3.8167	.83345
Global Mean			4.6074	0.82132

Source: Field Data

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The respondents also indicated their levels of agreement to the challenges affecting the implementation for the financial management practices.

From the results presented above, majority of the respondents agreed that there are challenges that need to be addressed to improve the revenue collection in Lira district (Global mean of 4.61,SD 82) This means that if the council supervises and monitor the collection of revenues effectively there will be an improvement in the revenue collections. The results also indicate that local revenues are not fully collected and utilized Mean 4.25, SD 57. The results also reveal that tax payers are dissatisfied with the use of the revenue collected and in addition the workforce is unskilled. This therefore means that if Lira City put the revenues in good use and trains the work force the revenue collection will significantly improve.

4.4 Strategies in ensuring an effective local revenue collection in Lira City

Strategies in ensuring an effective local revenue collection in Lira MC are presented as in tables below:

Table 4.1: Strategies in ensuring an effective local revenue collection

	Min	Max	Mean	SD
Effective and strengthened Internal Control Systems improve on local revenue collection	3.00	5.00	4.5333	.59565
Efficient and effective revenue system that builds taxpayer trust and confidence improve on local revenue collection	3.00	5.00	4.2500	.54072
Creating awareness, sensitization and providing information to tax payers improve local revenue collection	2.00	5.00	4.0167	.62414
Effective planning, mobilization and enforcement of local revenue collection can improve local revenue collection	2.00	5.00	4.0667	.63424
Regular update and strengthening the policy and legal framework for revenue administration and collection improve local revenue collection	2.00	5.00	4.1500	.65935
Enhancing transparency and accountability improves local revenue collection	3.00	5.00	4.1833	.43146
Engaging tax payers, skilled staff and staff motivating local revenue collectors improve local revenue performance	3.00	5.00	4.0333	.44973
Global Mean and standard deviation			4.1762	0.5622

Source: Field data

4.4.1 Strategies in ensuring an effective local revenue collection in Lira City

The global mean of 4.1762, 56.2 indicate that if the strategies are implemented Lira city will realize an increase in revenue collection. The results indicate that if Effective and strengthened Internal Control Systems improve the local revenue collection is likely to increase. In addition to creating awareness, sensitization and providing information to tax payers improve local revenue collection. The study also reveal that if Lira city carries out regular update and strengthens the policy and legal framework for revenue administration and collection there will be a significant increase in revenue collection.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents the analysis, discussions and findings on the an assessment of the factors contributing to the effectiveness of local revenue collection in Local Government Authority of Lira City.

5.1 Discussion

The discussions are drawn and discussed against the research objectives and research questions in chapter one and the quantitative findings presented in chapter four. The research presentations, analysis and discussion of the findings were guided by the following research objectives:-.

To examine the effectiveness of revenue collection in Lira City local government

To examine the challenges in ensuring effective revenue collection in Lira City local government

To establish the strategies to be undertaken to ensure effective local revenue collection in Lira City

The first research objective was to examine the effectiveness of revenue collection in Lira City local government

Generally, 81% of the respondents disagreed that there is effectiveness in local revenue collection in local government. The general finding is in line with SEATINI and KIWEPI, report, (2017) that the general trend which has been reported in most Local governments is that the current methods, tools and professionalism with which the taxes are collected and their ultimate impact still remain insignificant. The finding is also similar to McCluskey, et al, (2019) report who argued that various audit review and researchers have been undertaken on the ability of local governments to raise and properly utilize its revenue but findings revealed ineffectiveness by local governments to collect local revenue.

Specifically, up to 74% of the respondents disagreed that there is professionalism during the collection of revenue. This finding is almost similar to SEATINI Ug. and KIWEPI report, (2017) that highlighted a number of issues on the general practices within the different Local Governments which have hindered effective Local Revenue Mobilisation; and that the general trend reported in most LGs is that the current methods, tools and professionalism with which the taxes are collected and their ultimate impact still remain insignificant

In addition, up to 67% of the respondents disagreed that the council has an effectiveness system for revenue collection are in place. This finding confirms study report by Fish, (2015) who conducted a study in in Sierra Leone and Malawi and highlighted ineffectiveness of local governments to collect local revenue and that collecting revenue from large numbers of businesses and citizens is an ongoing challenge for any government, especially in developing countries. This finding corresponds to McCluskey, et al, (2019) finding who also highlighted poor revenue collection by local governments. The report is in line with BMAU report, (2019) that a number of revenue sources for local revenues remain untapped, subsequently, distorting planning as revenue targets are not based on actual assessed potential and thus making collection difficult, and as a result.

Up to 89% of the respondents said that there is inadequate collection and utilization of local revenue by the local government. In the same way, the majority of the respondents (88%) disagreed that there is drastic improved on revenue enhancement. This research finding confirms Kopanyi and Franzsen, (2018) finding that in Uganda, only Kampala Capital City Authority (KCCA) has made significant improvements in revenue enhancement, confirming that efficient revenue collection relies on a good administration and a solid institutional framework.

These findings are not far from report by the Local Government Performance Assessment report, (2018) which revealed that despite the various interventions from the different stakeholders, local revenue enhancement in Uganda local governments continues to be a very big challenge with recent studies showing that collections of local revenues are highly inadequate (Bakibinga et al, 2018). The research results are similar to that of Mapaata et al, (2017) who doubted the collected and proper utilization of funds collected by local governments due to laxity of revenue collectors to collect the potential revenues coupled with uncoordinated political statements and failure to maintain up-to-date taxpayer's registers hence failing to accurately estimate revenue potential and targets.

The research results are similar to study finding by Ogeatum, (2015) in Soroti Municipal Council, who highlighted ineffectiveness and low of local revenue collection as one of the major challenges faced by the council. The findings are also similar to the Auditor General's Reports, (2016/2017) highlighted shortfall in revenue collection in Lira district local government,] by 11%; and in Lira City, second quarter local revenue report shown, (2018/2019) which shown that for period 1/7/2018 to 31/12/2018, only 615,750 of the annual budgeted 1,817, 080,000 has so far been collected representing only 67.7% of the expected revenue for the period.

Also, 81% of the respondents disagreed that local revenues are used to run most council operations taxes rates are not regularly revised and updated; and in addition, up to 87% of the respondents disagreed that local revenue contribution to the national budget is above 10%. These findings are in line with the Local Government Performance Assessment report, (2018) that newly introduced taxes have been unable to fully compensate for Graduated Tax leaving a financing gap; and that only 22% of the local revenue potential is being collected which raise questions as to what happens to the remaining 78% uncollected.

The findings also correspond to study reports by Bakibinga et al, (2018) that local governments in Uganda are highly dependent on central government grants in running their operations These findings

confirm BMAU report, (2019) that the contribution of local revenues to the Local Government budgets has remained low, at less than 3% for district local governments, and 7% for Town Councils and Municipalities; and that across most local governments, local revenue collected cannot even cover the sitting allowances for councilors in a financial year which has resulted in to local governments largely depend on central government transfers which are usually conditional Central Government grants to Local Governments which contribute over 85% of financing to LG budgets with more than 90% of this funding coming in form of conditional grants.

The findings are not far from SEATINI Ug. and KIWEPI report, (2017) that Local governments are still unable to finance their budgets from locally generated revenues and hence, focus has now been more on minor repairs leading to a backlog of rehabilitation and reconstruction which is partly the cause of breakdown of public infrastructure investments like boreholes, bridges, and roads.

The second objective was to examine the practices challenges in ensuring effective revenue collection in Lira City local government

Generally, on average, up to 83% of the respondents agreed that there are challenges in ensuring effective revenue collection. This finding is similar to SEATINI Ug and KIWEPI, (2017) that a number of issues have also been raised on the general practices within the different Local Governments which have hindered effective Local Revenue Mobilisation. This finding also confirms finding by Mapaata et al, (2017) who highlighted laxity of revenue collectors to collect the potential revenues, uncoordinated political statements, failure to maintain up-to-date taxpayer's registers hence failing to accurately estimate revenue potential and targets. This finding is not far from finding by Ndungu & Kagiri, (2016) who highlighted the main reasons for underperformance of local revenues to include lack of trained manpower, inadequate planning, lack of commitment, and poor implementation of revenue collection

rules, regulation and procedure, lack of awareness by tax payers and poor method of data base management

Specifically, 83% of the respondents were in agreement that the council inadequately plan for local revenues collection. These finding is in line with Nuluva, (2015) report highlighted poor assessment of revenue base, lack of full automation, poor implementation of revenue rules, regulations and procedure, poor planning and lack of data base management, lack of awareness in tax payers, attitudinal problems and lack of commitment of revenue officers' challenges to local revenue collection

The research outcomes are similar to finding by Ndungu & Kagiri, (2016) highlighted, inadequate planning, lack of commitment, and poor implementation of revenue collection rules, regulation and procedure, lack of trained personnel, lack of awareness by tax payers and poor method of data base management as the main reasons for underperformance of local revenues to include

This finding is similar to SEATINI Ug and KIWEPI, (2017) report that Local Governments have often lost tremendous amounts of revenue due to the weak enforcement policies they put in place that cuts across the different stages of the Local Revenue Mobilisation process including the use of revenue registers, assessment and invoicing of tax payers as well as the actual collection of revenue by the tax collectors; and that there are challenges in regards to LRM committees; and that some of the local governments do not have the committees in place, at sub county, town council, municipal and district level.

The finding also supplements BMAU, (2019) report that Local Governments allow private individuals/persons, associations, and cooperative societies to collect and have custody of proceeds from charges/levies (public funds) from passenger vehicles but some of these associations managing parks lack competence to manage them because they have no technical and financial capacities, and personnel; and there is no proper assessment of the reserve prices of vehicle parks and there are illegal/private taxi

parks operated by private operators. The finding also supports SEATINI Ug and KIWEPI, (2017) that the tendering out of revenue sources has caused a tremendous loss in revenue collections for a number of Local Governments.

More so, 88% of the respondents agreed that Council has ineffective enforcement policies for local revenue collection. The finding is similar to report by CSBA, (2017) which revealed that lacks of a comprehensive policy and legislation underpins revenue regime that consequently affects revenue mobilization. The findings are also in line with report by Mutua and Wamalwa, (2017) that foundational challenges affecting local revenue collection is that governments lack adequate legislative framework for revenue mobilization and management coupled with lengthy and bureaucratic processes in enforcement of the legal framework. In addition, Local revenue legal provisions on enforcement for each of the revenue sources are very weak and even the penalties cannot be enforced due to lack of updated and comprehensive legal basis for revenue mobilization and management.

Likewise, the finding revealed that up to 96% of the respondent agreed that there are corruption practices during local revenue collection. The finding confirms report by McCluskey, et al, (2019) that there is no doubt that weak and often corrupt revenue administration remains a fundamental barrier to effective and fair taxation, and to building wider trust between government and citizens. The research finding ratifies report by Shemdoe, (2015) that officials are bribed to issue minimal charges, fees, or taxes and that officers due to corruption undervalue properties. This finding is also not far from Baurer, (2015) report that failure to deal with corrupt tax administration employees has created create problems for the business community

Also, 81% of the respondents agreed that council has ineffective revenue accounting system and mechanism to reach tax payers. This finding is similar to Fish, (2015) report that local revenue administrations still operate manual recording systems in estimating how many tax payers and licenses

payers are missing from their registered rolls, how many of those who are registered are inactive, and how much revenue is actually foregone through non-payment and ineffective billing systems. The finding is also in line with Development Initiative, (2018) report that lacks of up to date database of tax bases makes it difficult to undertake revenue forecasting and monitoring; and that automation is hampered by unstable power supply and internet connectivity, especially in rural areas, as well as the initial high cost of developing effective revenue collection and management infrastructure.

The finding supports report by CSBAG, (2017) that unregistered businesses represent a constraint to revenue mobilization, particularly in both urban and rural areas; and that at the district, there is little or absence of tax data that could be used as a basis for developing a viable strategy to make reserve prices and capitalization of viable sources. The research outcome also confirms report by BMAU, (2019) that in the absence of comprehensive local revenue assessments and registration for all the local revenue sources, local governments cannot adequately determine their revenue potential and sources.

In addition, 78% of the respondents agreed that Local revenue collection is affected by central government and politicians. This finding is similar to SEATINI Ug and KIWEPI, (2017) report that local revenue mobilization is undermined by the Central Government and some political heads who have made countless pronouncements that undermine the efforts by Local Governments to boost their revenue performances. The finding confirms finding by by Mapaata et al, (2017) that political interference during awards of tenders are the main challenges to revenue collection affecting local governments. The finding also supports BMAU, (2019) report that there is local political interference which continues to sabotage revenue administration that was sometimes exacerbated by political interference where residents were sometimes urged by politicians not to pay taxes often for political mileage and expediency

Further, 81% of the respondents agreed that tax payers are not so much involved in the revenue administration exercise. This finding is similar to CSBAG, (2017) report that there is limited knowledge among tax personnel about the assessment procedures and that there is limited knowledge among tax personnel about the assessment procedures; other challenges affecting tax assessment include insufficient tax data for assessment; limited tax payers understanding of the sources of local revenues especially Local Service Tax, Property rates, Property related revenues and licenses; failure of Local Governments to review rates and charges; and low automation of tax data. The finding is the same as BMAU, (2019) report that lack of engagement with the public for tax payers' education contributes to worsening compliance and that local governments have not done adequate enumeration, mobilization, sensitization, assessment, and registration of tax payers in order to expand their local revenue base.

In addition, 77% of the respondents agreed that officials who collect local revenues are unskilled, unprofessional and are inadequately paid. This is not very far from report by SEATINI Ug and KIWEPI, (2017) that the general trend which has been reported in most LGs is that the current methods, tools and professionalism with which the taxes are collected and their ultimate impact still remain insignificant and that the staffing at the local government level is hindering local revenue mobilization due to the fact that some of the districts have limited staff working on local revenue mobilization. The research outcome is similar to report by Development initiative, (2018) that inadequate skills and expertise in performing key own source revenue mobilisation tasks such as revenue forecasting, collection, management and assessment of revenue collection costs is a challenge in most counties.

This finding also confirms finding by Mutua and Wamalwa, (2017) that lacks of requisite personnel capacity in revenue collection and administration compounded by weak enforcement mechanism and fragmented revenue system and that there is weak administrative capacity to administer and manage

revenue collection in terms of inadequate staff capacity and enforcement mechanisms, lack of comprehensive automation of revenue collection as well as capacity to undertake revenue forecasting.

The finding supports CSBAG, (2017) report that there is low capacity in terms of relevant technical staff numbers and quality; and equipment for enforcement function; in all the Local Governments, the revenue officers are the key staff in revenue administration practically, the revenue related staff like Parish Chiefs and Town Agents are very few at Lower Local Governments and besides they are not trained in local revenue management and those occupying these posts are professional accountants who are assigned the duties of this function but have no technical knowledge on how to advise the Local Government to generate local revenue.

Equally, 81% of the respondents agreed that local revenues are not fully collected and utilized. This is similar to report by BMAU, (2019) that a number of revenue sources for local revenues remain untapped, subsequently, distorting planning as revenue targets are not based on actual assessed potential and thus making collection difficult compounded by equipment that's inadequate for effective own source revenue mobilization (BMAU, 2019). This finding is not far from SEATINI Ug and KIWEPI, (2017) report that a number of local governments have been seen to spend more than 20% of revenue on councilor's allowances and in the process neglect allocations to the key social sectors such as health, education, roads, water, and production

Further, 75% of the respondents said that council rarely supervise and monitor local revenue collection. This finding is not far from report by SEATINI Ug and KIWEPI, (2017) that supervision of the lower local governments is hurriedly done on quarterly basis and that senior technical staff and the political wing (Finance committee) rarely go out to monitor and crosscheck on the activities of the revenue collectors, and consequently, there is under declaration of revenue collected.

Finally, 81% of the respondents agreed that tax payers are dissatisfied with the use of revenues collected from them by the council. The research outcome confirms finding by Mutua and Wamalwa, (2017) that governments are facing resistance and in some cases demonstrations from tax payers as a result of high rates and fees. The finding is in line with The Civil Society Budget Advocacy Group, (2017) report that there is significant taxpayer dissatisfaction on the way the locally generated revenue is being utilized at district level and that the tax payers acknowledge that there is tax evasion which is due to insufficient visibility of the services provided because tax payers who evade payment do so because they do not see the value of the taxes they pay. The finding is similar to Development Initiative, (2018) that low willingness to pay is explained in part by dissatisfaction with public administration and quality of service provision at the county level.

The finding is the same as research finding by Mutua and Wamalwa, (2017) that the main challenge affecting local revenue collection is that service delivery is not commensurate to fees and charges paid, largely attributed to unwillingness to pay taxes and fees and that tax payment and willingness to pay was significantly dependent on reciprocal improvement in service delivery and that those paying taxes expect proper support infrastructure and improvement of service delivery (value for money) is an incentive to compliance failure to see a direct link between what they pay and service delivery result to non-compliance

The finding is in line with Mapaata et al (2017) report that compliance from the tax payers is a function of this transparency and ensuring that revenue collection by local governments is accounted for and linked to the basic services delivered to the community but the ability of local governments to increase their tax base, providing public services, mobilizing community resources and stimulating private investments is always constrained by lack of transparency by the local governments. This finding is not far from SEATINI Ug and KIWEPI, (2017) report that service delivery at the local

governments has been hindered hence discouraging many tax payers from paying their taxes because they don't feel like they benefit from the taxes they pay.

The third objective was to establish the measures to be undertaken to ensure effective local revenue collection in Lira City.

The finding shown that 79% of the respondents agreed that an effective and strengthened Internal Control Systems improve on local revenue collection. This finding is similar to finding by Essau, (2014) who highlighted the need to strengthen the Local Government Authorities Internal Control Systems so as to avoid recurring of weaknesses in local revenue collection. The finding is similar to SEATINI Ug and KIWEPI, 2017) report that a policy should be put in place requiring the urban local governments to submit a favourable percentage of revenue to the lower local governments and that in order to curb this practice, there is need to develop and operationalize a local revenue policy that will, among others, curtail the prevailing negative political interventions.

In addition, 81% of the respondents agreed that regular update and strengthening the policy and legal framework for revenue administration and collection improve local revenue collection. The finding also revealed that 79% of the respondents agreed that an efficient and effective revenue system that builds taxpayer trust and confidence improve on local revenue collection.

The finding is the same as Development Initiative, (2018) recommended that measures be put in place to establish a comprehensive policy and legal framework within which their revenue system should operate and that establishing an effective policy and legal framework is expected to facilitate own source revenue mobilisation through clear guidelines and strategies for tax administration and management.

This finding is not far from BMAU, (2019) report that a number of measures can be instituted including establishment of local revenue data, bases, and sensitization about tax payers, improving revenue administration, as well as exploring new revenue sources. The finding almost similar to CSBAG, (2017)

report that creating a sustainable tax administration system that can administer own source revenues in an easy, efficient and cost-effective manner is a goal that many national and sub-national governments around the world share. The research finding also supplements The Civil Society Budget Advocacy Group, (2017) report; which recommended that to increase the performance of Local revenue collection, it requires ensuring that the relevant legal provisions are revised to make them enabling enough; administrative capacities of human, skills and institutions are significantly improved; rightful procedures are followed; other relevant supportive strategies are deployed. The finding is confirming Mutua and Wamalwa, (2017) recommendation that to enhance local revenue mobilization, there is need to expedite updating and strengthening of its legal framework for revenue administration and collection.

It was also observed that 81% of the respondents agreed that creating awareness, sensitization and providing information to tax payers improve local revenue collection. This finding is also in line with Mutua and Wamalwa, (2017) recommendation the LGs should sensitize the public about existing taxes, while exploring new revenue sources as well; LGs should update the Property valuation list and serialize the properties based on location to address the gaps; despite efforts towards e-payment systems, there is need for an integrated system that connects all revenue collection sources thus minimizing corruption and loopholes and also making it easier to pay and collect; and that the national government should provide technical assistance and financial support like conditional grants to governments to facilitate full automation of revenue collection; and that tax payers should proactively be engaged in all revenue matters through better communication and publicity of all important documents in advance of meetings. The research finding supports recommendations by Tabaro, (2018) who highlighted introduction of new revenue sources and benchmarking of successful techniques, improving relations between the district and the tax payers and sensitization of the public to comply with payment of revenue as strategies for local revenue collection and that Local government should sensitize the public on relevance of paying

revenues using local media, community meeting with local leaders and regularly carryout feasibility studies to map the revenue viable sectors to support the efficiency of local revenue collection. The finding is similar to CSBAG, (2017) report which noted that it is imperative to adequately sensitise the population on the local revenues, its collection, and their involvement in local revenue management

79% of the respondents also agreed that effective planning, mobilization and enforcement of local revenue collection can improve local revenue collection. This finding is similar to SEATINI Uganda and KIWEPI, (2017) report that in order to reap maximum benefits from the Local Revenue collections, Local Governments should be able to budget sufficiently for all stages of the Local Revenue Mobilisation processes, prioritize investing in appropriate automated local revenue management systems to improve data management and enumeration, assessment, update of registers and collection of revenue and endeavour to allocate substantial amount of the revenue collected allocated to services including education, health, security, water and production; and that in order to ascertain periodic revenue collections, there is need to put in place strict procedure to ensure that lower local governments provide correct information through the use of ICT.

The finding is not far from LGFC Annual Report, (2018) that local governments should establish local revenue data bases, which provides accurate information of tax payers and amounts to be charged. The finding is similar to BMAU, (2019) report which recommended that MoLG and LGFC should carry out a comprehensive local revenue assessment and registration for all the local revenue sources at LGs.

This finding further supports SEATINI Uganda and KIWEPI, (2017) report that there should be an effort/mechanisms put in place to improve on local revenue collection such as enforcing the use of Local revenue registers and book keeping; ensuring that arrears register is in place to enable in tracking tax payers who have not honoured their obligations as required by the different LGs.

The finding is similar to Development Initiative, (2018) report that for an efficient revenue collection, comprehensive revenue automation is paramount coupled with better administrative capacity and cost effective collection practices; and that prioritizing expansion of revenue base by mapping and tapping into unexploited revenue streams is an opportunity for enhancing own source revenue that calls for investment in research and assessment of the viability of untapped own source revenue streams and regular mapping and registration of businesses within counties for taxation

Similarly, 81% of the respondents agreed that enhancing transparency and accountability improves local revenue collection. Revenue administration systems must be designed in a way to ensure transparency, be capable of providing information that can be made publically available and have systems to improve public confidence in the fiscal probity of local government. Transparency of information can also improve public and stakeholder engagement with public administration and apply domestic pressure on ensuring its efficiency through accountability mechanisms (McCluskey et al, 2019).

The finding supports Mapaata et al, (2017) report that if local governments are to succeed in their revenue collection efforts, there must be significant steps taken towards ensuring that there is transparency in terms of tax assessment, tendering and procurement of services, on revenue collections, overall revenue performance and how the public is going to benefit. The finding is similar to Mutua and Wamalwa, (2017) that to eliminate corruption and collusion by revenue collectors, local governments should restructure their revenue management model down to the sub county and ward levels as well as adopt a rotation approach for revenue collectors to dismantle cartels.

More so, 67% of the respondents agreed that engaging tax payers, skilled staff and staff motivating local revenue collectors improve local revenue performance. The research finding is in line with SEATINI Uganda and KIWEPI, 2017) report that the MoLG and Ministry of Public Service should ensure that all critical staffing positions at all levels that support local revenue management at LGs are adequately

filled to improve local revenue performance; local Governments which are understaffed should be given priority during the recruitment process; more resources both human and financial should be allocated to MOLG and LGFC to facilitate follow ups within the local governments and that constant supervision and provision of support for the local governments will greatly improve their revenue collections.

The finding is also similar to BMAU, (2019) report which recommended that the MoLG should invest in building capacity for technical staff in Local Governments to adequately conduct enumeration, assessment and registration for improved local revenue performance. This finding is similar to report by Mutua and Wamalwa, (2017) that for compliance levels, there is need to proactively engage tax payers, simplify tax legislations and explore partnership for better engagement

5.2 Conclusion

The finding revealed that there is ineffectiveness by Lira City to collect local revenue and that the percentage of local revenue to the council budget is les that 5% and as such, local revenue collected could not fund council operations which has resulted to over dependent from the central government.

Secondly, the research findings highlighted interference from Central Government and some political heads, corruption practices, ineffective enforcement of policies for local revenue collection, ineffective revenue accounting system and mechanism, Tax payers not engaged in revenue administration exercise, unskilled, unprofessional and unmotivated staff, not all local revenue collected, lack of supervision and monitoring of local revenue collection as the main practices challenges in ensuring local revenue collection in municipal council local governments

Thirdly and finally, the research finding highlighted the need to strengthen the effectiveness of revenue collection system; regular update and strengthening the policy and legal framework for revenue administration and collection; ensuring efficient and effective revenue system; creating awareness, sensitization and providing information to tax payers; effective planning, mobilization, and enforcement

of local revenue collection,; enhancing transparency and accountability; engaging tax payers and utilization of skilled and motivated local revenue collectors as the effective measures in ensuring local revenue collection by Municipal council local governments

5.3. Recommendation

To improve on local revenue collection, Lira City local governments need to strengthen its internal control system on local revenue collection; ensure an effective risk management system; ensure constant management and supervision of local revenue collection; and implement the strategies identified in the research findings so as to ensure effective local revenue collection.

There is potential of collecting revenue but the strategies local governments employ do not warrant collection of adequate revenue.

Areas for further studies are: An assessment of the perception of tax payers on local revenue collection in Lira City; and an assessment of the attitude of personnel on local revenue collection

5.4. Limitations of the Study

I faced problems of data accessibility in the course of the study since some respondents from the sample population declined to provide accurate data, and even conceal the required information due to the sensitive nature of matters regarding public funds.

I also had some financial constraints to facilitate efficient transport cost and other material costs such as stationery, typing and printing costs. However I had to arrange for appropriate venues to interview the respondents, some respondents did not observe the principles of confidentiality during the course of data collection.

However, I was able to overcome these limitations by establishing a close rapport with the respondents, and equally use a conducive community entry approach to obtain the required data and information. I effectively drew up a balanced cash budget, made proper time allocation.

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APPENDIX 1: QUESTIONNAIRE

Dear Respondent,

I am Odongo Moses Milton Amanya a final year student of Makerere University Business School pursuing a master degree in Business administration. I am carrying out a research study entitled "An assessment of the factors contributing to local revenue collection in local governments of Lira City local government. The answers given in this questionnaire will be used for academic purpose only and all the information will be treated with utmost confidentiality. It is my humble request that you spare time to participate in this study by filling the questionnaire below. I look forward for your positive response.

SECTION A: **BACKGROUND INFORMATION**

Gender of respondents

Female ☐   Male   ☐

Age of respondents

18-27 ☐   28-37 ☐   38 and above ☐

Level of education of respondents

No formal education ☐ Primary level ☐ Secondary level ☐

Certificate level ☐ Diploma ☐ Degree and above ☐

Qualification respondents

Internal auditor ☐ ountant ☐ hercial Officer ☐

Other Technical planning committee ☐ cutive & Finance Com. ☐

60

SECTION. B: Effectiveness of revenue collection in Lira City local government

Tick the box with: Strongly Agreed, Agreed, Not Sure, Disagreed and Strongly Disagreed

Variables	SA	A	N S	DA	SDA
5.There is professionalism during the collection of taxes					
6.The council has an effectiveness system for revenue collection are in place					
7.Local revenues are used to run most council operations					
8. There is adequate collection and utilization of local revenue by the local government					
9. There is drastic improved on revenue enhancement					
10. Local revenue contribution to the national budget is above 10%					
Average					

SECTION. C: Challenges in ensuring effective revenue collection in Lira City local government.

Tick the box with: Strongly Agreed, Agreed, Not Sure, Disagreed and Strongly Disagreed

Variables	SA	A	NS	DA	SDA
11. Council inadequately plan for local revenues collection					
12. Council has ineffective revenue accounting system and mechanism to reach tax payers					
13. Local revenue collection is affected by central government and politicians					
14. Tax payers are not so much involved in the revenue administration exercise					
15. Council has ineffective enforcement policies for local revenue collection					
16. There is corruption practices during local revenue collection					
17. Council officials who collect local revenues are unskilled and inadequately paid					
18. Council rarely supervise and monitor local revenue collection					
19. Local revenues are not fully collected and utilized					
20. Tax payers are dissatisfied with the use of revenues					

collected from them by the council					

SECION.D: Strategies in ensuring an effective local revenue collection in Lira City. Tick the box with: Strongly Agreed, Agreed, Not Sure, Disagreed and Strongly Disagreed

Variables	SA	A	NS	D	SDA
21. Effective and strengthened Internal Control Systems improve on local revenue collection					
22. Efficient and effective revenue system improves on local revenue collection					
23. Creating awareness, sensitization & providing information to tax payers improve local revenue collection					
24. Effective planning, mobilization and enforcement of local revenue collection improve local revenue collection					
25. Regular update and strengthening the policy and legal framework for revenue administration and collection improve local revenue collection					
26. Enhancing transparency and accountability improves local revenue collection					
27.Engaging tax payers, skilled staff and motivated local revenue collectors improve local revenue performance					

Thank you for sparing your valuable time.

APPENDIX II: TIME SCHEDULE

Research Activity	Time Allocation
Formulating a research topic	August, 2017
Approval of the topic	August, 2017
Writing a research proposal	January, 2018
Submission of the research proposal	April, 2019
Designing research instruments	April, 2019
Feasibility or pilot study	April, 2019
Data collection	May 2019 – February 2020
Data analysis and presentation	December-Jan, 2021
Writing a research report	February - March, 201
Submission of the final research report	April, 2021