



**BUSITEMA
UNIVERSITY**
Pursuing Excellence

**CONTROL SYSTEMS AND REVENUE GENERATION IN LOCAL GOVERNMENTS:
A CASE STUDY OF BUSIA DISTRICT, UGANDA**

**BY
EGESA WABUDI DAVID
BU/GS19/MBA/3**

**A RESEARCH DISERTATION SUBMITTED TO THE DIRECTORATE
OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
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BUSINESS ADMINISTRATION (ACCOUNTING AND
FINANCE) OF BUSITEMA UNIVERSITY**

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PLAN A

DECLARATION

DECLARATION

I, **Egesa Wabudi David** hereby declare that, this research dissertation entitled "Control Systems and Revenue Generation in Local Governments: A Case Study of Busia District, Uganda" is entirely my own original work, except where acknowledged as citations, and to the best of my understanding, it has never been submitted before to any university or institution for the award of a degree.

Signature



EGESA WABUDI DAVID

REG.NO.BU/GS19/MBA/3

Date

02/03/2024

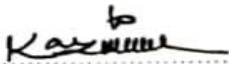
APPROVAL

APPROVAL

This research dissertation titled "Control Systems and Revenue Generation in Local Governments: A Case Study of Busia District, Uganda" has been submitted as a partial fulfilment for the ward of a Degree of Master of Business Administration of Busitema University, with our approval as the academic supervisors.

SUPERVISORS:

1. Prof. Kaziba Abdul Mpaata
Faculty of Management Sciences
Department of Economics and Management

Signature: 

Date: 03-03-2024

2. Dr. Sultan Juma Kakuba
Faculty of Management Sciences
Department of Economics and Management

Signature: 

Date: 3/2/2024

DEDICATION

This research dissertation is dedicated to my complete family, who have provided encouragement and support throughout my academic journey. I also dedicate this research to all my mentors at Busitema University for taking particular interest in my work, particularly my study topic, and for consistently offering insightful advice.

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LIST OF ACRONYMS

BMAU	- Budget Monitoring and Accountability Unit
DLG	- District Local Government
FYs	- Financial Years
LGFR	- Local Government Financial and Accounting Regulations
MOFPED	- Ministry of Finance, Planning and Economic Development
URA	- Uganda Revenue Authority
SPSS	- Statistical Package for Social Scientists

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OPERATIONAL DEFINITION OF TERMS

Revenue generation: Is defined as the annual or periodical yield of tax and non-tax incomes that a local government collects into the treasury for public use (Adebayo et al., 2022; Ganyam et al., 2019).

Control systems: this refers to the systems in place at a company that guarantee that every transaction is handled correctly to prevent resource theft, waste, and misuse and to help the organization reach its goals (Ibrahim, 2017).

Control Activities: is characterized as the processes used to guarantee that the appropriate control measures are put in place to manage financial activities (COSO, 2013).

Monitoring: is the routine monitoring and documentation of project activities to facilitate decision-making. It also refers to the regular process of compiling data on every facet of the project. Monitoring is the process of keeping track on how project activities are doing.(Okidi et al., 2021)

Information and Communication: is a procedure that involves finding, gathering, and sharing pertinent information in a suitable way and on time in order to complete to achieve stated objectives (Yemer, 2017)

ABSTRACT

This study looked at the connection between Busia district control systems and local revenue generation. The study was guided by the following objectives notably; to examine the relationship between control activities and local revenue generation; to examine the relationship between information and communication management and local revenue generation; and to analyze the relationship between revenue monitoring and local revenue generation. The study was anchored on the conceptualization of agency theory. The study used a cross sectional research design, and a quantitative approach. The study target population was 156 staff from 19 Local government administrative units in Busia District, and stratified random sampling was used. Data was gathered from via a standardized, closed-ended questionnaire. Expert judgement and Cronbach's Alpha Coefficient were used in the validity and reliability analysis tests to evaluate the research instruments' content validity and internal consistency, respectively. Closed-ended questionnaires were utilized to gather data, which were then analyzed using Statistical Packages for Social Sciences to produce frequency tables, descriptive statistics (mean and standard deviation), and reliability, validity, correlation, and regression results. The results of the study showed that revenue monitoring, information and communication management, and control activities all had a favorable impact on local revenue creation. Therefore, the study suggests that in order to improve revenue creation in local government, control activities, information and communication management, and revenue monitoring are necessary. Finally, the study suggested that future scholars should conduct a comparison study by covering private, manufacturing, and non-Government organizations in Uganda.

CHAPTER ONE:

INTRODUCTION

1.0 Introduction

This chapter provides an overview of the study's history, problem statement, purpose, research objectives, study hypotheses, scope, significance, and conceptual framework.

1.1 Background to the study

A nation's ability to sustainably grow and flourish economically depends on its ability to generate income locally in an unstable economic climate. This is because an increase in revenue generation helps in improving the quality of public service at the grass root, sustaining local projects and enhancing administrative performance (Isaac & Bolatito, 2022). However, evidence reveals declining local revenue generation in the global domain. For instance, Agyapong (2017) pointed out that low revenue generation occurs in industrialized nations like the United States, the United Kingdom, and China as a result of corrupt practices, fraud, bribery, and poor resource management.

According to Gamage et al. (2015), the bulk of worldwide explosive scandals were caused by ineffective financial management systems, specifically non-compliance with financial legislation, dishonest accounting methods, and earnings mismanagement which ultimately contributed to the 2001 collapse of Enron Corporation. Additionally, Pescador and Caelian (2022) observed a decline in local revenue generation in the Philippines due to towns failing to pay real property taxes amounting to up to Php 20.3 billion, which negatively impacts economic activity leading to an increase in unemployment. They further, indicate that the highest ever generated local revenue by these cities was just 54% of the total revenue.

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