

**INTERNAL CONTROL SYSTEM AND UTILISATION OF LOCAL REVENUE IN  
TORORO MUNICIPAL COUNCIL, EASTERN DIVISION**

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**S23/MUC/BBA/054**

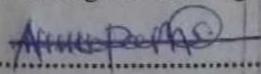
**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELOR OF  
BUSINESS ADMINISTRATION OF UGANDA CHRISTIAN UNIVERSITY**

**July, 2025**



## DECLARATION

I hereby declare that this report is my original work and it has never been submitted to any University or institution of higher learning for any award or qualification.

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### **APPROVAL**

This is to certify that this report has been done under my supervision and has met the research report requirements of Uganda Christian University and is now ready for submission for examination with my approval.

Signature..... Date.....29/07/2025

**OWINO SAMSON**

## **DEDICATION**

This report is dedicated to my mother Ms. Achalat Betty, my husband Mr. Bwire Julius and my children: Darryl, Shalom, Shiloh and Julius for the sacrifices you have made towards my academic journey.

## **ACKNOWLEDGMENT**

I thank the Almighty God for enabling me to compile this report. I wish to extend my sincere gratitude to my mother, my husband and our beloved Children who have encouraged me to go a little further in pursuit of academic excellence.

It is also my pleasure to acknowledge my Supervisor Mr. Owino Samson for his endeavour and guidance, technical advice and support to successfully carry out this study.

I'm indebted to Sr. Achieng Elizabeth and Sr. Anastasia Anyumel for the financial support without which I couldn't have completed my course.

I thank the entire Academic staff and the management of Uganda Christian University for the good cooperation and academic guidance. Special appreciations to my friends and relatives for their commitment in extending both financial and spiritual support and encouragements they have given me throughout the course.

## **ACRONYMS**

<b>ACODE</b>	: Advocates Coalition for Development and Environment
<b>AG</b>	: Auditor General
<b>LG</b>	: Local Government
<b>LLG</b>	: Lower Local Government
<b>DPAC</b>	: District Public Accounts Committee
<b>GGLN</b>	: Good Governance Learning Network
<b>MMC</b>	: TMC, Eastern Division
<b>NDP</b>	: National Development Plan
<b>NPA</b>	: National Planning Authority
<b>F/Y</b>	: Financial Year
<b>TPC</b>	: Technical Planning Committee
<b>NBoS</b>	: Uganda Bureau of Statistics
<b>LR</b>	: Local Revenue
<b>OAG</b>	: Office of the Auditor General
<b>COSO</b>	: Committee of sponsoring Organizations

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## **ABSTRACT**

The study was about internal control and local resource utilisation in TMC, Eastern Division. The major purpose of this study was to identify the effect of internal control on local resource usage in TMC, Eastern Division. To achieve this purpose the study was guided by three set objectives: To identify the different sources of local revenue in TMC, Eastern Division; to identify the internal controls in TMC, Eastern Division; to identify relationship between internal control and local resource utilisation.

The methods used in obtaining primary data included: self-administered questionnaire, secondary data was obtained through secondary data sources; internal Reports, among others. The sampling technique used was simple random and purposive sampling and with descriptive data analysis.

Findings reveal the following: objective one results show significantly high positive relationship between revenue bases and utilisation; objective two results show that internal controls explain the variation in the local resource utilisation up to 10.2%, and remaining 89.8% are for other factors other than internal controls, and further influence LR utilisation by 31.9% as shown by Beta value (0.319); objective three. The results reveal that there is a significant and statistically positive relationship between internal controls and the local revenue utilization based on Pearson correlation coefficient 39.0% as represented by ( $r=0.390$ ) at a significant level of 1% also (0.01).

**Recommendations:** Need to improve on the legislation, laws be read and understood by the residents and staff, parliament to make laws for the Local Government, Re-engineer the entire Local Government systems, Monitoring and evaluation be done by qualified persons, independent persons to review the laws and plans, and government to evaluate Local Governments based on cost benefit analysis

## **CHAPTER ONE:**

### **1.0 Introduction**

This chapter contains a highlight of the background of the study, problem of the statement, objective of the study, research questions, conceptual frame work that explain the relationship between the dependant and independent variables, significance of the study, justification of the study, scope of the study and limitations.

### **1.1 Background of the Study**

Internal control system is a topical issue following global fraudulent financial reporting and accounting scandals in both developed and developing countries (Mattie & Cassidy, 2002). According to committee of sponsoring organisations (COSO), (2004), Internal Control is a system consisting of specific policies and procedures designed to provide management with reliable assurance that the goals and objectives it believes important to the entity will be met. In their view, the reasons to have internal controls is to promote operational effectiveness and efficiency, provide reliable financial and administrative information, safeguard assets and records, encourage adherence to prescribed policies and compliance with regulatory agencies. The AMF Working Group (2007) looked at the components of internal controls as being the control environment, control activities, risk assessment, information and communication, and monitoring and evaluation

All organisations public or private should put in place its own system of controls in order to achieve its objectives (Mwindi, 2008). A system of effective internal controls is a critical component of company management and a foundation for the safe and sound operation of organizations. However, ineffective internal controls result in ineffective programs and eventually leading to losses (Olumbe, 2012). While writing a report on Capital Markets

Regulators Reign in on Rogue Firms for the Standard Media in May 2013, James Anyanzwa stated that the recent incidence of corporate failures and accounting frauds are mostly preceded by failure in companies internal control structures.

According to Hamed (2009), Internal Control System refers to an organized amalgamation of functions and procedures, within a complete system of controls established by the management and whose purpose is the successful function of the Public. Internal Control System is all the methods and procedures followed by the management in order to ensure, to a great extent, as much successful cooperation as possible with the director of the company, the insurance of the capital, the prevention and the detection of fraud, as well as the early preparation of all the useful financial information (Keitany, 2000). Hongming and Yanan (2012), adds that Internal Control System resembles the human nervous system which is spread throughout the Public carrying orders and reactions to and from the management. It is directly linked to the organizational structure and the general rules of the Public.

Whittington (2001) has it that a system of internal control extends beyond those matters which relate directly to the functions of accounting and the financial statements. In addition, he notes that internal control is a systematic procedure which will lead to evaluate the degree of correlation between those established criteria and the real results of the Public.

Internal Control, as defined from the APC (Auditing Practices Committee, 1980), is an independent examination and certification from an inspector appointed by the Public to control the finances according to the legal framework established each time.

In Uganda, to ensure strong internal control systems, accountability and value for money; the LGA, (1997); local government financial and accounting regulation, (2007); public finance and accountability regulation, (2003) and other Acts are established not only for accountability reasons but also for revenue collection and better service delivery

Awitta (2010) stated that revenue collection is the amount of money that a company receives during a specific period. The Financial Accounting Standard Board(FASB) Concept Statement 6, Elements of Financial Statements (December 1985) defines revenue as inflows or other enhancements of assets of an entity or settlements of its liabilities (or combination of both) during a period from delivery or producing goods, rendering service or other activities that constitutes the entity's ongoing major or central operations. Hongreen (2002) described revenue as inflows of asset (almost always cash or accounts receivables) received for products or services provided to customers. However, KRA have referred revenue to means taxes, duties, fees, levies, charges, penalties, fines or other monies collected or imposed under the written laws set out in the First Schedule.

According to local government Act (1997), defines local revenue as the subtotal of all categories collected from a number of sources like market dues, fines and penalties, parking fees, and property. In conformity with the local government, (resistance councils) statute NO.15 of section 44 of 1993, the 1995 constitution of the Republic of Uganda provided a decentralization system of government with the districts at the top of the administrative units. They are governed by the Constitution of 1995 of the republic of Uganda and local government Act of 1997. According to schedule 2 of the local government Act 1997 gives mandate to local governments to collect local revenues from their own sources such as property tax, licenses, permits, fines and tax.

## **1.2 Problem Statement**

Despite the fact that TMC, Eastern Division has functional internal control system that help collect and safeguard local revenue from various sources such as market dues, fines and penalties, parking fees, property taxes, license and permits and others for service delivery to residents, (Auditor General's Reports (2012/2013; 2013/2014; 2014/2015), reveal there is poor local revenue collection and exorbitant expenditure on council emoluments. New vision of (22<sup>nd</sup> Sept. 2016) reveals massive corruption which led to arrest of Town clerk and head of finance of TMC, Eastern Division. Oriaro, Abigaba, (1998) reveal that this trend if not addressed may lead to reliance on only donations and the central government transfers if not addressed may undermine the autonomy of the Municipal Council under the decentralization process. Abayade, (1981) service provision may be left to market forces which may not be afforded by low income earners in the municipality. It is against this background that the researcher is prompted to find out the cause of poor local revenue utilisation and poor service delivery in municipal councils.

## **1.3 Purpose of the Study**

The main purpose of this study was to establish the relationship between the internal controls and effective utilisation of local revenue in TMC, Eastern Division.

## **1.4 Specific Objectives of the Study**

- 1) Determine the different sources of local revenue in TMC, Eastern Division.
- 2) Determine the different internal control system used in TMC, Eastern Division.
- 3) Assess the relationship between internal controls and local revenue utilization in TMC, Eastern Division.

## **1.5 Research Questions**

- 1) What are the different sources of local revenue in TMC, Eastern Division?
- 2) What is the different internal control system used in TMC, Eastern Division?
- 3) What is the relationship between internal control and local revenue utilization in TMC, Eastern Division?

## **1.6 Scope of the Study**

The importance of this section was to explain the geographical, content and the time scope of the study as described below:

### **1.6.1 Geographical Scope**

In order to come up with accurate results for this research, the study was limited to geographical boundaries of Tororo municipality, found in Tororo district in the Eastern region of Uganda. It was chosen because Tororo municipality is one of the fast growing areas in the Eastern region of Uganda.

### **1.6.2 Content Scope**

This study mainly focused on internal control systems as independent variable and utilisation of local revenue as dependent variable. The major focus was mainly on the functionality of internal controls established by the LG Act, (1997). The content further more; looked at the secondary data from the reports among others and the study also looked into minutes of planning meetings, council minutes and other relevant documents.

### **1.6.3 Time Scope**

In order to achieve the intended solution and answers in this study, this piece of work was interested in both data and information from the financial year 2022-2024

## **1.7 Significance of the Study**

The study is of great importance to municipalities in revealing the essential factors that promote or undermine both LR collection and service delivery in local governments and the required resources or input

To residents, the study is of great use to analyse the relationship between the internal control and effective local revenue utilisation in Local Governments in order to make appropriate developmental policies.

The study is to help Local Governments, specifically TMC, Eastern Division to comprehend the effects of internal controls on local revenue collection.

The study is of great significance to the researcher, as it will enable the researcher to acquire more skills in research methodology and data analysis as well a requirement for attaining a Bachelor degree

The research is help the Local Government authorities to carry out accountability and to be accountable to the various major stakeholders. For example, it helps to check on the misappropriation of the Public funds.

It is an awakening to the municipality, as it exposes some of their inefficiencies in performances and local revenue usage. It will urge responsible officers to eliminate those inefficiencies so that they effectively and efficiently manage the Local council affairs.

Administrators; It is significant to Local Government administrators as they are able to recognize the strong correlation between internal controls and local revenue collection for service delivery in Local Governments.

The study enables Local Government stakeholders to use the revenue collected to deliver services to the communities in Tororo municipality.

To government of the Republic Uganda, the study is of great use in availing important information required for planning about the effective local revenue collection in local governments in the country.

To other researchers, the study contributes to the existing literature on the effect of internal controls and local revenue collection in local governments in Uganda.

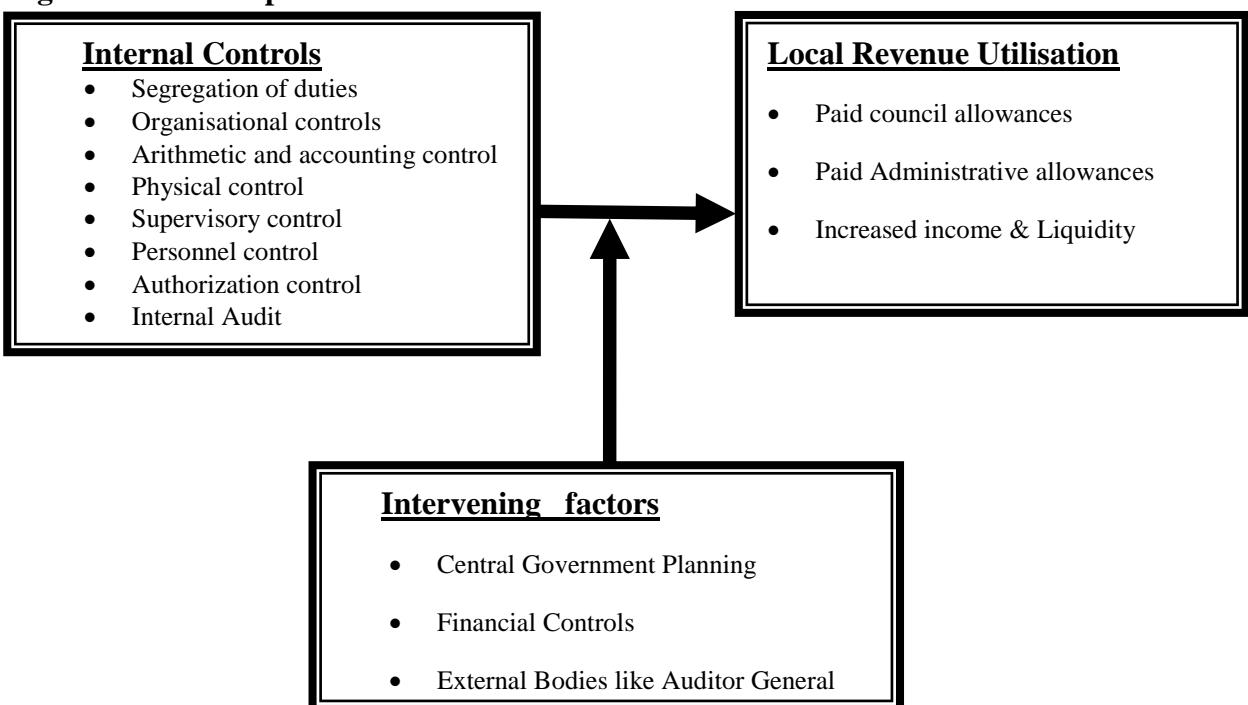
The study is well timed when the Government Uganda has just launched Vision 2040 with the overall objective of transforming a country from a low income country with low per capita income to high per capita income by 2040.

## 1.8 Conceptual Frame work

The conceptual framework consists of the independent and dependent variables with the intervening variable too. The independent variable is internal controls whereas the dependent variable is local revenue utilisation; the case study is TMC, Eastern Division.

This is as indicated in figure 1.8.1 below:

**Figure 1.8.1 Conceptual Frame work**



**Source:** *Researcher's conceptualisation, 2025*

The figure 1.8.1 above shows clearly the conceptual framework indicating the relationship between the independent variable (internal controls) and dependent variable (utilisation of local revenue), also shown is intervening factors. The study formulated the questions on the internal controls and effective utilisation of local revenue collected in TMC, Eastern Division.

The independent variable (internal controls) was studied according to internal control components such as segregation of duties, Organisational controls, arithmetic and accounting controls, physical controls, supervisory controls, personnel controls, authorisation controls and internal control. It is also important that the research shall look at COSO (1999) report, Anthony (2004) highlight of five internal control components which must be present in order to conclude that internal control system is effective namely; control environment, risk assessment, information and communication, control activities and monitoring.

The dependent variable (effective utilisation of local Revenue) was studied in terms of performance indicators such as payment of council allowances, payment of administrative allowances, increased incomes leading to increased service delivery as shown in the figure 1.8.1 above. The researcher looked at the influence of internal control components on utilisation of local revenue in TMC, Eastern Division. However, it is also worthwhile noting that intervening variables comprise of central government policies, financial controls and external bodies such as OAG and others.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.0 Introduction**

This chapter reviews the existing literature on the study variables; internal controls, and local revenue in LGs and how they are related. The chapter is divided into sections covering; internal controls, components of internal controls, local revenue collection, in LGs based on the following objectives: Examine different local revenue sources in local government of Uganda; establish the level of local revenue collection in TMC, Eastern Division; establish the effect of internal controls on local revenue collection in local governments

### **2.1. The Different Sources of Local Revenue in TMC, Eastern Division**

The local government Act, (1997), defines local revenue as a subtotal of all categories collected from a number of sources like market dues, fines and penalties, parking fees, and property. In conformity with the local government, (resistance councils) statue NO.15 of section 44 of 1993, the 1995 constitution of the Republic of Uganda provided a decentralization system of government with the districts at the top of the administrative units. They are governed by the Constitution of 1995 of the republic of Uganda and local government Act of 1997. According to schedule 2 of the local government Act 1997 gives mandate to local governments to collect local revenues from their own sources such as property tax, licenses, permits, fines and tax, trading license, premium, Boda-boda fees.

Market due or fees: LG Act, (1997), and (LG chart of accounts) defines market fees as money collected from the sale of market.

Fines and penalties are also moneys collected by lower local government through LC3 courts for non compliant or breaking of LLG by-laws.

Parking fees are collected from parks such as car parks, taxi parks and Boda-boda stages (LG Act, 1997).

Birth, death, marriage certificate fees are equally collected from those who buy birth, death and marriage certificates- (Public finance and accountability Act 2007).

Trading license as LR are also collected to grant permission and authority to business operatives to contact their business within a specified area (LG finance and accounting regulation, 2003).

Premium these are sources of LR got from land hiring and leasing to private entities (LG accounting manual, 2013).

Non refundable or tender fee are collected from contractors who seek approval qualification for a contract (LG Act, 1997)

Local service tax are collected from civil servants and remitted to areas of residence (Public finance and accountability Act, 2007) and others which are also defined as per their sources or bases (public finance and accountability Act, 2007; public finance and accountability regulation, 2003; National development plan, 2011).

### **2.1.1 Local Revenue in Local Government.**

The local government finance commission act, (2004), local revenue is important to local governments for a number of reasons like promoting the autonomy of local governments, maintain and sustaining investment and savings, meeting the co-funding and borrowing

obligations, finance councils operations and funding other locally prioritized services and projects. Surrey, (1974) contends that the basic collection administrative procedures include identifying and locating tax payers, checking on tax payers' compliance and collection of taxes. Vehorn, Ahmad (1997) also shares on this view while commenting on sub-national administration generally and Silivan, Albert (1992) concluded that revenue collection will result specifically from taxpayer registration, training data processing, tax payers' relations and simplification forms.

In Uganda local revenue collection has been facing a declining trend over the years which need attention to focus on the underlying causes of this declining trend. Local government revenue sources have faced a drastic decline and therefore have to depend on the central government funding which accounts for 95 – 98% of their budgets. Transfers to local governments as percentage of Public expenditure has fallen from around 47% in 2001/2002 to about 22% in 2008/2009. Thus meaning more resources is being retained at the centre Kadiresan, (2009). In this view, a number of studies have been conducted to reverse this trend among which is the inventory of best practices by local authorities inspections department, Ministry of local Government (2004) and other factors given for this trend include; over reliance on graduated tax, ignorance and existence of obsolete tax laws like Property Tax Rating decree (1997), Town and County Planning 1964, Public Health Act 1969, Liquor Licensing Act 1967, Markets Act 1942 and others.

In local government, revenue collection can be improved through sensitization of tax payers, Lubega (2000) as means of shaping their attitudes and ensure compliance to tax payers. Regulations 28 and 34 of the Local Government Financial and Accounting regulations

1998 highlights duties of revenue collector, guides revenue collections on accountability of revenue collected. In some instances where low revenues are collected, so as to enable delivery of services, it is attributed to uneven tax administration; Silivan, Albert (1992). Local revenue collection has to comply with certain general principles of raising revenue and how these principles should be fair, convenient and certain. The collection and administration of revenue must be economical to the collectors and administrators Katarikawe, (1996). However, Stella, 1996 is against decentralization that if local authorities are left to make decisions for themselves, govern themselves, they will be less competent and more corrupt, abuse their powers and be unable to collect revenues due to public pressure since few modern states have granted private collection a permanent stature in their revenue generating process. Miksell, (1986) observes that the resources used in revenue collection provide limited or net service and that is why, Musgrave, (1969) stressed that in pursuit of fiscal policy and achievement of optimum tax revenue levels, minimum administration costs have to be incurred .

### **2.1.2 Local Revenue Sources in Local Governments in Uganda**

The local government finance commission and ACODE Report (2009) reveal that local governments get local revenue from market dues; court fines; parking fees; street parking fee; local service tax; hotel service tax; trading license; royalties, sell of Birth, death and marriage certificates. Niwagaba (2007) noted that the local governments can generate revenue from market dues because in each and every district there are at least more than six (6) markets where local people take their produce for sale and other people come to buy for either consumption or to resale them. Here the collections from such markets which at least operate once a week and sometimes everyday when managed well with clear set

guidelines they can enhance the local governments' treasury to support service delivery to the local communities

Odinga (2002), suggested that local government to revise their revenue sources to sustain the services they are meant to extend their local people for example introduction of new taxes such as bicycle tax because for every ten (10) households at least six(6) have a bicycle to supplement on the existing sources

Katembeko (2001), fairly assessed trade license can be a significant source of local revenue to these local units. There are trading centre in at least after two (2) miles and sometimes less than a kilometre; the traders in these trading centres have fairly large businesses and if the assessment and monitoring for these business is done the traders will pay their share thus raising a lot of revenue to the local governments.

The LG Act, (1999), (the constitution of the republic of Uganda, 1995), (the public finance and accountability Act, 2007 and Regulation 2003) all equally spell out various sources of LR to be collected by LGs and such sources include but not limited to: premiums from land, trading license, non refundable fee, and other taxes plus sale of utilities such as markets

### **2.1.3 Local Revenue Utilization in LGs of Uganda**

LG Act, (1997) spell out that 20% of the actual LG collected in the previous year should be allocated to council emoluments and the balance to be allocated to administrative activities. The Act goes ahead and spell out that LR can be summed up with other sources such as donations and conditional grants and be spent on projects in various departments such as health, education environment, community based service work and technical

services and production. LG Act, (1997) requires that part of LR is to be used for retooling or repair and maintenance of already existing projects of the MC. The Auditor general's report 2014/15 reveal exorbitant use LR to councillors` allowances most MCs as an indication of negative utilisation of LR, since it suffocates the administrative expenditure and the running the MC. The LG Act, (1997) prohibits LGs from spending more than 20% of LR on councillors` allowances. The National assessment report, (2015) reveal that MCs spend up to 70% LR collected on council allowances which was reported as a negative indicator of utilization of LR in MCs

#### **2.1.4 Local Revenue Challenges**

According to the ACODE Report (2009) found out the following challenges in local revenue collection are; Absence of statistical data on potential income sources for taxpayers due to lack of maintained database, no frequent surveys by LGs to identify new potential revenue sources, some taxes lack legal backing mainly due to negative political Pronouncements, no corrective action by authorities against defaulters and corrupt officer, Some LGs lack adequate resources and facilitation, e.g. transport facilitation such as vehicles and motorcycles to reach all areas of the district.

#### **2.1.5 Solutions to the Challenges**

Kamugasha, (2008) suggestes the following solutions to the challenges were Developing a database of individual taxpayers, Strengthen management information systems for revenue administration and control, institute legal and cost effective revenue recovery mechanisms to reduce on fraud and losses that undermine budget performance, Introducing cost-effective mechanisms in revenue mobilization to reduce administrative costs i.e.

administrative costs should not exceed 10%, Establishment of local revenue monitoring committees at all level.

Creation of revenue taskforces at all levels to ensure that at least 95% revenue from all collectable sources is realized, there should be continuous capacity building in form of mentoring and support to LG staff on good practices in revenue mobilization, collection, monitoring and accountability, there should be continuous capacity building in form of mentoring and support to LG staff on good practices in revenue mobilization, collection, monitoring and accountability, Introduce a System of reward and penalties for revenue collectors to induce staff to collect more revenue, Linking tax payments to service delivery and effective and efficient contract management of contracted out revenue sources, Conducting a revenue baseline study on current and potential local revenue sources to widen LGs revenue bases, Provide required revenue collection stationery to LGs such as receipts, accounting stationery to be delivered on or before beginning of the Financial Year, Educate the population on the newly introduced revenue from alternative sources that are capable of yielding more revenue (Kamugasha, 2008).

## **2.1.6 Tax Administration**

A survey by Satich, Wadhawan and Clive Gray, (2001) reveals that uneven tax administration in Africa is a major contribution to revenue shortfalls that augment inflationary pressure while depriving governments' resources with which to provide public goods. Uneven tax administration also stimulates resort to more easily collected taxes on foreign trade with associated efficiency losses.

Wadhawan and Gray, (2001) noted that theoretical and empirical research on why persons subject to tax comply or fail to comply with their legal liabilities has been pursued by social scientists from various disciplines. The direct benefit of successful tax evasion is obvious, it is the value of the payments evaded, comprising their resources thereby save. Drawing from reference group theory Grasmick and Scott, (1982), Dickens, (1986) attribute tax evasion to a norm neutralization process that is tax evaders justifying their cheating by the belief that everyone else does the same thing and or the benefit they receive from government fall below their share of the tax burden.

### **2.1.7 Revenue Management in LGs**

Cheasty, (1996) gave the factors for the decline of revenue collection as politics, declining tax bases that are a sharper decline in taxed activities, retailers failing to pay taxes because of minority policies, unemployment and deficiencies in governance that is tax administrator service delivery in the local government finds it difficult to deal with criminal element, Yankelovick, (1984) stated that sizable share of the population regard the tax laws as unfair. Empirical studies on tax compliance are handicapped by data scarcity. Revenue authorities do not reveal their audit strategy and official respect for tax payers' privacy further limits a researcher's

## **2.2. Identify Different Internal Controls Used in TMC, Eastern Division**

Anthony (2004) defines internal control as a process effected by an organization's structure, work and authority flows, people and management information systems designed to help the organization accomplish specific goals or objectives. In his view, it is a means by which the organization's resources are directed, monitored and measured. He went ahead and said

that there is need to be in place circumstances ensuring that procedures will be performed as intended; right attitudes, integrity and competence, and monitoring by managers.

COSO (1998) divided internal controls into two complementary forms, the accounting controls and administrative controls. Accounting controls were viewed as safeguards to control assets and ensure accuracy of financial records while administrative controls are safeguards designed to provide operational efficiency and adherence to policies and procedures. According to COSO (1999), Anthony (2004) there exists five internal control components which must be present in order to conclude that internal control is effective namely; control environment, risk assessment, information and communication, control activities and monitoring.

Ishmgisa, (2001) considers internal controls as a process comprising five components; control environment, risk assessment, control activities, information and communication, and monitoring. The author noted that each component influences all aspects of an organization's activities whether administrative, financial or accounting operations. In this respect, the author stated the need for effective functioning of each of the components for the organization to attain the purpose for which it was established. COX (2000) bureaucratic theory states that effective internal controls require that all responsibilities are associated with adequate authority and that duties of all personnel are defined as to their specific responsibilities.

ACCA (2005) highlights that internal controls focuses on establishing responsibilities through delegation of power and authority. Bedeian (1995) said that it plays an important role in preventing/detecting fraud and protecting the organizations resources, both physical

such as machinery and property, intangible such as reputation, and intellectual property such as trademarks. Davidson (2005) observed that at the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations.

Ishumgisa (2001) and Meigs (1988) described internal controls as a specific set of policies, procedures and activities designed to meet an objective. A control may exist within a designed function or activity in a process. A control's input may be entity-wide or specific to an account balance, class of transactions or application.

Controls have specific characteristics; they can be automated or manual, reconciliations, segregation of duties, reviews and approval authorizations, safe guarding and accountability of assets, preventing or detecting error or fraud among others. Controls within a process may consist of financial reporting controls and operational controls (Wales, 2005).

### **2.2.1 Components of Internal Controls**

According to COSO (1998), Pandey (1998), & Anthony (2004) there exists five components internal controls that must be present in order to conclude that internal controls is effective namely; Control environment, control activities, risk assessment, information and communication, and monitoring and review.

**Organisation Controls:** Okwach (2000) views organization control as an enabler of execution of tasks by organization members as set by the board members and departmental managers through attitudes and actions that encourage the highest level of integrity,

appropriate leadership philosophy, operating style and personal and professional standards, thereby leading to reasonable compliance and operational efficiency levels.

Anthony (2004) noted that organization control sets the tone for the organization, influencing the consciousness of its people. It is the foundation for all the other components of internal controls. Success,(2004) states that organization control is the consciousness of the organization, thus, the atmosphere that compels organizational members to conduct their activities and responsibilities as per the laid down control objectives.

Ishumgisa (2001) also noted that organization control makes organizational members aware of the job requirements and efficiency expected of them to carry out tasks that translate in the overall organizational performance. Spillane & Reimer (2000) subscribe that control environment exists when the responsibility to execute assigned task is not directed by anyone but rather consciously dictated upon organizational members, and also when members find themselves obeying, observing and responding to the desired organizational culture, operations and activities as efficiently and effectively declared.

Jenny and Pamela (2006) assert that “a governing board and management enhance an organization’s control environment when they establish and effectively communicate written policies and procedures, a code of ethics, and standards of conduct”. They also enhance the control environment when they behave in an ethical manner - creating a positive tone at the top and when they require that same standard of conduct from everyone in the organization. Internal controls rely on the principle of checks and balances in the workplace. The following components focus on the control activity:

**Personnel controls:** Anthony (2004) noted that control environment sets the tone for the organization, influencing the consciousness of its people. Personnel need to be competent and trustworthy, with clearly established lines of authority and responsibility documented in written job descriptions and procedures manuals. Organizational charts provide a visual presentation of lines of authority and periodic updates of job descriptions ensures that employees are aware of the duties they are expected to perform. Pandey (1998), COSO (1998), Anthony (2004); control activities comprises of the policies and procedures that help to ensure that management directives are carried out.

**Segregation of Duties** as a control reduces the likelihood of errors and irregularities. An individual is not to have responsibility for more than one of the three transaction components: authorization, custody, and record keeping. When the work of one employee is checked by another, and when the responsibility for custody for assets is separate from the responsibility for maintaining the records relating to those assets, there is appropriate segregation of duties. This helps detect errors in a timely manner and deter improper activities; and at the same time, it should be devised to prompt operational efficiency and allow for effective communications. Pandey (1998), COSO (1998), Anthony (2004); control activities comprises of the policies and procedures that help to ensure that management directives are carried out.

Separation of duties (SoD) (also known as "Segregation of duties") is the concept of having more than one person required to complete a task. In business the separation by sharing of more than one individual in one single task is an internal control intended to prevent fraud and error. The concept is alternatively called segregation of duties or, in the political realm,

separation of powers. In democracies, the separation of legislation from administration shall serve for unbiased government. The concept is addressed in technical systems and in information technology equivalently and generally addressed as redundancy (Botha and Eloff, 2006)

Separation of duty, as a security principle, has as its primary objective the prevention of fraud and errors. This objective is achieved by disseminating the tasks and associated privileges for a specific business process among multiple users. This principle is demonstrated in the traditional example of separation of duty found in the requirement of two signatures on a cheque (Botha and Eloff, 2006)

**Physical controls:** Steeves, (2004), defines physical control as a Control activities are actions supported by internal control objectives, procedures and policies that enable managers to address risk timely, effectively and efficiently. Physical Restrictions are the most important type of protective measures for safeguarding University assets, processes and data. Documentation and Record Retention is to provide reasonable assurance that all information and transactions of value are accurately recorded and retained. Records are to be maintained and controlled in accordance with the established retention period and properly disposed of in accordance with established procedures.

**Authorization** or authorization is the function of specifying access rights to resources related to information security and computer security in general and to access control in particular. More formally, "to authorize" is to define an access policy. Pandey (1998), COSO (1998), Anthony (2004); control activities comprises of the policies and procedures that help to ensure that management directives are carried out. Authorization control

Procedures need to include a thorough review of supporting information to verify the propriety and validity of transactions. Approval authority is to be commensurate with the nature and significance of the transactions and in compliance with University policy.

Authentication verifies your identity and authentication enables authorization. An authorization policy dictates what your identity is allowed to do. For example, any customer of a bank can create and use an identity (e.g., a user name) to log into that bank's online service but the bank's authorization policy must ensure that only you are authorized to access your individual account online once your identity is verified. Dublin (1999) emphasized the importance of authorizations in the form of expenditures as a result of an approved budget as a control activity. Approval of budget expenditure should involve questioning of unusual items, justification of the transaction and review of source documents (Van Horne, 2002).

Authorization can be applied to more granular levels than simply a web site or company intranet. Your individual identity can be included in a *group* of identities that share a common authorization policy. For example, imagine a database that contains both customer purchases and a customer's personal and credit card information. A merchant could create an authorization policy for this database to allow a marketing group access to all customer purchases but prevent access to all customer personal and credit card information, so that the marketing group could identify popular products to promote or put on sale.

We implicitly create authorization policies when we use social media: Face book, LinkedIn, or Twitter may authenticate hundreds of millions of users, but to some extent we can authorize whether or how these users engage with us. The same is true when you share

files, videos, or photos from sites like Google Docs, Drop box, Instagram, Pinterest, or Flickr or even when you create a "shared" folder from on your laptop.

**Supervisory Controls:** Craig (1999) states that control activities are the administrative and supervisory actions that management engages in to keep the organization focused and cautious in addition to keeping members effective and efficient at task execution. Dublin (1999) considers control activities as activities that provide evidence that a loss has occurred. They include; analysis, reconciliations, and reviews.

**Internal Audit:** Mannaseh, (2007) defines an audit as “An independent examination of financial information of any entity whether profit oriented or not and irrespective of its size, legal form with such an examination conducted with a view of expressing an opinion” It helps an organization accomplish its objectives by bringing a systematic designed approach to evaluate and improve the effectiveness of risk management, control and governance process”. Internal auditing began as one person clerical procedure that consisted primarily of performing independent verification of bills before payment. (Boynton and Kell; 1996) This was, therefore, an embryo internal audit. In the early 1900s, the emphasis on auditing shifted from the detection of fraud to the needs of the various users of financial statements. (Guy et al.; 1996) In other words, internal audit is the product of modern social and economic development. The significant changes pushed forward by the European Industrial Revolution in the eighteenth century greatly promoted the establishment of many large share-holding companies and monopoly trust groups.

The American Institute of Internal Auditors, the predecessor of the Institute of Internal Auditors (IIA), was set up in 1941. (Dittenhofer; 2001) From the first authoritative

definition of internal control by the American Institute of Public Accountants in 1949 the definitions still exist in professional pronouncements (APB; 1995), there seems to have been no substantial change of meaning, yet in the internal control of companies was underway during the 1980s and 1990s.

## **2.2.2 Internal Control Limitations**

There is no such thing as a perfect control system. Staff size limitations may obstruct efforts to properly segregate duties, which requires the implementation of compensating controls to ensure that objectives are achieved. A limited inherent in any system is the element of human error, misunderstandings, fatigue and stress. Employees are to be encouraged to take earned vacation time in order to improve operations through cross training while enabling employees to overcome or avoid stress and fatigue.

The cost of implementing a specific control should not exceed the expected benefit of the control. Sometimes there are no out-of-pocket costs to establish an adequate control. A realignment of duty assignments may be all that is necessary to accomplish the objective. In analyzing the pertinent costs and benefits, managers also need to consider the possible ramifications for the University at large and attempt to identify and weigh the intangible as well as the tangible consequences.

Internal controls should reduce the risks associated with undetected errors or irregularities, but designing and establishing effective internal controls is not always a simple task and cannot always be accomplished through a short set of quick fixes. However, we hope this chapter has helped to explain the basic internal control concepts and given you some ideas for improving your department's controls.

## **2.3 Relationship between Internal control and Local Revenue in LGs**

The local authorities' inspection department -Ministry of Local governments (2004) noted that the tax payers continue to feel that politicians and technocrats are looking for money for personal enrichment. Although some local governments spend part of the money locally collected revenue on service delivery, many of them use the revenues principally for administrative expenses, unless tax payers perceive a linkage between local revenue collection and service delivery they will not be willing to pay.

In his recommendations, Kajumbula (2004), in Masaka district, noted that if taxes collected are to be realized by the tax payers, proper percentage entitled to the sub counties 60% and villages 30% should actually be delivered and put to proper use. Revenue collection determines the level of service delivery as was noted by Kabwegyere (2004), he noted that low local revenue is a challenge to decentralization model of governance if they are to be able to achieve service delivery objectives. Kiyega (1996), in Masaka district, benefits from local revenue collection included, smooth payment of salaries and wages throughout the year, timely planning and implementation.

Luzige (2008), shows a conceptual framework of sources of revenue (graduated tax, rent and rate, licenses, permits and other miscellaneous incomes) to service delivery (expenditure on health, education, sports and technical services, roads and community and welfare) that increase in local revenue collection leads to increased service delivery and there exists a significant relationship between local revenue performance and service delivery.

During the regional workshops on local revenue enhancement (2004) the local government finance commission gave a weak relationship between local revenue and service delivery in the local government and they recommended the local governments should adopt massive sensitization and mobilization of communities to promoted understanding as to why they are paying taxes and what taxes do and these training should reach local council one(s)

### **2.3.1 Relationship between Internal Audit and Performance in LG**

Local governments are entrusted with public funds of which are local revenues, central government grants, donor of who all aim at satisfying the public through service delivery. It is therefore, a stewardship phenomenon which can properly be ascertained by auditing in this regard particularly the internal audit. (Public Finance and Audit Act; 1983)Committee of Sponsoring Organizations (COSO) framework, everyone in an organization has the responsibility towards the internal control to some extent. Virtually all employees produce information used in the internal control system or take other actions needed to effect control. Also, all personnel should be responsible for communicating upward problems in operations, in compliance with the code of conduct or other policy violations or illegal actions which in the long run leads performance. (Ongalo; 2006) Internal audit plays an important role in the prevention and detection fraud which is the challenge to performance in local government. It involves identifying scenarios in which theft or loss could occur and determining if the existing control procedures can effectively manage the risk to an acceptable level thus preventing financial and administrative irregularities hence performance in the long run. Diamond, (2002) as away to improve local government performance and accountability which in principle is a key element of

upholding internal control systems, transparent budgeting processes and implementation procedures should be followed. Musari, (2005) for effective and efficient use of public funds in local governments, there is need to uphold internal control procedures and systems if the desired output is to be realized. The local governments particularly districts, under 1995 constitution article 190, are mandated to prepare comprehensive and integrated development plans have rights and obligations to formulate, approve and execute their balanced budgets and plans. All these activities are technical and critical requirements to proper use of public funds which are under the guide of the internal audit department (MOFPED, 2003)

### **2.3.2 Internal Controls and Financial Accountability.**

According to Gendion, Cooper & Townley (2000), internal control is a management function that is crucial for proper accountability and, accountability for all funds should be maintained at all times (Chen 2004). Widener & Selto (1999) said that every organization is subject to some kind of risks depending upon several factors such as; the products and services it offers, the market in which it functions, the sources through which it is financed, and the way it utilizes its resources. In addition, the innovative developments in the financial sector have led to increased demand for an effective risk management as well as sophisticated corporate governance. Hence, the activities that are covered in the implementation of a good corporate internal control are overseeing activities in connection with authorizations and reconciliations, reviewing of employee performance, security of assets, and segregation of duties (Chambers (1995), Kakuru (1998), and Ishumgisa (2001)).

Kayongo (2004) noted that a lot of benefits can be derived through the implementation of an effective corporate ICS. Among others, it prevents errors and irregularities by detecting

them in a timely manner there by promoting reliable and accurate accounting records (Lame & Tan, 2000). It can also quickly resolve issues arising as a result of reporting errors. It protects the interests of employees by clearly specifying to them their duties and responsibilities and safeguarding them against being accused of irregularities or misappropriations (Dess & Shaw, 2001). Lawrence (2000) said that internal control is the heart of any organization and argued that strong internal control functions helps firms to operate strongly and profitably. This was seconded by Adler & Kwoh (2002) who said that when proper internal controls are exercised, it helps in preparation of sound statistics that helps in planning of the way forward. The financial statistics are use full in determining the performance value of the business.

Kakuru (2001), conducting business involves a number of transactions that affect financial performance of the firm. If internal control is not well implemented, it will negatively affect performance and productivity of the firm and hence retard its capacity. Internal control assists managers to get the best measures of the impact of different transactions geared towards generating a diversified portfolio of investments, thus enhancing proper accountability. According to ACCA (2004), assessment of risk involves the analysis and establishment of plans in order to prevent the risks associated with the attainment of company objectives. The control activities include policies and procedure formulated by management in order to ensure the effectiveness of carrying out activities with regard to the achievement of organizational goals.

### **2.3.3 Internal Controls and Service Delivery**

Through the internal controls, the desired employee's performance and service delivery is achieved in accordance with the set internal control objectives and as per guiding organizational policy (Groth (2005). Magala (2001) and (James, 2005) internal controls help to ensure that planned activities are achieved as per set objectives in terms of realizing the desired service delivery needed by the organizational policy. Cox (2000) said that internal control leads to efficiency in utilization of organization resources whereby; jobs are carried out as explained by their description, availability of employees for work at all times, and equitable allocation of resources and hence, timely service delivery. Anderson (2000) added that it avoids having idle staff in the organization thus ensuring constant provision of services.

Internal controls ensures; usage of funds on planned organizational activities, investment of idle funds, and regular monitoring of utility (ACCA, 2004). Monitoring is important to service delivery because it provides vital feedback on how services are being delivered and whether delivery of those services makes any difference in terms of achieving the organization's specified goals (Rossi, 1993). For any system to perform effectively there must be a monitoring system (Boidman, 1993). Monitoring also shows whether the system in place is performing effectively, as this can be seen from service delivery. Bird (1992) suggested that to ensure compliance, administrators should put spot checks and frequent audits so that loss of revenue is minimized.

### **2.3.4 Financial Accountability and Service Delivery**

The key to organizational survival, creating and maintaining wealth primarily lies on accountability built into governance structures of corporations According to Frost (2000),

there is a strong relationship between accountability and service delivery. In his view, the goal of accountability is to improve performance but not to place blame and deliver punishment and hence, accountability improves service delivery. Carmen, Reimer & Singh (2004) argued that the essence of accountability is to make power holders to account for or take responsibility for the actions and resources at their disposal through the establishment of an effective and efficient organization. Green (2003) refers to accountability as an organization's capacity to demonstrate, answer or explain its actions. Brown & Moose (2001) considered accountability desirable because it increases the incentives for actors to perform as expected and that reliability can improve performance and relationship among the parties. They argued that accountability increases the efficiency and effectiveness of an institutions and equally leading to increased legitimacy and credibility of government.

Brinkerhoff, (2003) confirmed that, "All health systems contain accountability relations of different types which function with varying degrees of success and often, the perception of failed or insufficient accountability furnishes the impetus for reform". On applying financial accountability to health service delivery, the accountability issues that emerge can be assessed in terms of purposes of accountability namely; to control the misuse and abuse of resources and authority, and to provide assurance that resources are used and authority is exercised according to appropriate and legal procedures, professional standards, and societal value.

## **2.4 Service Delivery in Local Government**

Uganda's decentralization policy provided for the transfer of powers and functions from the central government ministries and departments to local governments. This mandate is embedded in the 1995 constitution of the Republic of Uganda. The provision of basic

services such as water and sanitation, healthcare, primary education, feeder roads and agriculture extension services is left to the local governments. However, the recent policy changes in fiscal decentralization have brought questions about the capacity of local governments to effectively deliver services and ensure value for money in Public expenditure. Some government policies which have had alarming impacts include the creation of new districts and the abolition of graduated tax. The creation of new districts has put more expenditure pressures on the local governments, reducing and in some cases taking away completely resources that would have been used in increasing and improving service delivery, Kadiresan (2009). This therefore calls for placing “a high priority on delivery of personalized efficient customer services”, Mourney (1991). Attitudes exhibited by service providers, employees and managers must be aimed at developing good working relations and ensuring that customers are handled well while being served, Musgrave, (1991), defined public sector as “those industries and services in a country that are owned and ran by the state, such as “the education and railways (in many countries) in comparison with private sector. Thus delivery entails public sector delivery mechanism to the local residents of the local government.

## **2.5 Decentralization**

Decentralization means the transfer of responsibility from the central authorities to local units for planning management, resource raising and allocation of resources, Bagchi (1991). Decentralization as a concept is about the “transfer of legal administrative and political authority to make decisions and manage public functions central authorities to field organizations of those agencies, like subordinate units of government, semi-

autonomous corporations, functional authorities, local government or non-governmental organizations.

Mutahaba (1989) page 69, (Rondinelli, 1984), decentralization is defined as the “spatial relocation of decision making that is transfer of some responsibility or authority from higher to lower levels within the central government ministries or agencies. We have four types of decentralization and they include, de-concentration, financial decentralization, devolution and delegation. Decentralization includes new systems for inter governmental transfers, financial regulations and accounting and budgeting procedures, Villaden (1996). The local Government Finance Commission Report no 1 of February 1995 – December 1996 states that the mission if financial decentralization is backed by a legal framework both in the 1995 constitution of Uganda (article 152, 191 (1) and 196), Financial and accounting regulation of 1998.

## **CHAPTER THREE: METHODOLOGY**

### **3.0 Introduction**

This chapter describes the methodological framework that was used in attaining the intended objectives of the study. The main focus was on the research design, area of the study, the study population, sample procedures, sampling frame and its characteristics, data collection methods and instruments, quality control methods, data management and processing, data analysis, ethical considerations, and limitations of the study.

### **3.1 Research Design**

A cross sectional survey design was employed in this study. Both qualitative and quantitative approaches to data collection and analysis were employed in order to get an in-depth understanding of the phenomenon under investigation and to confirm completeness for instruments (Amin, 2005).

### **3.2 Area of the Study**

The area of the study was TMC, Eastern Division found in Tororo District, Eastern region of Uganda. Given the desire to get accurate results and the area being the centre of the entire Elgon sub region and the fast growing area, it was worthwhile to consider Tororo municipality as the best area for the study. The advantage for choosing this area was that the result from Tororo municipality is representative enough to the entire Elgon sub region.

#### **3.2.1 The Study Population**

The study population comprised of the councillors and staff of Tororo municipality. The logic is that these very councillors and staff are directly affected by internal controls and local revenue collected by the TMC, Eastern Division. A number of 60 respondents were

put into consideration. The advantage for having the population of 60 is to have a manageable number of respondents to avoid ambiguity and have accurate inferential statistical results (mugenda and mugenda, 2013).

### **3.3 The Sample Size**

In choosing the sample size and securing representative responses, this study was based on statistical estimation theory considering the degree of confidence that is expected from this type of research. The study applied Kotrlik and Haggins (2001) model for determining the minimum returned sample size for any given population. In determining the appropriate sample size for this study, Slovener's formula was considered appropriate because it is simple to calculate and easy for one to interpret.

**Slovener's Formula**       $n = N / 1 + Ne^2$

Where:

$n$  = Sample size

$N$  = Is the population

$e$  =the level of significance is 0.05

Therefore:  $n = 60 / 1 + 60(0.05)^2$

$n = 60 / 1.15 = \underline{\underline{n = 52 Respondents}}$

**Table 3.4.1 Sample Size**

<b>Respondents</b>	<b>Population</b>	<b>Sample size</b>	<b>Sampling Techniques</b>
Councillors	20	17	Simple Random sampling
<b>Staff of TMC, Eastern Division:</b>			
Top managers	10	09	Purposive sampling
Middle managers	20	17	Purposive sampling
Lower managers	10	09	Purposive sampling
<b>Total Respondent</b>	<b>N=60</b>	<b>n=52</b>	

**Source: Researcher's conceptualisation, 2025**

### **3.4 Sampling Techniques**

In determining respondents for this study, the researcher adopted and used simple random sampling technique hand in hand with purposive sampling on the respondents who are political leaders and staff of Tororo municipality. The advantage of simple random sampling is because each and every respondent had an equal opportunity to be included in the sample and this solves the problem of bias which spoils the results. Purposive sampling on the other hand was used to staff so as to be able to get more technical information from staff. Amini, (2005), suggests that purposive sampling is used to sample some of the staff officers who have much needed data.

### **3.5 Research Procedure**

The researcher, before going to collect primary data from the field, followed the well established steps as listed below:

- Researcher obtained the introduction letter from the university to the area of the study.
- Approval of the research instruments to be used in the data collection such as Questionnaire.
- Data collection from the area of the study using the approved methods and techniques

### **3.6 Data Collection Methods**

The researcher used self administered questionnaires method to collect primary and secondary data from the individual respondents. This study also adopted this method because of the fact that the respondents are of mature age. The amount of time available as well as the costs involved in data collection also justifies the use of the same.

Secondary data was collected through documentary reviews using sources like performance reports, reports by the ministry of local government, planning and the internet. This helped the researcher in getting more information on the effectiveness of councillors in the Tororo municipality, Tororo district.

### **3.7 Data Collection Instruments**

**Questionnaire:** It is an important instrument of data collection. Judd (1991) said that a questionnaire is justifiable in data collection mainly because; it enables the researcher to collect large amount of data within a short time, it also provides opportunity for respondents to give truthful and anonymous answers. A set of questions was designed for the respondents of Tororo municipality; it included closed set of questions that were answered. In general questionnaire was chosen because of its advantage to provide the detailed required data from the respondent. There are many other tools such as interview but because of time and the desire to get accurate results the researcher intends to use only questionnaire.

### **3.8 Quality Control Methods**

The quality control methods comprise of both validity and reliability of the instruments that are used in the study and below is the explanations of the quality control methods that were used in this study:

#### **3.8.1 Validity of the Instrument**

Data validity was considered to ensure dependability through consultations with experts in same field about the content of the instruments and my supervisor. Also with the calculation of the content validity index (CVI). The calculation of CVI was computed with the help of SPSS. George and Mallery, (2003) rating, the validity of the instrument is supposed to be above 0.5 (mugenda and mugenda, 2013).

#### **3.8.2 Reliability of the Instruments**

Foenkel and Norman, (2005) argue that reliability refers to the consistency of the score obtained, how consistent they are for each individual from one administration of an instrument to another and from one set of the items to another. Therefore, the reliability of the instrument was determined through piloting the instrument. That is to say 10 questionnaires were tested. The calculation of the Cronbach Alpha coefficient was used to validate the instruments. The advantage of this process was to aid correction of the errors within the tools of data collections to verify how they are reliable to produce significant information from the field.

### **3.9**

#### **Ethical Considerations**

The study gathered information that creates a report that serves as a building block for transparency and openness for Nation building. The norms and values of each respondent were highly respected. They were assured of full confidentiality of the information they give. There are certain ethical protocols that were followed by the researcher. The researcher first sought for clear approval from the respondents. This clearly made them certain that their participation in this study is out of their own preference

The researcher also ensured that the respondents are aware of the objectives of the study and their input to its completion. The ethical measures were highly excised by the researcher in treating the respondents with respect and consideration. The advantage of this was that the respondents were at ease and freely gave honest responses to the questionnaire.

### **3.10 Data Analysis and Presentation**

**Analysis:** Data were analyzed using correlation and regression analysis and by use of statistical packages for social scientists (SPSS) to establish percentages, frequencies and statistical means of the research variables. The advantage of analyzing data is to make the work more understandable to users.

**Presentation:** The results of the study were summarised and put into tables as frequencies and percentages. This was for easy analysis and interpretation. The advantage is that the readers and users of this study get this work more easily understandable and use it for the intended purpose.

### **3.11 Limitations of the Study**

There was a problem of limited time; many respondents normally take time to respond adequately to the questions because they are either busy or afraid to give the information to unknown person. To solve this problem, questionnaires were distributed and collected at a later time.

The problem of limited finance, the researcher need transport facilitation in the process of data collection. Moving to and from the field and more so buying necessary requirements to be used, the funds were not enough. To solve this, friends and relatives were called upon to contribute for this noble course.

Another challenge and limitation of the study was the reliance on information supplied by respondents who do not want to make a full disclosure of the information to an unknown person. Therefore, there was clear explanation for the use of data and a letter from Uganda Christian University cleared them off their fears

The oath of secrecy for employees was another area of constraint in this study, but there was thorough explanation that the data collected were generalized and ass confidential.

## **CHAPTER FOUR: PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS**

### **4.0 Introduction**

This chapter presents the critical analysis of data collected from the field. The data was based on the questionnaires which were derived from the study objectives. The findings were presented and analyzed using frequency tables and percentages. The researcher used a computer package called SPSS to establish the relationship between internal controls and utilization of local revenue in Tororo municipality. The fore going presentation is based on objective by objective and the following are the objectives

- 1) Determine the different sources of local revenue in TMC, Eastern Division.
- 2) Determine the different internal control system used in TMC, Eastern Division.
- 3) Assess the relationship between internal controls and local revenue utilization in TMC, Eastern Division.

### **4.1 Demographic Data of Respondents**

The demographic data of respondents was collected and duly presented and analyzed to know the nature of the respondents that participated in the study. The following are the sub sections of the demographic data of the respondents in Tororo Municipality, Tororo district.

#### **4.1.1 Sex of the Respondents**

By and large the respondents in Tororo municipality are categorized in terms of female and males for the purpose of this research. Therefore the table below shows the distribution of respondents by their gender as in the table 4.1.1 below

**Table 4.1.1: Distribution of Respondents by Sex**

SEX		Frequency	Per cent	Valid Percent	Cumulative Percent
Valid	Male	40	76.9	76.9	76.9
	Female	12	23.1	23.1	100.0
	Total	52	100.0	100.0	

Source: *Researcher's conceptualisation, 2025*

From the above table 4.1.1, male respondents formed the highest percentage of 40(76.9%) compared to the female with only 12(23.1%). There is significant difference between the two categories and there was none response recorded. This agrees with the NRM philosophy of gender. This result above also reveal that male do a lot of outdoor tasks and are common in towns, unlike females who do domestic and indoor work. The rationale for this presentation was to report statistical representation of female and male opinions to avoid bias

#### 4.1.2 Age Distribution of Respondents

The respondents in TMC, Eastern Division were of various ages and the table 4.1.2 below presents the age distribution of respondents in Tororo municipality in form of age brackets.

**Table 4.1.2: Distribution of respondents by age**

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	(20-30)	4	7.7	7.7	7.7
	(30-40)	26	50.0	50.0	57.7
	(40-50)	16	30.8	30.8	88.5
	(50 and Above)	6	11.5	11.5	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

In reference to table 4.1.2 above, the respondents between age brackets of (20-30) years were 4(7.7%) and the age brackets of (30-40) years with 26(50.0%) and were the majority. Those in the age bracket of (40-50) years accounted for 16(30.8%), while those of 50 years and above indicated 6(11.5%). This implies that the majorities of the respondents are still in their prime years of work and therefore are very much affected by the decisions of these councillors. The total percentage was 100% because all the questionnaires administered were returned. In this case one may conclude that majority of the people inTMC, Eastern Division are below 40years of age and this accounts for the cause of unemployment and increased criminal activities.

#### **4.1.3 Distribution of Respondents by Education Level**

The respondents were of different education levels and the table 4.1.3 below shows the education level of the respondents in Tororo municipality.

**Table 4.1.3: Shows the distribution of respondents by education level.**

Education Level		Frequen cy	Percent	Valid Percent	Cumulative Percent
Valid d y	Masters	10	19.2	19.2	19.2
	Degree	15	28.8	28.8	48.1
	Diploma	23	44.2	44.2	92.3
	Secondar y	4	7.7	7.7	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

From the above table 4.1.3, the highest education level of the respondents was Masters Degree which indicated 10(19.2%), followed by Bachelors degree with 15(28.8%),

Diploma holders also represented 23(44.2%) and were the majority, Secondary level of education represented 4(7.7%, primary level represented 0(0.0%) while other education qualification accounted for 0(0.0%). It is concluded that the majority of educated people have come from various places looking for jobs and even those who fail resorted to business hence influencing the composition of the population. It is concluded that majority of town dwellers have higher education that is to say diploma or degree holders

#### **4.1.4 Distribution of Respondents by Marital Status**

The table 4.1.4 below illustrates the distribution of Respondents by marital status in Tororo municipality; the results of the study are as follows as per the table 4.1.4 below:

**Table 4.1.4: Shows the distribution of respondents by marital status**

Marital Status		Frequency	Percent	Valid Percent	Cumulative Percent
Valid d	Single	8	15.4	15.4	15.4
	Married	42	80.8	80.8	96.2
	Widow	2	3.8	3.8	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

The table 4.1.4 above shows the distribution of Respondents by marital status in Tororo municipality; the results of the study reveal that singles are 8(15.4%), and married ones are 42(80.8%), and widowed are 2(3.8%). The distribution above explains the fact that service delivery is highly needed since majority of the residents are married and are of child bearing age.

#### **4.1.5 Distribution of Respondents by Occupation**

The table 4.1.5 below illustrates the distribution of Respondents by occupation in Tororo municipality; the results of the study are clearly shown in the statistical form as in the table 4.1.5 below:

**Table 4.1.5: Shows the distribution of respondents by occupation**

##### **Occupation**

	Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	Employment	46	88.5	88.5
	Business Person	6	11.5	100.0
	Total	52	100.0	100.0

**Source: Researcher's conceptualisation, 2025**

The table 4.1.5 above illustrates the distribution of Respondents by occupation in Tororo municipality; the results of the study shows that those who are employed are 46(88.5%), peasants are 0(0.0%) and Business persons are 6(11.5%). This explains the reason as to why TMC, Eastern Division is well as far as LR is concerned

#### **4.2 Determine the different sources of local revenue in TMC, Eastern Division**

This was the first research objective of this study which sought to determine the different sources of local revenue in TMC, Eastern Division. This objective seeks to establish the effect of the application of internal controls on different sources of LR. Therefore, when the questionnaire was administered, the study findings revealed varying answers from respondents sampled in Tororo Municipality; the tables below present the findings relating to the different sources of local revenue in TMC, Eastern Division:

#### **4.2.1 There is Rental income as sources of local revenue in TMC, Eastern Division**

The question was posed to the respondents of Tororo municipality whether the Councillors make good laws for the municipal functionality, the respondents had mixed answers to this question and are as shown in table 4.2.1 below:

**Table 4.2.1 There is Rental income as sources of local revenue in TMC, Eastern Division**

#### **There is Rental income as sources of local revenue in TMC, Eastern Division**

	Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	28	53.8	53.8
	Agree	14	26.9	80.8
	Not Sure	6	11.5	92.3
	Disagree	4	7.7	100.0
	Total	52	100.0	100.0

**Source:** *Researcher's conceptualisation, 2025*

From the table 4.2.1, above the respondents who strongly disagree were 0(0.0%), those who disagreed were 4(7.7%), while those who were not sure were 6(11.5%) whereas those who agreed that rent income contribute to TMC, Eastern Division sources of LR were 14(26.9%) and lastly strongly agree with the question were 28(53.8%). The composition of respondents in the table reveals that majority agree with the opinion that rent is part of LR for TMC, Eastern Division.

#### **4.2.2 Parking fees a source of local revenue are collected in TMC, Eastern Division**

The next question was posed to the respondents of Tororo municipality, whether parking fees a source of local revenue are collected in Tororo municipality, the respondents had mixed answers to this question and are as shown in table 4.2.2 below:

**Table 4.2.2 Parking fees a source of local revenue are collected in TMC, Eastern Division**

**Parking fees a source of local revenue are collected in TMC, Eastern Division**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	40	76.9	76.9
	Agree	10	19.2	96.2
	Strongly Disagree	2	3.8	100.0
	Total	52	100.0	100.0

**Source:** *Researcher's conceptualisation, 2025*

From the table 4.2.2, above the respondents who strongly disagree were 2(3.8%), those who disagreed were 0(0.0%), while those who were not sure were 0(0.0%) and those who agreed that parking fees are one source of LR were 40(76.9%) and lastly strongly agree with the question were only 0(0.0%). It is therefore worthwhile for one to discern that parking fees are part of LR in TMC, Eastern Division

#### **4.2.3 Licenses and Permits are Sources of Local Revenue in TMC, Eastern Division**

The next and third question was posed to the respondents of Tororo municipality, whether the council rules and regulations help raise revenue and account for which lead to service delivery in Tororo municipality, the respondents had mixed answers to this question and are as shown in table 4.2.3 below;

**Table 4.2.3 Licenses and Permits are Sources of Local Revenue in TMC, Eastern Division**

**Licenses and permits are sources of local revenue in TMC, Eastern Division**

		Frequen cy	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	44	84.6	84.6	84.6
	Agree	6	11.5	11.5	96.2
	Strongly Disagree	2	3.8	3.8	100.0
	Total	52	100.0	100.0	

**Source:** *Researcher's conceptualisation, 2025*

From the table 4.2.3, above the respondents who strongly disagree were 2(3.8%), those who disagreed were 0(0.0%), while those who were not sure were 0(0.0%) and those who agreed that the license is a source of local revenue were 6(11.5%) and lastly strongly agree with the question were only 44(84.6%). This reveals that license is part of local revenue for TMC, Eastern Division.

#### **4.2.4 Fines and penalties are sources of local Revenue in TMC, Eastern Division**

The next question was posed to the respondents of Tororo municipality, whether fines and penalties are sources of local Revenue in Tororo municipality, the respondents had mixed answers to this question and are as shown in table 4.2.3 below;

**Table 4.2.4 Fines and penalties are sources of local Revenue in TMC, Eastern Division****Fines and penalties are sources of local Revenue in TMC, Eastern Division**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	32	61.5	61.5
	Agree	14	26.9	88.5
	Not Sure	2	3.8	92.3
	Disagree	4	7.7	100.0
	Total	52	100.0	100.0

**Source:** *Researcher's conceptualisation, 2025*

From the table 4.2.4, above the respondents who strongly disagree were 0(0.0%), those who disagreed were 4(7.7%), while those who were not sure were 2(3.8%) and those who agreed that the license is a source of local revenue were 14(26.9%) and lastly strongly agree with the question were only 32(61.5%). This reveals that fines and penalties are part of local revenue for TMC, Eastern Division.

#### **4.2.5 Market dues and tender fees contribute a lot to local revenue in the TMC, Eastern Division**

The next question was posed to the respondents of Tororo municipality, whether market dues and tender fees contribute to local revenue in Tororo municipality, the respondents had mixed answers to this question and are as shown in table 4.2.5 below:

**Table 4.2.5 Market dues and Tender Fees Contribute a lot to Local Revenue**

**Market dues and tender fees contribute a lot to local revenue in the TMC, Eastern Division**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	46	88.5	88.5	88.5
	Agree	4	7.7	7.7	96.2
	Disagree	2	3.8	3.8	100.0
	Total	52	100.0	100.0	

**Source:** Researcher's conceptualisation, 2025

From the table 4.2.5, above the respondents who strongly disagree were 0(0.0%), those who disagreed were 2(3.8%), while those who were not sure were 0(0.0%) and those who agreed that the market fees and tender fees are a source of local revenue were 4(7.7%) and lastly strongly agree with the question were only 46(88.5%). This reveals that market fees and tender fees are part of local revenue for TMC, Eastern Division.

#### **4.2.7 There is boda-boda fees collection as LR in TMC, Eastern Division**

The next question was posed to the respondents of Tororo municipality, whether there is boda-boda fees are collected as local revenue in Tororo municipality, the respondents had mixed answers to this question and are as shown in table 4.2.7 below:

**Table 4.2.7 There is boda-boda fees collection as LR in TMC, Eastern Division**

**There is boda-boda fees collection as LR in TMC, Eastern Division**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	16	30.8	30.8	30.8
	Agree	10	19.2	19.2	50.0
	Not Sure	2	3.8	3.8	53.8
	Disagree	12	23.1	23.1	76.9
	Strongly Disagree	12	23.1	23.1	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

From the table 4.2.7, above the respondents who strongly disagree were 12(23.1%), those who disagreed were 12(23.1%), while those who were not sure were 2(3.8%) and those who agreed that the boda-boda fees are a source of local revenue were 10(19.2%) and lastly strongly agree with the question were only 16(30.8%). This reveals that Boda-boda fees are part of local revenue or it is possible to collect it for TMC, Eastern Division.

**4.3 Identify the Different Internal Controls used in TMC, Eastern Division**

The second objective was to identify the different internal controls used in TMC, Eastern Division; this was analyzed from the responses of the respondents of Tororo municipality, in Tororo district. In search for answers to the above stated objective, a questionnaire was administered to find out the responses from the respondents of Tororo municipality. Therefore the following tables present the findings relating to the effect of the different internal controls used in TMC, Eastern Division:

**4.3.1 There is organisation control in TMC, Eastern Division**

The respondents were asked whether there is organisation control in TMC, Eastern Division, and when asked they had mixed ideas and the following were the responses from the respondents of Tororo municipality:

**Table 4.3.1 There is organisation control in TMC, Eastern Division****There is organisation control in TMC, Eastern Division**

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	16	30.8	30.8	30.8
	Agree	28	53.8	53.8	84.6
	Not Sure	4	7.7	7.7	92.3
	Disagree	4	7.7	7.7	100.0
	Total	52	100.0	100.0	

Source: *Researcher's conceptualisation, 2025*

From the table 4.3.1 above shows the responses from Tororo municipality were asked whether there is organisation control in TMC, Eastern Division: Those who strongly disagreed were 0(0.0%), disagree are 4(7.7%), not sure are 4(7.7%), those who agreed are 28(53.8%) while those who strongly agreed were 16(30.8%). This means that majority of the respondents do agreed that there is organisation control in TMC, Eastern Division.

**4.3.2 There is segregation of duties in TMC, Eastern Division**

The respondents were asked whether there is segregation of duties in TMC, Eastern Division, and when asked they had mixed ideas as in the table below and the following were their opinions from the respondents of Tororo municipality:

**Table 4.3.2 There is segregation of duties in TMC, Eastern Division****There is segregation of duties in TMC, Eastern Division**

		Frequenc y	Percent	Valid Percent	Cumulative Percent
	Agree	22	42.3	42.3	73.1
	Not Sure	12	23.1	23.1	96.2
	Disagree	2	3.8	3.8	100.0
	Total	52	100.0	100.0	

Source: *Researcher's conceptualisation, 2025*

The table 4.3.2 above shows the responses from the residents and employee of Tororo municipality, on the question whether there is segregation of duties in TMC, Eastern Division. The answers were: strongly disagree were 0(0.0%), disagree were 2(3.8%), not sure were 12(23.1%), those who agreed were 22(42.3%) while those who strongly agreed were 0(0.0%). This means that there is segregation of duties in TMC, Eastern Division voted in favour. However, 23.1% of respondents who are not sure mean that there is significant weakness within the same internal control.

#### **4.3.3 There is internal controls in TMC, Eastern Division**

The respondents of Tororo municipality were asked whether there is internal controls in TMC, Eastern Division and when asked they had mixed ideas and the following were the reply of respondents of Tororo municipality:

**Table 4.3.3 There is internal controls in TMC, Eastern Division**

**There is internal controls in TMC, Eastern Division**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	16	30.8	30.8
	Agree	34	65.4	96.2
	Not Sure	2	3.8	100.0
	Total	52	100.0	100.0

**Source: Researcher's conceptualisation, 2025**

From the table 4.3.3 above shows that the answers from the respondents of TMC, Eastern Division were as follows: strongly disagree were 0(0.0%), disagree were 0(0.0%), not sure were 2(3.8%), those who agreed were 34(65.4%) while those who strongly agreed were 16(30.8%). The majority of the respondents 65.0% agree that there are internal controls in

TMC, Eastern Division and 3.8% of not sure is below the significant level therefore it implies that internal controls are visible in TMC, Eastern Division.

#### **4.3.4 There is arithmetic and accounting controls TMC, Eastern Division**

The respondents of Tororo municipality were asked whether there is arithmetic and accounting controls in TMC, Eastern Division and when asked they had varied ideas and the following were the reactions from the respondents of Tororo municipality:

**Table 4.3.4 There is arithmetic and accounting controls TMC, Eastern Division**

There is arithmetic and accounting controls TMC, Eastern Division

		Frequen cy	Percen t	Valid Percent	Cumulative Percent
Valid	Strongly Agree	14	26.9	26.9	26.9
	Agree	30	57.7	57.7	84.6
	Not Sure	6	11.5	11.5	96.2
	Strongly Disagree	2	3.8	3.8	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

Table 4.3.4 above shows the responses from the respondents of TMC, Eastern Division responded in the following ways: strongly disagree were 2(3.8%), disagree were 0(0.0%), not sure were 6(11.5%), those who agreed were 30(57.7%) while those who strongly agreed were 14(26.9%). In this case the respondents agree that there is arithmetic and accounting controls TMC, Eastern Division.

#### **4.3.5 There is supervision control in TMC, Eastern Division**

The respondents of TMC, Eastern Division were asked whether there is supervision control in TMC, Eastern Division. When asked they had mixed ideas too and the following were the answers from the respondents of Tororo municipality:

**Table 4.3.5 There is supervision control in TMC, Eastern Division**

There is supervision control in TMC, Eastern Division

	Frequen cy	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	20	38.5	38.5
	Agree	26	50.0	88.5
	Not Sure	4	7.7	96.2
	Strongly Disagree	2	3.8	100.0
	Total	52	100.0	100.0

**Source: Researcher's conceptualisation, 2025**

Table 4.3.5 above shows the responses from the respondents of TMC, Eastern Division: strongly disagree were 2(3.8%), disagree were 0(0.0%), not sure were 4(7.7%), those who agreed were 26(50.0%) while those who strongly agreed were 20(38.5%). This may mean that there is supervision control in TMC, Eastern Division as an internal control that has helped protect assets and liabilities of the Municipal council.

#### **4.4 Local revenue has led to better payment of councillors' allowances in TMC, Eastern Division**

The objective three was Local revenue has led to better payment of councillors' allowances in TMC, Eastern Division. This was cross examined in comparison and analyzed basing on responses of the respondents in TMC, Eastern Division. The objective was to find out how Local revenue has led to better payment of councillors' allowances in TMC, Eastern

Division. To provide answers to the above stated questions, respondents were asked several simple questions. The reply from the respondents of TMC, Eastern Division to form the basis of the presentation in the following tables:

#### **4.4.1 Local revenue has led to better payment of councillors' allowances in TMC, Eastern Division**

The respondents of TMC, Eastern Division were asked whether Local revenue has led to better payment of councillors' allowances in TMC, Eastern Division. The respondent on this question responded in the following as indicated in the table 4.4.1 below:

**Table 4.4.1 Municipal Councillors Need to be Motivated Well**

#### **Local revenue has led to better payment of councillors' allowances in TMC, Eastern Division**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	12	23.1	23.1	23.1
	Agree	32	61.5	61.5	84.6
	Not Sure	4	7.7	7.7	92.3
	Disagree	2	3.8	3.8	96.2
	Strongly Disagree	2	3.8	3.8	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

The table 4.4.1 above shows the answers from the respondents of Tororo municipality. Their answers are as follows: strongly disagree were 2(3.8%), disagree were 2(3.8%), not sure were 4(7.7%), those who agreed were 32(61.5%) while those who strongly agreed were 12(23.1%). The results from the above table indicate that Local revenue has led to better payment of councillors' allowances in TMC, Eastern Division

#### **4.4.2 Local revenue has led to better service delivery in TMC, Eastern Division**

The question was posed to respondents of TMC, Eastern Division whether Local revenue has led to better service delivery in TMC, Eastern Division. The respondents had the following as indicated in the table 4.4.2 below:

**Table 4.4.2 Local revenue has led to better service delivery in TMC, Eastern Division**

**Local revenue has led to better service delivery in TMC, Eastern Division**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	15.4	15.4
	Agree	22	42.3	57.7
	Not Sure	4	7.7	65.4
	Disagree	18	34.6	100.0
	Total	52	100.0	100.0

**Source: Researcher's conceptualisation, 2025**

From the table 4.4.2 above shows the responses from the respondents of Tororo municipality and when asked this question they had the following to say: strongly disagree were 0(0.0%), disagree were 18(34.6%), not sure were 4(7.7%), those who agreed were 22(42.3%) while those who strongly agreed were 8(15.4%). The results from the responses indicate that Local revenue has led to better service delivery in TMC, Eastern Division but also a reasonable percent oppose.

#### **4.4.3 Local revenue has led to increased liquidity in TMC, Eastern Division**

The next question that was posed to respondents of TMC, Eastern Division was whether Local revenue has led to increased liquidity in TMC, Eastern Division. The respondent on this question responded in the following as indicated in the table 4.4.3 below:

**Table 4.4.3 Local revenue has led to increased liquidity in TMC, Eastern Division**

### **Local revenue has led to increased liquidity in TMC, Eastern Division**

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	16	30.8	30.8	30.8
	Agree	16	30.8	30.8	61.5
	Not Sure	8	15.4	15.4	76.9
	Disagree	8	15.4	15.4	92.3
	Strongly Disagree	4	7.7	7.7	100.0
	Total	52	100.0	100.0	

**Source:** *Researcher's conceptualisation, 2025*

Table 4.4.3 above shows the responses from the respondents of TMC, Eastern Division: strongly disagree were 4(7.7%), disagree were 8(15.4%), not sure were 8(15.4%), those who agreed were 16(30.8%) while those who strongly agreed were 16(30.8%). On asking this question majority of the respondents said that Local revenue has led to increased liquidity in TMC, Eastern Division while those who disagree and not sure were of significant percentage. In general terms it means the openness and transparency is significantly deficient in TMC, Eastern Division.

#### **4.4.4 Local Revenue Increase has led to Better New Services in TMC, Eastern Division**

The respondents of TMC, Eastern Division were asked whether municipal Councillor's jobs are well enriched and designed in order to perform their duties well with all their best. The respondent answered this question in the following as indicated in the table 4.4.4 below:

**Table 4.4.4 Local Revenue Increase has Led to Better New Services in TMC, Eastern Division**

		Frequen cy	Percent	Valid Percent	Cumulative Percent
Vali d	Strongly Agree	8	15.4	15.4	15.4
	Agree	22	42.3	42.3	57.7
	Not Sure	4	7.7	7.7	65.4
	Disagree	12	23.1	23.1	88.5
	Strongly Disagree	6	11.5	11.5	100.0
	Total	52	100.0	100.0	

**Source:** *Researcher's conceptualisation, 2025*

Table 4.4.4 above shows the responses from the respondents of Tororo municipality: strongly disagree were 6(11.5%), disagree were 12(23.1%), not sure were 4(7.7%), those who agreed were 22(42.3%) while those who strongly agreed were 8(15.4%). On this question majority of the respondents said that Local revenue increase has led to better new services in TMC, Eastern Division.

#### **4.4.5 Local revenue has increased quality of staff in TMC, Eastern Division**

The question was posed to respondents of Tororo Municipality whether there is need for Councillors to implement only planned projects in order to maximize service delivery Tororo municipality. The respondent responded on this question in the following as indicated in the table 4.4.5 below:

**Table 4.4.5 Local revenue has increased quality of staff in TMC, Eastern Division****Local revenue has increased quality of staff in TMC, Eastern Division**

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	12	23.1	23.1	23.1
	Agree	14	26.9	26.9	50.0
	Not Sure	8	15.4	15.4	65.4
	Disagree	10	19.2	19.2	84.6
	Strongly Disagree	8	15.4	15.4	100.0
	Total	52	100.0	100.0	

Source: *Researcher's conceptualisation, 2025*

Table 4.4.5 above shows the responses from the respondents of Tororo municipality: strongly disagree were 8(15.4%), disagree were 10(19.2%), not sure were 8(15.4%), those who agreed were 14(26.9%) while those who strongly agreed were 12(23.1%). On this question majority of the respondents said that Local revenue has increased quality of staff in TMC, Eastern Division.

#### **4.5 Relationship Questions on Local Revenue Utilization**

The research studied the dependent variable in terms of Local revenue utilisation which is further broken down as payment of;

- Council benefits,
- Local revenue bases &
- Better service delivery.

All these are understood as indicators of local revenue utilisation and therefore questions were carefully arranged for the respondents to find out the relationship internal controls

and local revenue utilisation in TMC, Eastern Division. The following are the findings questions.

#### **4.5.1 Payment of Council Benefits**

The first indicator of LR utilisation in this study is payment of council benefits and a number of questions were set purposely to establish the opinion of the respondents. It is therefore important to analyse the answers of the respondents of TMC, Eastern Division on the questions established according to the above indicators of local revenue utilisation:

##### **4.5.1.1 Internal controls led to effective payment of council emolument in TMC, Eastern Division**

The respondents of TMC, Eastern Division were asked this question to find out whether or not they have had proper service delivery in the municipal; however when asked, they had the following responses as in table 4.5.1.1 below:

**Table 4.5.1.1 Internal controls led to effective payment of council emolument**

##### **Internal controls led to effective payment of council emolument in TMC, Eastern Division**

		Frequen cy	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	9	17.3	17.3	17.3
	Agree	27	51.9	51.9	69.2
	Not Sure	8	15.4	15.4	84.6
	Disagree	8	15.4	15.4	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

Table 4.5.1.1 above shows the responses from the respondents on the question Internal controls led to effective payment of council emolument and they had the following to say:

strongly disagree were 0(0.0%), disagree were 8(15.4%), not sure were 8(15.4%), those who agreed were 27(51.9%) while those who strongly agreed were 9(17.3%). This means that the respondents agreed that internal control has led to effective payment of council emolument though significant number oppose

#### **4.5.1.2 Internal Controls have Brought More Revenue for Monitoring in TMC, Eastern Division**

The respondents were asked whether roads are well maintained in time in TMC, Eastern Division or not that is to test if service delivery is a reality; the following were the responses collected from the respondents of Tororo municipality as in the table below:

**Table 4.5.1.2 Internal Controls have brought more revenue for monitoring**

**Internal Controls have brought more revenue for monitoring**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	15.4	15.4
	Agree	32	61.5	76.9
	Not Sure	2	3.8	80.8
	Disagree	8	15.4	96.2
	Strongly Disagree	2	3.8	100.0
	Total	52	100.0	100.0

**Source: Researcher's conceptualisation, 2025**

In the table 4.5.1.2 above shows the responses from respondents in Tororo municipality when asked Internal Controls have brought more revenue for monitoring: strongly disagree were 2(3.8%), disagree were 8(15.4%), not sure were 2(3.8%), those who agreed were 32(61.5%) while those who strongly agreed were 8(15.4%). This is a clear indication that

Internal Controls have brought more revenue for monitoring in Tororo municipality since more than 61% of the respondents at least agreed.

#### **4.5.1.3 The internal controls have brought about better sharing of LR in TMC, Eastern Division**

The respondents were asked whether the internal controls have brought about better sharing of LR in TMC, Eastern Division; the following were the responses collected from the respondents of Tororo municipality as in the table 4.5.1.3 below:

**Table 4.5.1.3 Internal controls have brought about better sharing of LR in TMC, Eastern Division**

The internal controls have brought about better sharing of LR in TMC, Eastern Division

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	6	11.5	11.5
	Agree	30	57.7	69.2
	Not Sure	6	11.5	80.8
	Disagree	10	19.2	100.0
	Total	52	100.0	100.0

**Source: Researcher's conceptualisation, 2025**

The table 4.5.1.3 above shows the responses from the respondents in Tororo municipality and when asked if internal controls have brought about better sharing of LR among departments in TMC, Eastern Division: strongly disagree were 0(0.0%), disagree were 10(19.2%), not sure were 6(11.5%), those who agreed were 30(57.7%) while those who strongly agreed were 6(11.5%). The responses indicate that internal controls have brought about better sharing of LR in TMC, Eastern Division.

#### **4.5.1.4 Part of LR now is used for service delivery**

The respondents were asked whether part of LR is now used for service delivery in TMC, Eastern Division or not that is to test if service delivery is a reality as result of proper use of LR; the following were the responses collected from the respondents of Tororo municipality as in the table 4.5.1.4 below:

**Table 4.5.1.4 Part of LR now is used for service delivery**

**Part of LR now is used for service delivery**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	15.4	15.4	15.4
	Agree	34	65.4	65.4	80.8
	Not Sure	6	11.5	11.5	92.3
	Disagree	4	7.7	7.7	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

Table 4.5.1.4 above shows the responses from the respondents of Tororo municipality Tororo district: strongly disagree were 0(0.0%), disagree were 4(7.7%), not sure were 6(11.5%), those who agreed were 34(65.4%) while those who strongly agreed were 8(15.4%). The implication is that the education sector in Tororo municipality is low characterised with massive failing of students at all levels. Even the historical schools are also brought to death by the existing policies. Therefore suggest that the procurement procedures be checked and be timed to allow the services follow onto residents.

#### **4.5.1.5 Executive emoluments are now paid promptly without delay**

The respondents were asked whether there is increased local revenue collection or not that is to test if service delivery is a reality; the following were the responses collected from the respondents of Tororo municipality as in the table 4.5.1.5 below:

**Table 4.5.1.5 Executive emoluments are now paid promptly without delay**

#### **Executive emoluments are now paid promptly without delay**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	6	11.5	11.5	11.5
	Agree	30	57.7	57.7	69.2
	Not Sure	8	15.4	15.4	84.6
	Disagree	6	11.5	11.5	96.2
	Strongly Disagree	2	3.8	3.8	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

In table 4.5.1.5 above shows the responses from the respondents of Tororo municipality Tororo district: strongly disagree were 2(3.8%), disagree were 6(11.5%), not sure were 8(15.4%), those who agreed were 30(57.7%) while those who strongly agreed were 6(11.5%). The implication is that there is increased local revenue and Executive emoluments are now paid promptly without delay

#### **4.5.2 LOCAL REVENUE BASES**

The second indicator of LR utilisation in this study is number of active local revenue sources or bases put in place and a number of questions were set purposely to establish the judgment of the respondents. It is therefore important to analyse the reply of the

respondents of TMC, Eastern Division on the questions established according to the above indicators of local revenue utilisation:

#### **4.5.2.1 Local funds have increased in the recent years due to new utilization**

The respondents of TMC, Eastern Division were asked this question to find out whether Local funds have increased in the recent years due to new utilization tactics; however when asked, they had the following responses as in table 4.5.2.1 below:

**Table 4.5.2.1 Local funds have increased in the recent years due to new utilization**

#### **Local funds have increased in the recent years due to new utilization**

		Frequen cy	Percen t	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	15.4	15.4	15.4
	Agree	22	42.3	42.3	57.7
	Not Sure	8	15.4	15.4	73.1
	Disagree	10	19.2	19.2	92.3
	Strongly Disagree	4	7.7	7.7	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

Table 4.5.2.1 above shows the responses from the respondents in Tororo municipality when asked Local funds have increased in the recent years due to new utilization tactics they had the following to say: strongly disagree were 4(7.7%), disagree were 10(19.2%), not sure were 8(15.4%), those who agreed were 22(42.3%) while those who strongly agreed were 8(15.4%). This means that Local funds have increased in the recent years due to new utilization tactics.

#### **4.5.2.2 Council has revenue enhancement policies in TMC, Eastern Division**

The respondents were asked whether roads are well maintained in time in TMC, Eastern Division or not that is to test if service delivery is a reality; the following were the responses collected from the respondents of Tororo municipality as in the table below:

**Table 4.5.2.2 Council has revenue enhancement policies in TMC, Eastern Division**

Council has revenue enhancement policies in TMC, Eastern Division

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	15.4	15.4
	Agree	38	73.1	88.5
	Not Sure	4	7.7	96.2
	Disagree	2	3.8	100.0
	Total	52	100.0	100.0

**Source: Researcher's conceptualisation, 2025**

In the table 4.5.2.2 above shows the responses from the responses in Tororo municipality Tororo district: strongly disagree were 0(0.0%), disagree were 2(3.8%), not sure were 4(7.7%), those who agreed were 38(73.1%) while those who strongly agreed were 8(15.4%). This is a clear indication that Council has revenue enhancement policies in TMC, Eastern Division.

#### **4.5.2.3 Internal Controls now Protect New Utilities in TMC, Eastern Division**

The respondents were asked whether internal controls now protect new utilities in TMC, Eastern Division; the following were the responses collected from the respondents of Tororo municipality as in the table 4.5.2.3 below:

**Table 4.5.2.3 Internal controls now protect new utilities in TMC, Eastern Division****Internal controls now protect new utilities in TMC, Eastern Division**

	y	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	15.4	15.4	15.4
	Agree	22	42.3	42.3	57.7
	Not Sure	18	34.6	34.6	92.3
	Disagree	4	7.7	7.7	100.0
	Total	52	100.0	100.0	

Source: *Researcher's conceptualisation, 2025*

The table 4.5.2.3 above shows the responses from the responses in Tororo municipality: strongly disagree were 0(0.0%), disagree were 4(7.7%), not sure were 18(34.6%), those who agreed were 22(42.3%) while those who strongly agreed were 8(15.4%). The implication is that the internal controls now protect new utilities in TMC, Eastern Division and have now generated local revenues the Municipal council

#### **4.5.2.4 Local revenue bases have increased in the recent years in TMC, Eastern Division**

The respondents were asked whether Local revenue bases have increased in the recent years in TMC, Eastern Division and it was to test if the reality of this local revenue indicator; the following were the responses collected from the respondents of Tororo municipality as shown in the table 4.5.2.4 below:

**Table 4.5.2.4 Local revenue bases have increased in the recent years in TMC, Eastern Division**

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Vali d	Strongly Agree	14	26.9	26.9	26.9
	Agree	26	50.0	50.0	76.9
	Not Sure	6	11.5	11.5	88.5
	Disagree	2	3.8	3.8	92.3
	Strongly Disagree	4	7.7	7.7	100.0
	Total	52	100.0	100.0	

**Source:** *Researcher's conceptualisation, 2025*

Table 4.5.2.4 above shows the responses from the respondents of Tororo municipality on the question Local revenue bases have increased in the recent years in TMC, Eastern Division: strongly disagree were 4(7.7%), disagree were 2(3.8%), not sure were 6(11.5%), those who agreed were 26(50.0% while those who strongly agreed were 14(26.90%). The implication is that the Local revenue bases have increased in the recent years in TMC, Eastern Division.

### **4.5.3 Better Service Delivery in Tororo**

The third indicator of LR utilisation in this study is Better Service Delivery in Tororo that is provided to the people of Tororo municipality and a number of questions were set purposely to establish the judgment of the respondents. It is therefore important to analyse the reply of the respondents of TMC, Eastern Division on the questions established according to the above indicators of local revenue consumption:

#### **4.5.3.1 Internal Controls have Increased Accountability and Value for Money**

The respondents of TMC, Eastern Division were asked this question to find out whether Internal controls have increased accountability and value for money; however when asked, they had the following responses as in table 4.5.3.1 below:

**Table 4.5.3.1 Internal controls have increased accountability and value for money**

Internal controls have increased accountability and value for money

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	6	11.5	11.5	11.5
	Agree	32	61.5	61.5	73.1
	Not Sure	8	15.4	15.4	88.5
	Disagree	6	11.5	11.5	100.0
	Total	52	100.0	100.0	

**Source: Researcher's conceptualisation, 2025**

Table 4.5.3.1 above shows the responses from the respondents in Tororo municipality and they had the following to say: strongly disagree were 0(0.0%), disagree were 6(11.5%), not sure were 8(15.4%), those who agreed were 32(61.5%) while those who strongly agreed were 6(11.5%). This means that internal controls have increased accountability and value for money

#### **4.5.3.2 There is better service delivery to people in recent years in TMC, Eastern Division**

The respondents were asked whether there is better service delivery to people in recent years in TMC, Eastern Division; the following were the responses collected from the respondents of Tororo municipality as in the table below:

**Table 4.5.3.2 There is better service delivery to people in recent years in TMC, Eastern Division**

There is better service delivery to people in recent years in TMC, Eastern Division

	Frequen cy	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	15.4	15.4
	Agree	34	65.4	80.8
	Disagree	8	15.4	96.2
	Strongly Disagree	2	3.8	100.0
	Total	52	100.0	100.0

**Source:** *Researcher's conceptualisation, 2025*

In the table 4.5.3.2 above shows the responses from the respondents in Tororo Municipality: strongly disagree were 2(3.8%), disagree were 8(15.4%), not sure were 0(0.0%), those who agreed were 34(65.4% while those who strongly agreed were 8(15.4%). This is a clear indication that there is better service delivery to people in recent years in TMC, Eastern Division.

#### **4.5.3.3 There is better financial accountability now in TMC, Eastern Division**

The respondents were asked whether There is better financial accountability now in TMC, Eastern Division; the following were the responses collected from the respondents of Tororo municipality as in the table 4.5.3.3 below:

**Table 4.5.3.3 There is better financial accountability now in TMC, Eastern Division**

There is better financial accountability now in TMC, Eastern Division

	y	Frequenc	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	6	11.5	11.5	11.5
	Agree	30	57.7	57.7	69.2
	Not Sure	8	15.4	15.4	84.6
	Disagree	8	15.4	15.4	100.0
	Total	52	100.0	100.0	

Source: *Researcher's conceptualisation, 2025*

The table 4.5.3.3 above shows the responses from the respondents in Tororo Municipality: strongly disagree were 0(0.0%), disagree were 8(15.4%), not sure were 8(15.4%), those who agreed were 30(57.7%) while those who strongly agreed were 6(11.5%). The implication is there is better financial accountability now in TMC, Eastern Division.

#### **4.5.3.4 The planned projects in recent years are realized in full in TMC, Eastern Division**

The respondents were asked whether The planned projects in recent years are realized in full in TMC, Eastern Division; the following were the responses collected from the respondents of Tororo Municipality as in the table 4.5.3.4 below:

**Table 4.5.3.4 The planned projects in recent years are realized in full in TMC, Eastern Division**

The planned projects in recent years are realized in full in TMC, Eastern Division

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	8	15.4	15.4	15.4
	Agree	26	50.0	50.0	65.4
	Not Sure	6	11.5	11.5	76.9
	Disagree	10	19.2	19.2	96.2
	Strongly Disagree	2	3.8	3.8	100.0
	Total	52	100.0	100.0	

Source: *Researcher's conceptualisation, 2025*

Table 4.5.3.4 above shows the responses from the respondents of Tororo Municipality: strongly disagree were 2(3.8%), disagree were 10(19.2%), not sure were 6(11.5%), those who agreed were 26(50.0%) while those who strongly agreed were 8(15.4%). The implication is that the planned projects in recent years are realized in full in TMC, Eastern Division

#### **4.5.3.5 The over spending of Local revenue is now reduced in TMC, Eastern Division**

The respondents were asked whether the over spending of Local revenue is now reduced in TMC, Eastern Division; the following were the responses collected from the respondents of Tororo Municipality as in the table 4.5.3.5 below:

**Table 4.5.5 The over spending of Local revenue is now reduced in TMC, Eastern Division**

The over spending of Local revenue is now reduced in TMC, Eastern Division

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	6	11.5	11.5	11.5
	Agree	22	42.3	42.3	53.8
	Not Sure	14	26.9	26.9	80.8
	Disagree	10	19.2	19.2	100.0
	Total	52	100.0	100.0	

**Source:** *Researcher's conceptualisation, 2025*

In table 4.5.3.5 above shows the responses from the respondents of Tororo Municipality Tororo district: strongly disagree were 0(0.0%), disagree were 10(19.2%), not sure were 14(26.9%), those who agreed were 22(42.3% while those who strongly agreed were 6(11.5%). The implication is that the over spending of Local revenue is now reduced in TMC, Eastern Division

## **4.6 The Analysis of Variables**

The researcher found it necessary to discuss the SPSS results of both regression and correlation analysis objective by objective and are as follows:

### **4.6.1 The Regression Analysis of Internal Controls on council Benefits**

The analysis was made with the help of the SPSS software of the findings of the effect of Internal Controls on Payment of councillor's Benefits in Tororo municipality and the results of which were as follows in tables 4.6.1 below:

**Table 4.6.1 The Regression Analysis of Internal Controls on council Benefits**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.316 <sup>a</sup>	.100	.082	.805

a. Predictors: (Constant), Internal Controls

**Source:** *Researcher's conceptualisation, 2025*

The model summery table 4.6.1 above shows results from a linear regression analysis where the independent variable was internal controls and dependent variable was payment of council benefits. The results indicate that internal controls explain the variation in council benefits of Tororo municipality up to 10% as denoted by R<sup>2</sup> value (0.100) in the table above. The remaining 90.00% is attributed to other factors other than internal controls. Therefore, the researcher does advice the TMC, Eastern Division to enhance the internal controls as well as working on other factors too

ANOVA <sup>a</sup>					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1      on Regressi Residual Total	3.593	1	3.593	5.544	.023 <sup>b</sup>
	32.407	50	.648		
	36.000	51			

a. Dependent Variable: Payment of councillor's Benefits

b. Predictors: (Constant), Internal Controls

**Source:** *Researcher's conceptualisation, 2025*

The researchers used ANOVA statistical technique to analyze data. The study had the level of significance at  $\alpha=0.05$ . It can be deduced from the regression that internal controls have got strong significant contribution to influence council benefits. Since significance calculated 0.023 is far less than 0.05, the researcher therefore accepted the hypothesis

which was stated that “internal control significantly affects council benefits” in Tororo municipality. This implies that putting in place internal controls will have significant and positive improvement in council emoluments. Therefore, TMC, Eastern Division should improve on their internal controls if TMC, Eastern Division is to improve on council emoluments.

Model	Coefficients <sup>a</sup>			t	Sig.
	B	Std. Error	Standardized Coefficients Beta		
1 (Constant)	1.459	.256		5.70 8	.000
Internal Controls	.299	.127	.316	2.35 5	.023

a. Dependent Variable: Payment of Councillor’s Benefit

**Source:** *Researcher’s conceptualisation, 2025*

The coefficient table 4.6.1 above shows the results from a linear regression analysis where the independent variables is internal controls, and dependent variable is council benefits. The results from the SPSS indicate that internal controls, (predictor) further influences service delivery by (31.6%) as exhibited by the beta value of (0.316) in the coefficient table above. And the strength is high since the significant level is (0.023) which is less than the critical value of (0.05)

#### 4.6.2 The Regression Analysis of Internal Controls on Local Revenue Bases

The analysis was made with the help of the SPSS software of the findings of the effect of Internal Controls on local revenue bases in Tororo municipality and the results of which were as follows in tables 4.6.2 below:

**Table 4.6.2 The Regression Analysis of Internal Controls on Local Revenue Bases**

Model Summary				
Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.319 <sup>a</sup>	.102	.084	.802

a. Predictors: (Constant), Internal Controls.

**Source:** *Researcher's conceptualisation, 2025*

The model summary table 4.6.2 above shows results from a linear regression analysis where the independent variable was Internal Controls of councilors. The results indicate that Internal Controls explain the variation in local revenue bases of Tororo municipality up to 10.2% as denoted by R<sup>2</sup> value (.102) in the table above. The remaining 89.8% is attributed to other factors other than Internal Controls. Therefore, the researcher does advice the TMC, Eastern Division to concentrate on internal control since they have a positive influence.

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.631	1	3.631	5.650	.021 <sup>b</sup>
Residual	32.138	50	.643		
Total	35.769	51			

a. Dependent Variable: Local Revenue Bases

b. Predictors: (Constant), Internal Controls

**Source:** *Researcher's conceptualisation, 2025*

The researchers used ANOVA statistical technique to analyze data. The study had the level of significance at  $\alpha=0.05$ . It can be deduced from the regression that internal controls have got no significant contribution to the local revenue bases. Since significance calculated 0.021 is far less than 0.05, the researchers accepted the hypothesis which was stated that

“internal controls significantly affects local revenue bases” in Tororo municipality. This implies that putting in place the internal controls will have significant improvement in local revenue bases. Therefore, TMC, Eastern Division should improve on the internal control systems if TMC, Eastern Division is to improve on social services.

Model	Coefficients <sup>a</sup>			t	Sig.
	B	Std. Error	Beta		
(Constant)	1.733	.281		6.16 6	.000
Internal Control	.319	.134	.319	2.37 7	.021

a. Dependent Variable: Local Revenue Bases

**Source:** *Researcher's conceptualisation, 2025*

The coefficient table 4.6.2 above shows the results from a linear regression analysis where the independent variables is internal controls, and dependent variable is local revenue bases. The results from the SPSS indicate that internal controls, (predictor) further influences internal controls by (31.9%) as exhibited by the beta value of 0.319 in the coefficient table above.

#### **4.6.3 The Regression Analysis of Internal Controls on Local Revenue Bases**

The analysis was made with the help of the SPSS software of the findings of the effect of Internal Controls on local revenue bases in Tororo municipality and the results of which were as follows in tables 4.6.3 below:

**Table 4.6.3 The Regression Analysis of Internal Controls on Local Revenue Bases****Model Summary**

Mo del	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 <sup>a</sup>	.179	.162	.808

a. Predictors: (Constant), Internal Control

**Source:** *Researcher's conceptualisation, 2025*

The model summery table 4.6.3 above shows results from a linear regression analysis where the independent variable was Internal Controls on service delivery. The results indicate that Internal Controls explain the variation in services delivery of Tororo municipality up to 17.9% as denoted by R<sup>2</sup> value (.179) in the table above. The remaining 82.1% is attributed to other factors other than Internal Controls. Therefore, the researcher does advice the TMC, Eastern Division to concentrate on internal control since they have a positive influence.

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1      n	Regression	7.111	1	7.111	10.88 <sup>b</sup>
	Residual	32.658	50	.653	7
	Total	39.769	51		

a. Dependent Variable: Better Service delivery

b. Predictors: (Constant), Internal Control

**Source:** *Researcher's conceptualisation, 2025*

The researchers used ANOVA statistical technique to analyze data. The study had the level of significance at  $\alpha=0.05$ . It can be deduced from the regression that internal controls have got no significant contribution to the service delivery. Since significance calculated 0.002 is far less than 0.05, the researchers accepted the hypothesis which was stated that “internal

controls significantly affects service delivery” in Tororo municipality. This implies that putting in place the internal controls will have significant improvement in service delivery. Therefore, TMC, Eastern Division should improve on the internal control systems if TMC, Eastern Division is to improve on social services.

Model	Coefficients <sup>a</sup>			T	Sig.
	B	Std. Error	Standardized Coefficients Beta		
(Constant)	1.457	.292		4.99 4	.000
Internal Control	.444	.135	.423	3.30 0	.002

a. Dependent Variable: Better Service delivery

**Source:** *Researcher's conceptualisation, 2025*

The coefficient table 4.6.3 above shows the results from a linear regression analysis where the independent variables is internal controls, and dependent variable is service delivery. The results from the SPSS indicate that internal controls, (predictor) further influences internal controls by (42.3%) as exhibited by the beta value of (0.423) in the coefficient table above.

#### **4.6.4 The Correlation Analysis of Internal Controls on Local Revenue Use**

The analysis was made with the help of the SPSS software of the findings of the effect of Internal Controls on local revenue use in Tororo municipality and the results of which were as follows in tables 4.6.3 below:

**Table 4.6.4: The Correlation Analysis of Internal Controls on Local Revenue Use**

**General Correlations Table**

		Local revenue	Internal Control	Local Revenue Use	Payment of Council Benefit	Local Revenue Bases	Better Service delivery
	Pearson Correlation	1	.21 5	.18 6	.22 8	.22 4	.153
	Sig. (2-tailed)		.12 6	.18 7	.10 4	.11 0	.279
Local Revenue	Sum of Squares and Cross-products	35.769	4.8 46	8.9 23	9.0 77	6.0 00	5.76 9
	Covariance	.701	.09 5	.17 5	.17 8	.11 8	.113
	N	52	52	52	52	52	52
	Pearson Correlation	.215	1	.35 1*	.37 4**	.356**	.540**
	Sig. (2-tailed)	.126		.01 1	.00 6	.01 0	.000
Internal Control	Sum of Squares and Cross-products	4.846	14. 231	10. 615	9.3 85	6.0 00	12.8 46
	Covariance	.095	.27 9	.20 8	.18 4	.11 8	.252
	N	52	52	52	52	52	52
	Pearson Correlation	.186	.35 1*	1	.74 4**	.390**	.572**
	Sig. (2-tailed)	.187	.01 1		.00 0	.00 4	.000
Local Revenue Use	Sum of Squares and Cross-products	8.923	10. 615	64. 308	39. 692	14. 000	28.9 23
	Covariance	.175	.20 8	1.2 61	.77 8	.27 5	.567
	N	52	52	52	52	52	52

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Source: *Researcher's conceptualisation, 2025*

The table 4.6.4 above shows the possible statistical relationships between variables. The results show significant relationship between the variables as explained below:

Looking at the objective three; internal controls and local revenue utilization. The results reveal that there is a significant and statistically positive relationship between internal control and the local revenue utilization based on Pearson correlation coefficient 39.0% as represented by ( $r=0.390$ ) at a significant level of 1% also (0.01). This means that for every increase in internal control say 10, local revenue will increase also by 3.9. This is a lesson to administrators of TMC, Eastern Division to increase internal controls so that local revenue may also increase.

#### **4.7 Conclusion**

In conclusion it can be discerned that the influence of internal controls on local revenue use in Tororo municipality is highly appreciated by the people of Tororo municipality who were respondents in this study. Their opinions reflect that the internal controls' roles are effective as supposed to be and this calls for strengthening of same internal controls if local revenue use is better.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.0 Introduction**

This chapter provides a summary of the findings, the discussion of the study findings, study conclusions and recommendations. The chapter also presents objective by objective as detailed below:

- 1) Determine the different sources of local revenue in TMC, Eastern Division.
- 2) Determine the different internal control system used in TMC, Eastern Division.
- 3) Assess the relationship between internal controls and local revenue utilization in TMC, Eastern Division

### **5.1 Summary of the Major Findings**

Below is the summary of findings on the effect of internal controls on local revenue utilization in Tororo municipality as presented in line with the following research objectives:-

#### **5.1.1 Objective one: Determine the different sources of local revenue in TMC, Eastern Division**

The first objective was to determine the different sources of local revenue in Tororo municipality. Results of gathered responses of collected from the field reveal a number of major sources spelled below:

- Market fees
- Fine
- Parking fees
- Sale of utilities

- Bada-boda fees
- Etc

And that if collected well it will lead to better social services and so is the smooth running of TMC, Eastern Division

### **5.1.2 Objective Two: Determine the different internal controls used in TMC, Eastern Division.**

The second objective was to identify the effect of internal controls on the local revenue base in Tororo municipality. Results of the SPSS indicate that the internal controls explains the variation in the local revenue base up to 10.2% as was denoted by  $R^2$  value (0.102) in the regression table 4.6.2 in chapter four above. The remaining 89.8% is attributed to other factors other than internal controls. The internal controls further influence the service delivery by (31.9%) as exhibited by the beta value (.319) under coefficient table of the regression table 4.3.7 above. That means that for every 1 change in internal controls local revenue utilisation changes 0.01 at the significance level of 5%.

### **5.1.3 Objective Three: The Relationship Between Internal Controls and LR utilization**

Looking at the objective three; internal controls and local revenue utilization. The results reveal that there is a significant and statistically positive relationship between internal control and the local revenue utilization based on Pearson correlation coefficient 39.0% as represented by ( $r=0.390$ ) at a significant level of 1% also (0.01). This means that for every increase in internal control say 10, local revenue will increase also by 3.9. This is a lesson to administrators of TMC, Eastern Division to increase internal controls so that local revenue may also increase.

## **5.2 Conclusions**

The research was carried on internal controls local revenue use and a case study was Tororo municipality. Basing on the study findings the following conclusions were filled:

### **5.2.1 Objective One: Local Revenue Sources**

The study established favourable implementation of the internal controls that has positively impacted on sustainable development of the municipality through better local revenue utilisation practices. These were found to be careful expenditure of councillors' emoluments. All respondents concurred that the local revenue collected are used to appropriately for the betterment of TMC, Eastern Division.

### **5.2.2 Objective Two: Internal Controls**

Internal controls were found significantly important in all respects especially in safeguard of revenues and therefore contribute very sustainable development of the TMC, Eastern Division. Internal controls are to be embraced since they there is a great and significant relationship between internal controls and local revenue.

### **5.2.3 Objective Three: Relationship Between Internal Controls and LR use**

On the third objective; applying various internal controls is the best practice since no single internal control can help improve the level of local revenue usage and service delivery in TMC, Eastern Division but a combination of them based on best practices.

## **5.3 Recommendations**

In regard to study findings of this piece of work and the discussions of the findings, the study proposes the following recommendations:

### **5.3.1 Research Objective One:**

There is need to improve on the laws, rule and regulations so as to have those that can foster development within the area not for personal selfish interest

The laws should clearly be read and understood by the residents of the municipal to avoid confusion in the implementation and LR use.

There is need for the government to have a technical person to critically look into the laws before they are approved by council.

Source expenditure be strictly prohibited in TMC, Eastern Division

Have strong financial control to work hand in hand with established internal controls

### **5.3.2 Research Objective Two:**

Internal controls should be embraced and strictly adhered to, at all times

Monitoring and evaluation should be done by more qualified persons

Re-engineer the entire local government and procurement systems

### **5.3.3 Research Objective Three:**

The central government should evaluate the entire local government based on cost benefit analysis to eliminate those activities that are costly.

Government to empower municipal council to come up with many more avenues of LRs

#### **5.4 Areas for Future Research**

Owing to limited time and scope of the study, there are several pertinent aspects of internal controls and LR utilization in Uganda. Therefore the study proposes the area of further research to be carried out in the following areas:

- 1) Effect of local revenue collection and performance of local governments in Uganda.
- 2) Effect of council powers and economic performance of local government in Uganda.

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## APPENDIX I: QUESTIONNAIRE

**Dear Respondent,**

I'm **APAAMA MIRIA** a student from Uganda Christian University, Mbale University College pursuing a bachelor's degree in Business Administration. I am undertaking a research on "**Internal control system and local revenue utilization in TMC, Eastern Division, Tororo district**". The research is a requirement for partial fulfilment for the award of a bachelor's degree in Business Administration.

You have been identified as a resourceful person in this study and all the information provided by you is for academic purposes only and all responses will be treated with utmost confidentiality.

I look forward to your cooperation.

### **SECTION A**

**Background Information: Tick appropriately ((✓))**

<b>Sex:</b>	Male <input type="checkbox"/>	Female <input type="checkbox"/>		
<b>Age:</b>	(20-30) <input type="checkbox"/>	(30-40) <input type="checkbox"/>	(40-50) <input type="checkbox"/>	(50 and above) <input type="checkbox"/>
<b>Education level:</b>	Masters <input type="checkbox"/>	Degree <input type="checkbox"/>	Diploma <input type="checkbox"/>	Secondary <input type="checkbox"/>
Primary <input type="checkbox"/>	Non <input type="checkbox"/>	others specify.....		
<b>Occupation:</b>	employed <input type="checkbox"/>	Peasant <input type="checkbox"/>	Business person <input type="checkbox"/>	
<b>Marital status:</b>	Single <input type="checkbox"/>	Married <input type="checkbox"/>	Widowed <input type="checkbox"/>	

## **SECTION B**

For each of the statements in the table below indicate your level of agreement, neutrality or disagreement by ticking (✓) using the following 5 points scale.

Levels: 5= Strongly Disagree (**SD**); 4= Disagree (**D**); 3=Not Sure (**NS**); 2 = Agree (**A**); 1 = Strongly Agree (**SA**)

<b>Qn.1 Determine the different sources of Local revenue in TMC, Eastern Division.</b>					
There is Rental income as sources of local revenue in TMC, Eastern Division					
Parking fees a source of local revenue are collected in TMC, Eastern Division					
Licenses and permits as LR are collected in TMC, Eastern Division					
Fines and penalties are sources of local revenue in TMC, Eastern Division					
Market dues and tender fees contribute a lot to local revenue in the MC					
There is Boda-boda fees collection as LR in TMC, Eastern Division					
<b>Qn2. Determine the different internal controls used in TMC, Eastern Division</b>					
There is organisation control in TMC, Eastern Division					
There is segregation of duties in TMC, Eastern Division					
There is internal controls in TMC, Eastern Division					
There is arithmetic and accounting controls TMC, Eastern Division					
There is supervision control in TMC, Eastern Division					
<b>Qn. 3 Relationship between Internal controls and LR use in TMC, Eastern Division</b>					
Local revenue has led to better payment of councillors' allowances in MC					
Local revenue has led to better service delivery in TMC, Eastern Division					
Local revenue has led to increased liquidity in TMC, Eastern Division					
Local revenue increase has led to better new services in TMC, Eastern Division					
Local revenue has increased quality of staff in TMC, Eastern Division					
<b>Relationship Questions(Local Revenue Utilisation)</b>					
<b>Payment of council benefits</b>					

Internal controls led to effective payment of council emolument in TMC, Eastern Division				
Internal controls have brought more revenue for monitoring in TMC, Eastern Division				
The internal controls have brought about better sharing of LR in TMC, Eastern Division				
Part of LR now is used for service delivery in TMC, Eastern Division				
Executive emoluments are now paid promptly without delay				
<b>Local Revenue Bases</b>				
Local funds have increased in the recent years due to new utilisation				
Council has revenue enhancement policies in TMC, Eastern Division				
Internal controls now protect new utilities in TMC, Eastern Division				
Local revenue bases have increased in the recent years in TMC, Eastern Division				
<b>Better Service Delivery</b>				
Internal controls have increased accountability and value for money				
There is better service delivery to people in recent years in TMC, Eastern Division				
There is better financial accountability now in TMC, Eastern Division				
The planned projects in recent years are realized in full in TMC, Eastern Division				
The over spending of local revenue is now reduced in TMC, Eastern Division				

**Thank you for your contribution**



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MBALE UNIVERSITY COLLEGE.

Office of Academic Registrar

To TORORO MUNICIPAL COUNCIL  
EASTERN DIVISION

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss. ADAAMA MIRIA  
Of Registration Number; S231MUCIBBAL054 pursuing a Masters'  
Degree/Postgraduate Diploma / Bachelor's Degree  
BACHELOR'S DEGREE IN BUSINESS ADMINISTRATION

He/ she is required to carry out an academic research on the topic

INTERNAL CONTROL SYSTEM AND UTILISATION  
OF LOCAL REVENUE IN TORORO MUNICIPAL COUNCIL

and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate  
and three (BLACK) copies for Postgraduate students as a University requirement for the award of a  
degree/diploma in the academic discipline that he / she is pursuing.

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

Yours faithfully,

Timothy Akampurira  
Academic Registrar

