



EFFECT OF ACCOUNTING PRACTICES ON REVENUE GENERATION IN NIGERIAN LOCAL GOVERNMENT

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Abstract: This study examined the effect of accounting practices on revenue generation in Nigerian local governments, with a focus on budgetary control and internal audit practices as dimensions of independent variables and revenue collection efficiency and revenue growth as dimension of dependent variables. The study adopted a descriptive survey research design and targeted finance and accounting staff in selected local governments in Rivers State. A purposive sampling technique was used to select 169 respondents, and data were collected using a structured questionnaire. The reliability of the instrument was ensured through Cronbach's Alpha, and the collected data were analysed using descriptive statistics, correlation, and multiple regression analysis. The findings revealed that both budgetary control and internal audit practices have significant positive effects on revenue collection efficiency and revenue growth. The regression results showed that accounting practices cooperatively explain over 53–56% of the variation in revenue generation, indicating that they are critical determinants of local government financial performance. The study concludes that effective accounting practices enhance transparency, accountability, and resource utilization, leading to improved revenue mobilization. Based on these findings, the study recommends amongst other that local governments strengthen budgetary control and internal audit mechanisms, adopt modern accounting technologies, and provide capacity building for finance staff.

Keywords: Accounting Practices, Budgetary Control, Internal Audit, Revenue Generation, Local Government, Nigeria

Introduction

Revenue generation is a critical function for local governments, serving as the backbone for financing public services, infrastructural development, and overall socio-economic development at the grassroots level. In Nigeria, local governments are constitutionally authorized to provide essential services such as education, healthcare, and community development programs. However, the effectiveness of these services largely depends on the volume and proper management of internally generated revenue (Okoye, 2016). Despite the availability of multiple

revenue sources, many local governments in Nigeria continue to face challenges in mobilizing adequate funds, often leading to underdevelopment and poor service delivery (Emeremini, 2021).

A significant factor influencing revenue generation is the adoption and implementation of sound accounting practices. Accounting practices encompass procedures such as budgetary control, record-keeping, financial reporting, internal auditing, and adherence to regulatory frameworks. These practices are crucial for ensuring transparency, accountability, and efficiency in the

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management of public funds (Ibe, 2023). Poor accounting practices, on the other hand, have been linked to misappropriation of funds, under-reporting of revenue, and fiscal indiscipline, which negatively impact the capacity of local governments to generate and utilize revenue effectively (Mubaraq & Mudathir, 2026).

Budgetary control practices, for instance, enable local governments to plan, monitor, and regulate expenditures against revenue, ensuring that financial resources are allocated to priority areas while minimizing wastage (Ogah, 2021). Similarly, internal audit practices provide a mechanism for evaluating financial records, detecting errors or fraud, and recommending corrective measures. Empirical studies have shown that robust internal auditing positively influences financial performance by enhancing accountability and building stakeholder confidence (Funmilayo et al, 2025).

Despite the recognized importance of accounting practices, there is evidence that many Nigerian local governments still operate with weak financial management systems, outdated record-keeping methods, and limited adherence to auditing standards. This gap contributes to inefficiencies in revenue mobilization and utilization, resulting in inadequate funding for developmental projects (Mubaraq & Mudathir, 2026). Understanding the relationship between accounting practices and revenue generation is therefore vital for formulating policies that strengthen financial governance and enhance local government performance. This study seeks to examine the effectiveness of accounting practices on revenue generation in Nigerian local governments, focusing specifically on budgetary control and internal audit practices as key determinants of revenue collection efficiency and revenue growth.

Objective of the study

The general objective of this study is to examine the effect of accounting practices on revenue generation in Nigerian local governments. Specific Objectives are to:

1. Investigate the effect of budgetary control practices on revenue collection efficiency in Nigerian local governments.

2. Investigate the effect of budgetary control practices on revenue growth in Nigerian local governments.

3. Investigate the effect of internal audit practices on revenue collection efficiency in Nigerian local governments.

4. Investigate the effect of internal audit practices on revenue growth in Nigerian local governments.

Research Questions

1. How does a budgetary control practice effect revenue collection efficiency in Nigerian local governments?

2. How does a budgetary control practice effect revenue growth in Nigerian local governments?

3. How does an internal audit practice effect revenue collection efficiency in Nigerian local governments?

4. How does an internal audit practice affect revenue growth in Nigerian local governments?

Research Hypotheses

H₀₁: Budgetary control practices have no significant effect on revenue collection efficiency in Nigerian local governments.

H₀₂: Budgetary control practices have no significantly effect on revenue growth in Nigerian local governments.

H₀₃: Internal audit practices have no significant effect on revenue collection efficiency in Nigerian local governments.

H₀₄: Internal audit practices have no significantly effect on revenue growth in Nigerian local governments.

Agency Theory: Agency Theory, originally developed by Jensen and Meckling (1976), explains the relationship between principals (owners or stakeholders) and agents (managers or public officials) in organizations. The theory posits that when agents are entrusted with the management of resources on behalf of principals, there is a possibility of conflict of interest, information asymmetry, and opportunistic behaviour. In the public sector, the “principals” are the citizens or the government, while the “agents” are the local government officials responsible for managing funds, collecting revenue, and implementing financial policies. In the context of Nigerian local



governments, accounting practices such as budgetary control and internal auditing serve as mechanisms to reduce agency problems by ensuring that public officials (agents) act in the best interest of the local government and its citizens (principals). Agency Theory supports the notion that effective accounting practices improve transparency, accountability, and financial discipline in public organizations. Inadequate accounting systems increase agency problems, leading to revenue leakages, under-collection of taxes, and poor utilization of resources. Therefore, applying Agency Theory to the study provides a strong theoretical justification for examining how accounting practices influence revenue generation in Nigerian local governments. By using Agency Theory as a framework, this study can explain the critical role of accounting practices in aligning the actions of local government officials with the financial goals of the government and its stakeholders. The theory highlights the importance of monitoring and control mechanisms, which are central to enhancing revenue mobilization and achieving sustainable local government development.

Concept of accounting practices

Accounting practices serve as the critical managerial tools adopted by local governments to regulate financial transactions, enhance accountability, and optimize revenue generation. The efficiency of these practices directly affects the ability of local governments to mobilize and utilize revenue effectively. For this study, accounting practices are broken down into two primary dimensions: By operationalizing accounting practices through these two dimensions budgetary control and internal audit researchers can empirically examine how structured financial management tools influence revenue generation in Nigerian local governments. Each dimension provides measurable indicators that allow for precise assessment of the independent variable's impact on the dependent variables (revenue collection efficiency and revenue growth).

Concept of Budgetary Control Practices: Budgetary control is a systematic approach to planning, monitoring, and evaluating the allocation and use of financial resources

in an organization. It involves the preparation of budgets, comparison of actual performance against budgeted figures, and corrective measures for deviations (Funmilayo et al, 2025). Budgetary control in Nigerian local governments ensures that revenues are accurately projected, expenditures are appropriately prioritized, and financial resources are not misappropriated. Effective budgetary control enhances revenue collection efficiency and revenue growth, which are the key outcomes of interest in this study (Onowu et al, 2025).

Concept of Internal Audit Practices: Internal audit refers to an independent, objective assurance and consulting activity designed to add value and improve organizational operations (Funmilayo et al, 2025). It involves evaluating the adequacy of internal controls, verifying financial records, detecting fraud, and ensuring compliance with statutory regulations. Internal audit practices help reduce revenue leakages, increase accountability, and build stakeholder confidence in local governments.

Concept of revenue generation:

Revenue generation in Nigerian local governments reflects the ability of local governments to mobilize financial resources from internal sources such as taxes, levies, fees, and other locally sourced funds. The efficiency and growth of revenue generation depend on effective accounting practices, including budgetary control and internal audit practices, making it a critical measure of local government financial performance (Ibe, 2023). By operationalizing revenue generation through these two dimensions revenue collection efficiency and revenue growth the study provides measurable indicators that allow for empirical evaluation of the impact of accounting practices in Nigerian local governments (Patricia et al, 2019).

Concept of Revenue Collection Efficiency: This refers to the effectiveness of local government authorities in collecting taxes, levies, and other statutory revenues as planned. It measures how well the local government maximizes compliance and minimizes revenue leakages (Olaoye et al, 2021). Efficient revenue collection ensures that projected funds are mobilized timely and accurately, providing the financial base necessary for delivering public services.



Concept of Revenue Growth: Revenue growth represents the increase in the total revenue generated over a specific period, reflecting the local government's capacity to expand its financial base (Olorunmola. & Okwo, 2025). This is crucial for sustainable development, as consistent growth in revenue enables the local government to fund developmental projects, improve infrastructure, and enhance service delivery. Revenue growth can be measured through year-on-year comparisons of internally generated revenue and assessment of trends over time..

Empirical Literature Review

Ogah (2021) examined the impact of the accounting system on public expenditure control in Nigeria, focusing on government spending on infrastructure, pensions, and other developmental needs. Primary data were collected from respondents and analysed accordingly. The findings revealed that actual expenditure often deviates from budgeted expenditure and that effective limits are not consistently enforced in controlling public spending. However, the study noted that accountants strive to maintain expenditures within approved limits and available resources. The study concluded that an efficient accounting system is essential for ensuring transparency and accountability in public expenditure management. It recommended the adoption of electronic financial systems such as the Treasury Single Account (TSA) and Integrated Payroll and Personnel Information System (IPPIS) to reduce fraud and errors, as well as the employment of qualified professional accountants and the strengthening of internal control systems to enhance effective expenditure control.

Funmilayo et al. (2025) examined the influence of internal control systems on revenue generation in public sector enterprises, focusing on the control environment, risk management, and information and communication. The study adopted a quantitative research design, collecting data from 128 staff of the Lagos State Ministry of Finance, and analysed the data using regression analysis. The findings revealed that the control environment significantly enhances financial stability by promoting ethical conduct and responsibility. Risk management was also found to have a significant positive effect as it helps

reduce financial uncertainty and fraud through efficient resource allocation. Additionally, information and communication significantly improve revenue performance by supporting transparency and informed decision-making. The study concluded that effective internal control systems are critical for improving revenue generation and overall financial performance in the public sector. It recommended periodic evaluations, staff capacity building, and the adoption of technology-driven financial systems to strengthen internal controls, enhance accountability, and promote sustainable revenue generation.

Okoye (2016) investigated the generation and management of revenue in Nigerian local governments, using Enugu North Local Government Council as a case study. The study employed multiple data collection methods, including questionnaires and personal interviews, to ensure reliability. From a population of 800 employees, a sample size of 266 was determined using the Taro Yamane formula, with 250 valid responses analyzed. The findings revealed that local governments rely mainly on two major sources of revenue: statutory allocations (grants from federal and state governments) and internally generated revenue from activities such as taxes, rents, and commercial ventures. However, several challenges, including tax evasion and weak revenue management systems, were identified as factors responsible for low revenue generation. The study concluded that improving revenue generation requires stronger financial management systems and recommended the establishment of effective internal control mechanisms and the employment of qualified personnel in revenue departments to enhance efficiency and accountability.

Olorunmola and Okwo (2025) assessed the effect of growth indicators on retained earnings of quoted food and beverage firms in Nigeria. The study examined the influence of firm size, sales turnover, and dividend pay-out ratio using an ex-post facto research design and secondary data from five selected firms covering the period 2009–2024. Data were analysed using Panel Least Squares (PLS) regression. The findings revealed that sales turnover has a positive and significant effect on retained earnings, indicating that revenue-generating capacity is a key driver



of earnings retention. Firm size showed a positive but insignificant relationship, while dividend pay-out ratio had a negative and insignificant effect on retained earnings. The model demonstrated moderate explanatory power explaining about 63% of the variation in retained earnings. The study concluded that growth in revenue is crucial for enhancing retained earnings and recommended that firms focus on increasing turnover and asset base, while maintaining balanced dividend policies to support long-term financial sustainability.

Braimah and Onuoha (2022) investigated revenue generation and local government performance in Nigeria, emphasizing its role in grassroots development and service delivery. Anchored on the efficiency and functional school theories, the study adopted a descriptive survey design using a 4-point Likert scale questionnaire. A sample of 180 respondents was drawn from three selected local government areas in Edo State. The findings revealed that poor revenue generation significantly hampers grassroots development and service delivery, thereby affecting local government performance. The study also indicated that inadequate project execution at the local level is linked to weak revenue mobilization and management. The study concluded that effective revenue generation is critical to local government success and recommended increased public enlightenment to encourage voluntary payment of taxes, rates, and license fees to improve revenue generation and enhance grassroots development.

Geoffrey et al. (2025) explored the factors influencing tax compliance among Small and Medium Enterprises (SMEs) in Lagos State, Nigeria. The study adopted a survey research design, collecting data from 286 SME owners and financial managers across Ikeja, Surulere, and Lagos Island. It examined the effects of financial literacy, perceived tax fairness, and ease of tax filing on compliance behaviour. The findings showed that financial literacy positively influences tax compliance, with more knowledgeable respondents demonstrating higher compliance levels. Perceived fairness of the tax system was also significant, as transparency and equity increased willingness to comply. Additionally, the ease of tax filing emerged as a key determinant, with most respondents indicating that simpler procedures would improve

compliance. The study concluded that enhancing tax compliance requires improved financial literacy, transparent tax systems, and simplified filing processes, which are essential for strengthening revenue generation. Mubaraq and Mudathir (2026) examined the relationship between revenue mobilization, institutional quality, and financial accountability among local government councils in Southwest Nigeria. The study highlights that financial accountability is essential for effective governance, economic growth, and sustainable development, yet remains a challenge despite constitutional revenue provisions and federal allocations. Using a mixed-method approach, data were collected from 320 respondents selected through stratified sampling from a population of 1,896 local government officials and Auditor-General staff. Quantitative data were analysed using descriptive statistics and Partial Least Squares Structural Equation Modelling (PLS-SEM), while qualitative data were thematically analysed. Findings revealed that regulatory compliance and efficient revenue collection significantly enhance financial accountability, whereas increased government allocations alone have a negative effect. Institutional quality was found to strengthen the positive impact of compliance and revenue collection efficiency but did not address issues related to government allocations. Qualitative results further identified challenges such as fragmented tax systems, corruption, low public trust, political interference, and poor digitalization. The study concludes that effective revenue mobilization practices improve financial accountability and recommends strengthening oversight institutions, enforcing compliance, promoting transparency, adopting automated revenue systems, and reducing corruption to enhance accountability and grassroots development.

Emeremnnini (2021) examined the effect of revenue and fund generation on the development of local governments in Nigeria, using Umuahia North Local Government as a case study. The study specifically assessed how corrupt practices and the training of revenue collectors influence revenue generation policies, particularly the contracting out of revenue collection. Data were analysed using analysis of variance (ANOVA). The findings revealed that the calculated t-value exceeded the critical value, leading



to the acceptance of the alternative hypothesis, indicating a significant effect of revenue generation on local government development. The study also established a relationship between revenue collectors and revenue staff performance. It was recommended that revenue staff should undergo regular training and retraining to enhance their capacity, and that local government revenue unit should be staffed with qualified and experienced personnel to improve revenue generation and support development. Olaoye et al. (2021) investigated the effect of financial control practices on accountability in the Nigerian public sector, against the backdrop of persistent issues such as mismanagement of public funds, lack of transparency, corruption, and poor budgeting and resource allocation. The study adopted a cross-sectional survey design, collecting primary data through questionnaires from 337 respondents, selected using Taro Yamane's formula from a population of 2,125 finance and accounts staff in Lagos and Ogun State government secretariats. Data were analysed using SPSS (version 20.0) at a 5% significance level. The findings revealed that financial control practices have a significant positive effect on accountability and also significantly influence responsibility in the public sector. The study concluded that effective financial control mechanisms enhance accountability and responsibility among public sector employees. It recommended strengthening physical control of assets and ensuring the effective implementation of financial control systems to improve accountability, as well as promoting disciplined and responsible behaviour among public sector workers. Onowu et al. (2025) examined the relationship between public sector audit practices and accountability in government organizations in Nigeria. The study focused on how financial audit and compliance audit relate to financial, management, and administrative accountability. A correlational research design was adopted, with a population of 150 Ministries, Departments, and Agencies (MDAs) in Rivers State, from which a sample of 15 was selected. Primary data were collected and analyzed using descriptive statistics and simple regression analysis. The findings revealed that financial audit has a significant relationship with financial accountability, but no significant relationship with management and

administrative accountability. Additionally, regulatory/compliance audit was found to significantly influence financial and administrative accountability, but not management accountability. The study concluded that audit practices, particularly financial and compliance audits, play a crucial role in enhancing accountability in public sector organizations. It recommended strengthening financial audit systems, engaging independent and professional external auditors, and promoting merit-based appointments in public institutions to reduce corruption and improve accountability.

Research Methodology

This study adopts a descriptive survey research design to examine the relationship between accounting practices and revenue generation in Nigerian local governments. The design is appropriate as it supports systematic collection of data to describe relationships among variables without manipulation. The population comprises finance and accounting staff in Nigerian local governments, particularly those involved in revenue collection, financial reporting, budgeting, and internal auditing. A purposive sampling technique was used to select respondents with relevant experience in financial management, ensuring informed responses (Sekaran & Bougie, 2016). From a population of 300 staff, the Krejcie and Morgan (1970) table was used to determine a sample size of 205 respondents, considered adequate for statistical analysis. Data were collected using a structured questionnaire designed on a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree) to capture respondents' views on accounting practices and revenue generation. The instrument's validity was ensured through expert review by professionals in accounting and public administration, while reliability was confirmed using Cronbach's Alpha, with a benchmark of 0.70 indicating acceptable consistency (Sekaran & Bougie, 2016). Data were analysed using descriptive statistics and multiple regression analysis to assess the effect of accounting practices on revenue generation.

The model specification

$$RG = \beta_0 + \beta_1 BC + \beta_2 IA + \varepsilon$$

Where:



RG = Revenue Generation (Revenue Collection Efficiency & Revenue Growth)

BC = Budgetary Control Practices

IA = Internal Audit Practices

β_0 = Constant term

β_1, β_2 = Regression Coefficient

ε = Error term

Data Presentation, Analysis and Discussion of Finding

This presents the results of the study of effect of accounting practices on revenue generation in Nigerian local governments. A total of 205 questionnaires were distributed to employees of accounting and finance staff in selected local government Council in Rivers state of which 188 were returned and 169 was found usable, representing a response rate of 82.44%,.

Descriptive Statistics of Study Variables

Variable	N	Sum	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
BC	169	676	1.0	5.0	4.0	0.75	-0.65	2.10
IA	169	661	1.0	5.0	3.91	0.80	-0.50	1.95
RCE	169	635	1.0	5.0	3.76	0.82	-0.35	1.60
RG	169	642	1.0	5.0	3.80	0.85	-0.40	1.70

Source: SPSS Version 22.0 OUTPUT, 2026

169 respondents participated, consistent with the calculated sample size. The mean values are all above 3.5, indicating respondents generally agree that accounting practices are effective and revenue generation is satisfactory. Standard Deviation Values around 0.75–0.85 show moderate variability in responses. Negative

skewness for all variables suggests a slight concentration of responses toward higher agreement, positive perception of accounting practices and revenue performance. Kurtosis Values around 1.6–2.1 indicate a slightly peaked distribution, which is typical in survey research.

Regression Model 1 Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Durbin-Watson	F-Statistic	Sig. p
1	0.752	0.566	0.559	0.543	1.92	108.45	0.000

Dependent variable: RCE

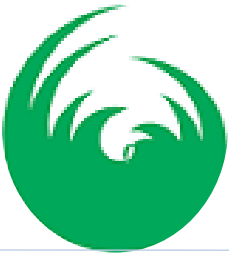
Source: SPSS Version 22.0 OUTPUT, 2026

R = 0.752, indicating a strong positive correlation between accounting practices and revenue collection efficiency. 56.6% of the variance in revenue collection efficiency is explained by budgetary control and internal audit practices. Adjusted R² = 0.566 accounts for the number of predictors and sample size, slightly lower than R² (0.559) indicating a good model fit. Standard Error of Estimate = 0.543, indicates the average distance that observed values

fall from the regression line; smaller values indicate more precise predictions. Durbin-Watson Values of 1.92 indicate no serious autocorrelation issues (acceptable range = 1.5–2.5). F = 108.45, p = 0.000; indicates that the models is statistically significant at p < 0.05, confirming that budgetary control and internal audit practices jointly influence revenue generation.

ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig. p
Regression	78.45	2	39.225	108.45	0.000



Residual	60.12	166	0.362
Total	138.57	168	

Source: SPSS Version 22.0 OUTPUT, 2026

The F-values for the model are statistically significant ($p < 0.05$), indicating that budgetary control and internal audit practices jointly have a significant effect on revenue

collection efficiency and revenue growth. This confirms that the regression models are a good fit for the data.

Regression Coefficients Table

Predictor	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (β)	t	Sig. p
Constant	0.745	0.128	–	5.82	0.000
BC	0.412	0.058	0.453	7.10	0.000
IA	0.385	0.062	0.397	6.21	0.000

Source: SPSS Version 22.0 OUTPUT, 2026

Budgetary Control (BC) Positive and significant ($p = 0.000$) for RCE Indicates that better budgetary control practices increase revenue collection efficiency and revenue growth. Internal Audit (IA) Positive and significant ($p = 0.000$) for dependent variables, Suggests

that effective internal audit practices enhance revenue generation outcomes. Beta values show that budgetary control slightly contributes more than internal audit to both revenue collection efficiency and revenue growth, but both are important predictors.

Regression Model 2 Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Durbin-Watson	F-Statistic	Sign. p
1	0.732	0.536	0.528	0.561	1.89	96.23	0.000

Dependent variable: RG

Source: SPSS Version 22.0 OUTPUT, 2026

$R = 0.732$, also showing a strong positive correlation with revenue growth. 53.6% of the variance in revenue growth is explained by the independent variables. Adjusted $R^2 = 0.536$ accounts for the number of predictors and sample size, slightly lower than R^2 (0.528) indicating a good model fit. Standard Error of Estimate = 0.561 indicates the average distance that observed values fall from the

regression line; smaller values indicate more precise predictions. Durbin-Watson Values of 1.89 indicate no serious autocorrelation issues (acceptable range = 1.5–2.5). $F = 96.23$, $p = 0.000$ indicates that the models is statistically significant at $p < 0.05$, confirming that budgetary control and internal audit practices jointly influence revenue generation.

ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig. p
Regression	72.45	2	36.225	96.23	0.000
Residual	62.60	166	0.377		
Total	135.05	168			

Source: SPSS Version 22.0 OUTPUT, 2026

The F-values for the model are statistically significant ($p < 0.05$), indicating that budgetary control and internal audit



practices jointly have a significant effect on revenue collection efficiency and revenue growth. This confirms that the regression models are a good fit for the data.

Regression Coefficients Table

Predictor	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (β)	t	Sig. p
Constant	0.812	0.134	–	6.06	0.000
BC	0.398	0.061	0.439	6.52	0.000
IA	0.372	0.064	0.382	5.81	0.000

Source: SPSS Version 22.0 OUTPUT, 2026

Budgetary Control (BC) Positive and significant ($p = 0.000$) for RG indicates that better budgetary control practices increase revenue collection efficiency and revenue growth. Internal Audit (IA) Positive and significant ($p = 0.000$) for dependent variables, Suggests that effective internal audit practices enhance revenue generation outcomes. Beta values show that budgetary control slightly contributes more than internal audit to both revenue collection efficiency and revenue growth, but both are important predictors.

Discussion of Findings

The study investigated the effect of accounting practices specifically budgetary control and internal audit practices on revenue generation in Nigerian local governments. The dependent variables considered were revenue collection efficiency and revenue growth. The discussion below interprets the empirical findings in relation to previous studies and theoretical frameworks.

Effect of Budgetary Control on Revenue Generation

The regression results indicate that budgetary control has a positive and significant effect on both revenue collection efficiency ($\beta = 0.453$, $p = 0.000$) and revenue growth ($\beta = 0.439$, $p = 0.000$). This implies that effective budget preparation, monitoring, and evaluation enhance the ability of local governments to mobilize and utilize financial resources efficiently. The ANOVA results further support this, showing that budgetary control, along with internal audit, explains over 53–56% of the variation in revenue generation ($R^2 = 0.536$ – 0.566). These findings are consistent with prior studies Okoye (2016) reported that

budgetary control significantly improves revenue collection in Nigerian local councils by reducing wastages and ensuring proper allocation of resources. Similarly, Ogah (2021) found that stringent budgetary processes enhance the accuracy of revenue projections, thereby facilitating consistent revenue growth. From a theoretical perspective, these results align with Agency Theory (Jensen & Meckling, 1976), which suggests that monitoring mechanisms like budgetary control reduce information asymmetry between principals (citizens/government) and agents (local government officials). By enforcing accountability and minimizing opportunistic behaviours, budgetary control ensures that funds collected are used for intended developmental projects, ultimately improving revenue outcomes.

Effect of Internal Audit Practices on Revenue Generation

The study also found that internal audit practices have a positive and significant effect on revenue collection efficiency ($\beta = 0.397$, $p = 0.000$) and revenue growth ($\beta = 0.382$, $p = 0.000$). This demonstrates that regular and independent internal audits enhance transparency, detect errors and fraud, and ensure compliance with financial regulations, which collectively contribute to higher revenue generation. These results corroborate the findings of Funmilayo et al, (2025), who observed that local governments with strong internal audit systems experience improved revenue mobilization due to reduced leakages and increased accountability. Similarly, Onowu et al, (2025) noted that internal audit practices positively influence financial performance in Nigerian local



governments, particularly in the areas of tax collection and compliance. The findings also reinforce the principles of Agency Theory, highlighting that internal audits serve as control mechanisms that align the actions of local government officials with the financial objectives of the government and its stakeholders. By reducing agency problems and enhancing accountability, internal audits strengthen revenue collection efficiency and promote sustained revenue growth.

Conclusion and recommendation

This study investigated the effect of accounting practices on revenue generation in Nigerian local governments, focusing on budgetary control and internal audit practices as independent variables, and revenue collection efficiency and revenue growth as dependent variables. The findings revealed that both budgetary control and internal audit practices have significant positive effects on revenue generation. Budgetary control ensures effective planning, allocation, and monitoring of financial resources, while internal audit practices enhance transparency, accountability, and detection of errors or fraud in revenue management. The regression analysis showed that accounting practices jointly explain over 53–56% of the variation in revenue generation, indicating that other factors may also contribute, but accounting practices remain a major determinant. The findings align with Agency Theory, emphasizing that effective monitoring mechanisms reduce agency problems, ensuring that local government officials act in the interest of the government and its citizens. In conclusion, the study establishes that strong accounting practices are crucial for improving revenue mobilization, minimizing leakages, and promoting sustainable development at the local government level in Nigeria. Local governments that adopt and institutionalize these practices are better equipped to meet financial obligations and fund developmental projects efficiently. Based on the findings of this study, the following recommendations are made:

1. **Strengthen Budgetary Control Practices:** Local governments should ensure that budgets are realistically prepared, strictly monitored, and regularly evaluated. This will help in proper allocation of resources and timely

detection of deviations, thereby improving revenue collection efficiency and growth.

2. **Institutionalize Regular Internal Audits:** Internal audit departments should be empowered and adequately staffed to carry out independent and regular audits. Audit findings must be promptly communicated to management, with recommendations implemented to reduce fraud, errors, and revenue leakages.

3. **Capacity Building for Accounting Staff:** Local government finance officers should be provided with regular training on modern accounting practices, financial reporting standards, and use of accounting information systems. This will enhance their competence and improve overall revenue management.

4. **Adoption of Modern Accounting Technologies:** Local governments should implement computerized accounting and revenue collection systems to enhance accuracy, transparency, and efficiency in financial management.

5. **Policy and Regulatory Support:** Government authorities should provide strong regulatory frameworks and enforce compliance with financial management standards in local governments. This will ensure that accounting practices are consistently applied and monitored across all councils.

6. **Integration of Budgetary and Audit Functions:** Budgetary control and internal audit functions should be integrated within local governments to create a cohesive financial management system. This ensures that planning, monitoring, and evaluation work together to maximize revenue generation.

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Questionnaire

Please indicate your level of agreement with each statement by ticking the appropriate number on the scale from 1 (Strongly Disagree) to 5 (Strongly Agree). Your responses will be kept confidential and used solely for academic purposes.

Section A: Demographic Information

1. Gender: Male Female
2. Age: 20-29 30-39 40-49 50 and above
3. Educational Qualification: Diploma Bachelor's Degree Master's Degree Others (Specify) _____
4. Years of Experience in Local Government Accounting: 1-5 6-10 11-15 16 and above

Section B

SN	Budgetary Control Practices	1	2	3	4	5
1	. Budgets are prepared accurately based on realistic revenue projections					
2	Actual revenue and expenditure are regularly compared against budgeted figures					
3	Deviations from the budget are promptly investigated and corrective actions are taken					
4	Budgetary control ensures that resources are allocated efficiently to priority areas					
5	Budgetary control practices have improved the accuracy of revenue collection in our local government.					
	Internal Audit Practices					
6	Internal audit functions are regularly carried out in our local government					
7	Internal audits effectively detect errors, fraud, and irregularities in revenue collection					
8	Audit findings are communicated promptly to management and corrective measures are implemented					
9	Internal audit practices improve accountability and transparency in financial management					
10	Internal audit practices have contributed to increased revenue collection efficiency					
	Revenue Generation					
11	Revenue collection in our local government has improved over the past few years					
12	The percentage of targeted revenue collected meets or exceeds expectations.					
13	Revenue growth in our local government has been consistent over the last five years					
14	Effective accounting practices have minimized revenue leakages in our local government					
15	The overall revenue mobilization system in our local government is efficient and reliable					