UGANDA MANAGEMENT INSTITUTE

EXPLORING THE INFLUENCE OF GOOD GOVERNANCE CONCEPTUALIZATION AND MANAGEMENT OF PUBLIC FUNDS: A CASE STUDY OF MINISTRY OF GENDER LABOUR AND SOCIAL DEVELOPMENT, UGANDA

BY

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DECLARATION

I, **OWECHI HELLEN JENNY**, do hereby declare that this research entitled "Exploring the influence of Conceptualization of Good governance and management of public funds in ministry of Gender Labour and Social Development" is entirely my own original work, except where acknowledgement has been made, and that it has not been submitted before to any other University or Institution of higher learning for the award of a Degree.

Signed ....

OWECHI HELLEN JENNY Date

(CANDIDATE)

APPROVAL

This dissertation has been submitted for examination with my approval as the candidate's university supervisor.

Signed: ....

DR. ROSE .B. NAMARA Date

(UMI SUPERVISOR)

Signed:…………………………… …………………………

MR. TINGO ALFRED Date

(Work-based Supervisor)

DEDICATION

I dedicate this research to: God Almighty for his unfailing love.

My dearest Mr. Henry Pacuto Cwinya-ai (Lt.) for nurturing and educating me.

My beloved husband, Mr. Ogentho Jonas Ocaya. And my children; Maria Martha Ojera and Matilda Juliana AfoyorwotMungu and to my dear parents (Lt)

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LIST OF ACRONYMS

ACCA	-	Association of Chartered Certified Accountants
AfDB	-	African Development Bank
AsDB	-	Asian Development Bank
DPP	-	Directorate of Public Prosecution
EFMP	-	Economic and Financial Management Programme
FINMAP	-	Financial Management and Accountability Programme
GoU	-	Government of Uganda
IAS	-	International Auditing Standards
ICGN	-	International Corporate Governance Network
IFAD	-	International Fund for Agricultural Development
IPSA	-	International Public Sector Accounting
MGLSD	-	Ministry of Gender, Labour and Social Development
NGOs	-	Non Governmental Organizations
OECD	-	Organization for Economic Cooperation and Development
PAC	-	Public Accounts Committee
RoU	-	Republic of Uganda
ULGA	-	Uganda Local Governments Association
UNDP	-	United Nations Development Programme

ABSTRACT

Good governance has of recent gained much emphasis in ensuring that public finances are well managed by government. This study was formed on the pretext of the continued criticism made of the government of Uganda for failure to ensure good financial management. It focused on three principles of good governance that is; participation, transparency and accountability as important contributors to good financial management. The objectives included; how good governance is conceptualized within the public sector, the effects of good governance principles on management of public funds and the influence of oversight institutions (Public Accounts Committee) on management of public funds. A study was based on the new public management concept. The case study research design was adopted considering both qualitative and quantitative methods. The data was collected from public servants in the Ministry of Gender Labour and Social Development as well as the members of the Public Accounts Committee. Data collection was mainly done by way of questionnaire and interviewing.

The study demonstrated that public servants conceptualization of good governance was either from a legal point of view (adherence to rules and guidelines) or that which embedded the principles of transparency, participation and accountability. It was also revealed that transparency though practiced, it was relatively low among senior and top staff. Accountability though done, it was found not meeting the set standards as laid down in the government rules and regulations. Participation in the planning and budgetary process was limited among senior, top and or accounts officials. The oversight function of the Public Accounts Committee was

applauded for making strides in improving public financial management.Although PAC was found rather limited to compliance checks and reactionary.

It was recommended that enforcement and implementation of policy frameworks enacted be done. Reviewing the dissemination and information sharing plan on policies and rules among public servants should be done. And the urgent need to sensitize the public about the policies and institutions on public management of funds need to be undertaken. More research needs to be done on compliance levels by government entities, and whether corruption in government is caused by weak institutional arrangements.

The study concludes that though institutional and policy framework to guide financial management embodies good governance principles, the public sector has the right conceptualization of good governance, the enforcement and implementation of policy guidelines remain weak. Lack of enforcement in itself is bad governance throughout the chain of public management

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study sought to assess how good governance practices influences the management of public funds in the central government of Uganda. The study assessed how good governance practices have promoted good planning, budgeting and resource allocation, effective resource utilization and effective production of reliable financial reports in financial management cycle. It hypothesized that if good governance is commonly well understood, its principles of accountability, transparency and participation practiced then it would promote efficient and effective management of public finances.

Good governance is assumed to promote proper management of public resources because it is epitomized by predictable, opened, enlightened policy making process and ability to improve quality of bureaucracy (civil service) imbued with professional ethos and an accountable executive arm of government. It also emphasizes a strong civil society participation in public affairs management which is all premised on the rule of law. The assumption is derived from new public management thinking, which emphasizes efficient and effective public service in managing public affairs.

This chapter therefore presents the background to the study, statement of the problem, purpose of the study, research objectives and questions, significance of the study, justification and hypothesis.

1.1 Background to the study

Poor management of public funds is a worldwide phenomena which cuts across both developed and developing countries (Gildenhuys, 1993; Fourie, 2005; World Bank, 2005 and Munawwar and Kiyaga-Nsubuga, 2006). Although each country or region is unique in its historical, cultural, economic and political set up, they all have similar costs arising out of poor management of public funds. Yet good financial management is important to a country's development as it gives assurance to citizens that their taxes are being used appropriately, to donors and lenders that the funds they provide are being used appropriately, and to the private sector that there is an appropriate environment for investment and growth (IFAD, 1999). Therefore, financial management (FM) refers to the budgeting, accounting, internal control, funds flow, financial reporting, and auditing arrangements by which borrowers and grantees receive funds (in this case government), allocate them, and record their use (IFAD *op cit*).

In mitigating the costs of poor financial management, Fourie (2005) postulates that good governance can offer formidable solutions. He argues that good governance helps in promoting public trust to exercise an all-inclusive power over public resources. The 'power' he notes that; it must be applied for public interest and the common good of the nation. He further asserts that government must function in a responsible, participative, transparent and accountable manner as the guiding principles of good governance. Therefore, the outcome of good governance in public sector financial management is development towards the improved quality of life for all citizens as well as increased integrity of those who hold the public trust. How then does good governance ensure good management of public funds?

AsDB (1995), AfDB (1999), IFAD (1999) and UNDP (1997) provide basic principles through which good governance translates into good public financial management. The AsDB in its policy paper *"Governance: Sound Development Management*" (1995) identified four pillars of good governance among which included: transparency, participation, predictability and accountability. UNDP (1995) policy document entitled "*Governance for Sustainable Human Development*" provides nine pillars of governance namely: participation, rule of law, transparency, responsiveness, consensus orientation, equity effectiveness and efficiency, Accountability and Strategic vision. For the AfDB (1999) puts forward five principles of good governance which includes: participation, accountability, transparency, combating corruption and legal and judicial reforms. Noting from the principles above, it can be noted that three pillars are mentioned in all the papers (transparency, accountability and participation) to constitute good governance. This study thus focused on the three pillars which were common and considered critical in influencing good public financial management.

The principle of accountability emphasizes that managers of implementing entities and parastatal agencies become accountable for operational efficiency (AsDB *op cit*). The accountability must follow national and international standards of auditing and ensure that there is openness for the public to scrutinize the audits. This principle at the macro level fosters financial accountability in terms of an effective, transparent and publicly accountable system for expenditure control, cash management, and an external audit system. It also fosters sound fiscal choices, made in a transparent manner that gives priority to productive social programmes – such as basic health services and primary education vital to improving the living standards of the poor and promoting economic development – over non-productive expenditures, such as military spending (AsDB, 1995; UNDP, 1997).

Additionally, the principle of transparency according to AfDB (1995) emphasizes that the policies of the government should be publicly available and confidence developed in its intentions. In the same light, AsDB (1995) argues that information from government under this principle is made available to the general public with structures to clarify it following set rules and regulations. AsDB *op cit* further assert that access to such information on the economy must be is timely if vital economic decisions are to be made by the private sector. Disclosure of such information is considered as potential tool to inhibit corruption in the public sector. In the same light, UNDP *op cit* confirms with the others by arguing that transparency has to be built on the free flow of information in which the processes, institutions and information from government is directly accessible to those concerned, and enough information provided to render them understandable and monitorable. In such vein were public has complete and comprehensive access to information, accountability is fostered; it ignites public participation in the budgeting and planning as well as monitoring of government expenditures.

Linking the principle of participation to good management of public funds, IFAD (1999) asserts the civil society has the opportunity to participate during the formulation of development strategies and that directly affected communities and groups are able to participate in the design and implementation of programmes and projects. Furthermore, IFAD *op cit* asserts that even where projects have a secondary impact on particular localities or population groups, the consultation process that takes their views into account is initiated. This aspect of governance is an essential element in securing commitment and support for projects and enhancing the quality of their implementation by public. The AsDB *op cit* recommends that government structures should be flexible enough to offer beneficiaries and others affected the opportunity to improve the design and implementation of public programmes and projects. It emphasizes that the development of participatory development processes, through which participation of beneficiaries, a public/private-sector interface, decentralization/empowerment of local government and cooperation with non-governmental organizations (NGOs) have to be evident.

UNDP *op cit* also puts emphasis on all men and women having a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interests. Such broad participation is built on freedom of association and speech, as well as on the capacity to participate constructively.

Therefore, it can be noted that all the above principles are interlinked, and mutually supportive and reinforcing. Accountability is often related to participation and is also the ultimate safeguard of predictability. Transparency and predictability in the functioning of a legal framework would serve to ensure the accountability of public institutions. Its upon this that the World Bank (2005) argues that a good public financial management system is essential for the implementation of policies and the achievement of development objectives by supporting aggregate fiscal discipline, strategic allocation of resources and efficient service delivery.

Peters and Pierre (2003) further illustrated that for effective financial management to take place, the components of rule of law, transparency, compliance, publicly expressed preferences (through participation), and audit capacity were among the most critical which must be put into consideration. They thus concluded that these components are crucial as they set the correct tone for budgeting and financial management in the public sector. They instill a culture of fiscal discipline, financial planning, reporting and respecting to rule of law.

Emphasizing the same, Gildenhuys (1993) states that financial management is based on certain fundamental democratic values. He argues that public financial decisions have to be reasonable and equitable, utilization has to satisfy the collective needs of people optimally, political and public officials must be responsible and accountable. He points out an important element in which all activities regarding financial management and administration must take place in public and not under cover in secrecy or so called confidentiality.

Gildenhuys (1993) argument is further enshrined in the theory of social good (Musgrave, 1994) in which all public expenditures must be in public interest. The theory postulates that distribution of public resources for one group must not obscure use of the same goods by another group least expected society remain dysfunctional at the expense of those who make decisions. Similarly, the optimal use of resource theory emphasizes that public sector can only distribute the public resources effectively through efficient resource use for the public good (Puxty and Dodds, 1991). Therefore, public expenditure must occur in the interest of the public hence requiring adaption and observance of good governance.

At this point it is clear that the principles of good governance intend to inculcate a financial management culture that focuses on effective and efficient use of government resources, reasonable and equitable financial management decision-making, equitable and reasonable tax distribution, political accountability and responsibility of tax administration and expenditure trends, efficiency and effectiveness in programme execution and transparency in financial matters including financial transactions. These ensure a sound financial management culture restoring effective governance in the public service. Given the above stated contribution of good governance principles to ensuring good public financial management, has Uganda leaved to realize the same?

Uganda has been a pioneer of many public financial management (PFM) features that are considered important in fostering good management of public finds (RoU, 2009). Such have included; PEAP, MTEF, and IFMS. The country has worked hard over the last decade to achieve a high level of development of PFM systems. Though this is remarkable, but, at the end of the accountability line, when Parliament reviews the usage of public funds for which it has voted to the Executive, findings show considerable variations in the way public funds are managed (RoU, 2009).

The legal framework for PFM in Uganda is highly developed (RoU *op cit*). The present legal framework for budget formulation, execution, and audit is embedded in the Constitution 1995, the Public Finance and Accountability Act (PFAA) 2003, the Budget Act 2001, Judicature Act 1996, Local Governments Act 1997, Leadership Code Act 2002, Inspectorate of Government Act 2002, Local Government Finance Commission Act 2003, Public Procurement and Disposal of Public Assets Act 2003, Prevention of Corruption Act 1970, Access to Information Act 2005, Public Service Standing Orders, Statistics Act 1998, Local Government Financial and Accounting Regulations 2007, The Accountability Sector Strategic and Investment Plan and the National Audit Act 2008.

The policy/legal framework is further strengthened by the oversight function of the parliament through the Public Accounts Committee (PAC) which scrutinizes government expenditures and makes recommendations (RoU *op cit*), the Public Expenditure Management Committee, the Office of the Auditor General, the Office of the Internal Audit, the Inspector General of Government and the Directorate of Public Prosecution (DPP).

Even in the presence of such good policies and a commendable institutional framework, there continues reports of poor public financial management. This is evidenced in the numerous reports which have questioned government management of public funds. For instance, the Auditor General report (2010) found that there were delays by the treasury to release funds which led to the bulk of the amounts not being utilized by the end of the financial year, thirty nine entities were reported to have incurred expenditure exceeding their approved budgets by a total of twenty billion Shillings without the parliament approval, expenditures amounting to thirty billion Shillings and Euros seven thousand six hundred forty fifty-four cents (7,640.54€) incurred by thirty seven entities remained unaccounted for which was contrary to the financial regulations. The PAC Report (2003) found wasteful expenditure of USD.20,000$ with the Ministry of Finance Planning and Economic Development (MFPED) this was a refund to International Development Agency (IDA) for misappropriated money by an official.

Furthermore, the report indicated that USD.97,718$ was awarded to various individuals and companies as a result of losing cases. The CHOGM special audit report of the Auditor General noted that whereas government of Uganda through the MFPED had provided Ushs.270,474,309,660, it was found that the expenditures almost doubled to Ushs.500 billion yet these were never approved by parliament. It was also noted that compliance to rules and regulations was compromised; faulting of procurement rules, less value for money was achieved as well as excessive spending all of which indicates poor financial management of public funds. This study was thus premised on such practices hence establishing the extent to which government has adhered to good governance principles in management of public funds.

1.2 Statement of the problem

Successful governments are measured on the pretext of how they allocate and spend public funds. This is based on institutional and policy frameworks which guide management of public funds. In Uganda, institutions like the Office of the Auditor General, the Inspector General of Government, the Public Procurement and Public Disposal Unit, the Office the Internal Audit and Public Accounts Committee; for oversight function of ensuring proper financial management are in place. The following policies to enforce compliance are available: the 1995 Constitution, the Public Procurement Act, the Public Finance and Accountability Act, the Budget Act and the Audit Act for timely financial reporting, participation in the planning and budget process and enforcing financial accountability. Whereas it is evidenced that the above structures are in place, the principles of good governance seem to be far from being realized especially in relation to management of public funds. There continues to be reports of noncompliance with public finance management procedures evidenced in the different reports of the Auditor General for instance excess expenditure of the appropriated amounts for example in 2008/2009 such were Ushs.23 billions. Similarly, there are continuous delays in submission of financial reports by the accounting officers to Office of the Auditor general. The PAC report of 2002/03 on MGLSD, revealed Ushs.74,401,511 remained unaccounted for and 2004/05, Ushs.230,990,760. In the same year, it concealed information on transfer of Ushs 35 million to the consolidated account as the correct the figure was uncertain due to lack of supporting documents, indicating lack of transparency. It is therefore questionable whether good governance principles are drivers of sound financial management are practiced.

1.3 General objective

The general objective of the study was to assess how good governance practices affect management of public funds in the public sector.

1.4 Specific Objectives

The specific objectives of the study were to:

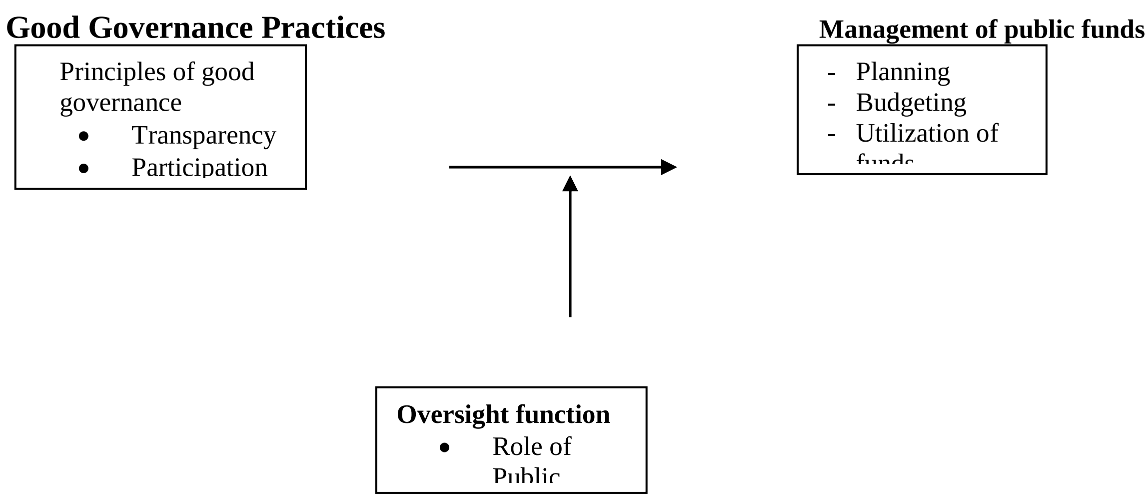
1. To examine how the understanding of good governance affects the management of public sector funds.
2. To analyze how the practices of the principles of good governance affects management of public funds.
3. To examine the influence of institutions charged with oversight function on management of public funds.

1.5 Research Questions

1. How is good governance conceptualized and what implications does it have on management of public funds?
2. How are the principles of good governance applied in management of public funds?
3. How has PAC influenced accounting and reporting in public financial management?

1.6 Conceptual Framework

Figure 1: Conceptual framework Showing good governance and management of public funds



(Source: Developed by Researcher, 2011)

This study was based on the above conceptual frame work which suggest that proper planning, budgeting, utilization, accounting and reporting in financial management depends on how good governance is conceptualized and the practices of its principles. The underlying assumption is that good governance leads to sound institutional systems, processes, procedures and the rules of law which necessary for efficient and effective management of public assets both financial and others. Good institutional structure will provide the professional skill and appropriate regulations to govern the management of public funds. The framework postulates that PAC as an organ of parliament plays the oversight function through the principles of good governance are enforced in public sector for good management of public funds. The PAC is considered as an independent organ which checks on government excesses that results into mismanagement of public funds.

1.7 The Scope of the study

The study was focused on the management of public funds in central government of Uganda. The study used the Ministry of Gender Labor and Social Development and its semi autonomous institutions of women council, youth council, children council, National theatre and the National Library of Uganda. The choice of the ministry was occasioned by its continued implication of failure to account for public funds properly and poor financial statements.

The study examined how the conceptualization of good governance and the application of its principles influence management of public funds. Good governance was premised on transparency and disclosure, participation and accountability. On the other hand, financial management entailed planning, budgeting, utilization of funds and accounting and reporting.

It covered a period of four financial years: 2004/05 to 2007/08. The choice of this period is based on the increasing reforms in government to enforce good governance. It’s the same period in which high failures in accounting for public funds was recorded as reported by the Auditor General Reports, the PAC reports climaxing into the CHOGM report.

1.8 Significance of the study

It is hoped that the findings may add more knowledge and information available on good governance and public finance management in public sector. This information may be used as a point of reference for other similar studies.

a) It is further hoped that the findings may inform policy makers not only at ministerial level but the entire government on the need to carry out appropriate policy reforms and their implementation so as to foster sound financial management of public funds.
b) It is also hoped that the findings may be used by public servants to learn about the concept of good governance and incorporate them into their activities. This would help in ensuring high level compliance to financial rules and procedures hence improved management of public funds.
c) Since the study has highlighted some of the loopholes in the management of public funds, the general public may draw from the facts presented to advocate for improvements to be made in the management of public funds.

1.9 Justification of the Study

This research comes at a time when the government of Uganda has been nationally and internationally criticized for failure to uphold good governance principles particularly in the management of public resources. There is continued public outcry in terms of increasing financial mismanagement with little accountability being done. The public servants have been noted to spend public funds anyhow without necessarily delivering the expected services. Generally, the government has been questioned over the increasing excess expenditures without proper planning which constrains the taxpayers. Even in the presence of appropriate and good institutional and policy frameworks, little progress seems to be made in ensuring proper management of public funds. On this premise, it was imperative to carry out a deep investigation in order to understand why good governance principles were not being practiced and whether this was linked to poor financial management of public funds.

1.10 Operational Definitions

Governance

Governance is the manner in which power is exercised in the management of economic and social resources for sustainable human development (Kajara, 2009). Governance is concerned with the processes, systems, practices and procedures, the formal and informal rules that govern institutions, the manner in which these rules and regulations create and the nature of those relationships. Essentially, governance addresses the leadership role in the institutional framework.

Good Governance

Good governance is a system and process existent in countries that allows governments to encourage policies towards citizen oriented administration, public participation in decision making process, rationalization of state administration, active involvement of private sectors in the provision of public goods and services, administrative simplification, regulatory reforms and modernization of human resource (Bhatta, 2005).

Accountability

It is being answerable to the authority which entrusted one with a given responsibility, assets or resources. It is giving an account of how one manages resources of an institution towards achievement the objectives of the organization. It goes with authority to make decisions. UNDP explains accountability as the requirement that officials answer to stakeholders on the discharge of their power and duties, act on criticisms or requirements made of them and accept (some) responsibility for failures, incompetence or deceit.

Public sector

This covers government sector which includes government ministries, department agencies, local governments and parastatals. Public sector is that part of the economy that is not privately owned, either because it is owned by the state or is subject to common ownership. It includes national governments, local authorities, national industries and public companies.

Public Financial Management

Public financial management is concerned with management of financial resource in public sector that is the central government, local governments, agencies and departments. It is therefore about how governments secure the revenue it requires and employs it to produce public goods for its citizens.

Participation

This literally means taking part. It is the question of effective participation for people concerned with governance issues. It occurs when group members have adequate and equal opportunity to place questions on agenda and to express their preferences about final outcomes during decision making. It can be conducted directly or through legitimate representatives.

Transparency

Transparency can be defined as sharing information and acting in an open manner. It allows all stakeholders to gather information that may be critical to uncovering abuses and defending their interests. A transparent system is one which has clear procedure for public decision making and open channels of communication between stakeholders and officials and makes a wide range of information easily accessible.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents review of relevant literature on good governance and financial management in public sector. The review will look at the works of other researchers to understand and establish the relationship between good governance, the practice of its principles and management of public funds in public sector. This will be based on the theoretical framework designed to guide the study on the premise that good governance provides strong institutional structures, policies and procedures necessary for effective and efficient financial management.

2.1 Theoretical Review

In both private and public sector the central problem in financial management revolves around the available funds are allocated and how they are utilized to achieve the objectives of the organizations. In public sector the critical problem arising out of governance is how to efficiently manage the limited public funds to effectively deliver services to the public. Good governance as argued by (*see;* Mohiddin, 2003) becomes a prerequisite for the effective management of public resources. This stems from the theory of social goods which postulates that consumption of public goods by one person does not exclude the other. This is assumed to be the rationale on which the budget policy in public service works and hence is the function of resource allocation. In relation to government allocations and resource expenditure, this has to be done in the interest of the public. However, evidence has demonstrated that on different occasions, this has not been the case (for example; the Auditor General report, 2010 illustrating numerous irregularities in government expenditure) when individual interest supersede the public interests in resource allocation. This is further articulated in the optimal use of resource theory.

Optimal use of resource theory postulates that for public sector to effectively deliver services there must be efficient resource use (Puxty and Dodds, 1991). According to the proponents, the price that government pays for the provision of services should be equal to the marginal cost. Any excess pay for the service indicates inefficient resource use. At this point, the government of Uganda seems to be at par with this theory as a number of excessive expenditures continue to be recorded (*see;* Auditor Generals Report, 2010). This seeks to safeguard citizens from exploitation as the result of market failure where resources would only be channeled to where high returns are expected, thus eliminating citizen participation in sharing of the resources.

Similarly, the theory of optimal resource distribution and efficient use of resources (Musgrave, 1994) underscores how well the public resources are distributed. The theory posts that the main problem of resource allocation is a careful evaluation of how resources are distributed to maximize utility, where no one becomes more resourced at the expense of others. This is rather theoretical than practiced in Uganda with most of the public resources ending up in a few hands of public officials while most Ugandans interests and needs are put at hault.

The theory further emphasizes that efficient resource use can only be achieved through good governance practices as defined in terms of Pareto efficiency, which presupposes that there is a welfare gain when the position of any one individual improves without worsening another. It therefore means that change in resource allocation to a particular sector should not adversely affect other sectors of the economy. This is in line with the principle of equitable distribution and ethical consideration of all citizens (UNDP, 1997). However, it is impossible to change input or size of the public sector without affecting some sections of the population. This is why there is need to mainstream the principles of good governance in the management of public funds a practice which remains not clear in terms the public sector of Uganda hence the cause for this research.

From the theory, the study focus was on the concern that a few individuals should not amass wealth through abuse of office while the majority of the population becomes impoverished. The study assumed that if good governance is practiced then there would be a just or fair state of distribution of resources evidenced by proper public financial management. Because when this is evidenced then it is probable that resource allocation are justified according to government priority and social welfare function.

2.2 Conceptualization of the good governance and its implication for financial management

Howard (1970), states that governance is the set of processes, customs, policies, laws and institutions affecting the way an organization is directed, administered and controlled. It includes the relationships among the many stakeholders involved and the goals for which the organization is governed. The principal stakeholders are management and the Board of

Directors, other stakeholders include donor community for public and NGOs, employees (staff), suppliers, regulators or government and the general public at large.

World Bank (1998) defines governance as “the exercise of authority and use of institutional resources to manage society’s problems and affairs. The worldwide governance indicators project of the World Bank defines governance as “the tradition and institutions by which authority in a country is exercised”. This considers the processes by which governments are selected, monitored and replaced, the capacity of the government to effectively formulate and implement sound economic and social interactions among others. According to the UNDP’s Regional Project on Local Governance for Latin America, governance has been used to describe the “proper functioning of institutions and their acceptance by the public” (legitimacy). And it has been used to invoke the efficacy of government and achievement of consensus by democratic means (participation).

According to Agere (2000), good governance is a concept that has come into regular use in all spheres of life: in politics, public administration and socio-economic development. It is closely linked with terms like democracy, civil society, popular participation, and human rights, social and sustainable development**.** Various scholars understand the concept of good governance differently.

In addition, Agere (2000) argues that good governance in the public sector is taken to mean institutional values like democracy, observance of human rights, efficiency and effectiveness in public service. Largely it is about how citizens are ruled and how the affairs of a country are administered. Those who conceptualize good governance from the institutional dimension maintain that quality management and institutional capacity (technical) are to be found in public agencies. They conclude that the citizens are usually satisfied with procedures and processes as means that generate solutions to problems in the society; hence good governance is viewed as a set of procedures, processes and rules. To them, good governance is the highest state of development and management of a country where there is clear participation in decision making, services are efficiently delivered and human rights respected.

The conceptualization of good governance means to contribute to the economic growth, human development and social justice (Mohiddin, 2003). This has been majorly used with the philosophy of New Public Management. In most of the administrative reforms, good governance has been used as a tool to address contemporary issues like institutional development, capacity building, decentralization of power or authority and the relationship between elected and appointed government officials**.**

Good governance practices clearly identify institutional weakness like lack of clarity in distinction of roles between public sector and private sector, failure to establish expressed regulatory frame work, unethical behavior and poor rule of law in government, poorly set priorities which results into resource misallocation, poor policies assumptions and non transparent decision making process. The supporters of this view maintain that the absence of good governance is the major cause of failure of interventional role of government especially in its effort towards poverty eradication and environmental protection.

ACCA (2007) conceptualized good governance as a development process. Those who understand good governance in this way view public service as a critical factor in the development process. This is because the discipline and professionalism of public servants results into efficient use of resources and effective service delivery. This is supported by the current trend of development and the complexity of public service where policies are highly externalized and wider stakeholders involved ,hence the line between the policy makers and implementer is fading out due to extensive inter linkages.

The degree of delegated responsibility is higher here and this comes along with the problems of agents as the public servant takes risk while being accountable for their action. Those who understand good governance in this way say the demand to adapt new performance strategy emphasizes management capabilities, competence, and achieving set goals which result in managerial excellence required for effective public service, is the back bone and a powerful tool for development. This is in line with the view of the Australia commonwealth secretariat, who stated that globally, the pressure to cooperate and compete, with rising expectation from citizens and the need to lower public deficits require change in the way government is ran.

Rajkumar *et al* (2002), the underlying assumption of good governance is that all institutional process and structure will function objectively and well in order to address collective problems like corruption and poverty. The practice of principles guides allocation and management of resources in equitable and effective ways to implement development, poverty eradication programmes and quality service delivery. Where good governance is implemented, financial resources are expected to produce the output targeted.

Op cit, concludes that there is a positive correlation between public expenditure and good governance on the assumption that the practice of good governance implies proper institutional functioning. They urged that mere allocation of public resources to the right goods and services; where there is institutional mal functioning in budgeting, planning, management and execution of government programs may not necessary lead to desirable outcome to the citizen. In recent, the impact of spending on either economic development or other outcomes like improved education or health status may be negligible as the result in effectiveness in public spending arising from leakage in public expenditure due to institutional inefficiencies and weak capacity. Good governance therefore becomes a pre requisite for effective public financial management in order to produce the desired outcome for citizens.

Therefore, the understanding of good governance as a means to achieving set goals, institutional strengths and tool of economic development with the practice of its principles of participation, transparency, and accountability will improve the management of public fund, as fair decisions are made and resources are put to responsible use. Good governance therefore has serious implications for equity, poverty eradication and quality of life. Its structures, policies and processes guide political and socio-economic relationships as Government implements programmes for economic development and poverty eradication.

2.3 Practice of the principles of Good Governance and financial management

This section reviews how the practices of good governances influence the financial management by addressing the allocation and management of resources to respond to collective problems effectively and equitably. It will explore how the principles are applied to different elements of financial management cycle.

2.3.1 Participation and Planning

This principle of good governance is an inclusive one in which all those charged with corporate responsibilities are expected to participate in decision making in orders to perform effectively their clearly defined functions and roles. These participants in governance process include all the stakeholders notably: shareholders, management, creditors, employees, government and civil society.

The participation of the different stakeholders, that is the political leaders, civil servants, media, civil society organizations and directors in the planning for the public resources thereby leading to transparency in decision making, improvement in the management of public funds and fight to curb down corruption because it hinders few individuals from dominating decisions that favour themselves (Sedigh *et al,* 1999). However, Salim (1998), states that the active involvement of all stakeholders in the management of public resources is the challenge of good governance.

According to Common Wealth of Australia (2000), planning for government expenditure starts with policy formulation resulting into an annual ministerial policy statement (mandate), objective strategic direction and the target output they intend to produce for a given financial year. This takes into account the midterm expenditure ceiling projected in the year by the Ministry of Finance, Planning and Economic Development. The decision on what to be done for the citizens is decided by the technocrat and their representatives who review the policies statements presented to sectoral committee of parliament.

PAC report (2006) in regard to the above appreciates this principle as a hallmark of good governance of financial management. It guides all decision making on efficient and effective management of public resources. The report however spells out that although participation principle is good for equitable distribution of resources among the different sectors of government based on consensus of the majority; this is not always true because resource distribution is biased by greater weight that thumps or lobby’s aggressively for resources, which affect the flow of financial resources.

In practice, the impact of participation in planning is usually disrupted due to midterm expenditure framework, revenue and expenditure ceilings which do not take into account the voices or wishes of the citizen. The members of parliament and the technocrat in the public service determine what they should produce for citizens. Policies on Planning and budgeting should ensure that all resources are channeled towards the production of output they are required to deliver.

The amount of resources voted to a spending entity depends on the mandate of the entity that is why formulation of budget and its implementation is based on the policy statement that set the tone for what the institution will output and what resource it must have.

Zagreb (2008) asserts that good financial management must begin with policies; issues not well captured in the policy formulation may affect implementation of government programmes and consequently resource use especially if the government policy is not perceived as transparent and empirical for financial management.

Op cit globally in most countries, the expenditure growth are often higher than revenue and to bring this situation under control is often a big problem; thus it is absolutely necessary that governing bodies need to focus on the purpose of the organization. Manning (1996), in a report by IMF and the World Bank concedes that most developing countries are constantly under panic whenever there is a policy mismatch that often results into underfunding, accumulation of arrears and cosmetic economy measures indicating that the system of information on how resources are planned and budgeted for is still weak.

Involvement of all stakeholders promotes observance of right and equitable treatment of stakeholders of the organization. Organizations should respect the rights of stakeholders and help them exercise those rights by effectively communicating information that is understandable and accessible and encouraging them to participate in the running of the organization. For mutual respect of all stakeholders' interests, organizations should recognize that they have legal and other obligations to all legitimate stakeholders of the organization for instance, service users, employees, donor agencies, suppliers, regulators, government and the community at large.

2.3.2 Participation and budgeting

Literally participation is taking part, it enforces equity and fairness in resource distribution, this occurs where different interest groups have adequate and equal opportunity to be listened to on issues that finally affect them; it can be direct or through legitimate representation.

Most scholars argue that all members of governance institutions have a voice in influencing decision making. In the Ugandan setting the budge is participatory, it begins with pre budget consultations which are held between both local government and the central government and other stakeholders to agree on resource allocation. The consultations provide input into decision making on how the available resources will be shared out based on consensus from the government ministries, departments, agencies and local governments.

Constitution of Uganda (1995), states that the budget estimates are approved both by the local government councils and the parliament representing the citizens at both levels as provided by the budget act of Uganda and local government financial regulation 15(1). Issues arising from consultations are fed into the national budget framework paper conference budget which brings together various stakeholders to debate resource envelope and government priorities.

2.3.3 Transparency and Budgeting

Government budgeting is based on the principle of performance contract where the output of each unit is critical for what level of resources can be voted to the ministry. Zagreb (2008) stated that the principle of transparency is about taking informed and transparent decisions in risk management of public funds. Decision making in governance is complex as it must promote the purpose and the strategic direction in both medium and long terms. To make decisions, managers must be well informed and it requires appropriate systems to ensure that they are implemented and resources are legally and efficiently used.

Munawwar and Kiyaga-Nsubuga (2006), asserted that globally, there is a realization that economic development and fight against poverty can only be effected under an environment of good governance, particularly the fiscal (budget) transparency; increasingly the donors to the poor countries, international financial institutions and organization for civil societies demand for transparency in budgeting process of recipient countries, emphasizing the right of stakeholders to information on how public resources are collected and spent. The call for transparency encourages governments and companies to detail their sources of revenue, how they are spent and the underpinning policies.

OECD (2001), noted that the urgency of implementing the transparency as the principle of good governance in the recent years is amply demonstrated by a number of initiatives in promoting and enforcing transparency practices in financial management in public sector like the UN'S convention against corruption, International monetary funds' code on good practices on fiscal transparency, OECD code for best practices for budget transparency, the global reporting initiative and Global transparency initiative.

Economic Commission for Africa (2001) stated that transparency is an important pre-condition for macro fiscal sustainability, good governance and fiscal rectitude. It concedes with the complementary state that fiscal transparency is associated with lower level of public debts and deficits. This is so because voters appraise competent politicians by provision of public goods for a given level of taxation and consumption however; it determines how far voters can observe debts.

According to, African Development report (2001) the IFM code on best practices on fiscal transparency requires clarity of roles and responsibilities of government, this must be distinct from other public sectors, and its policy management roles need to be clearly disclosed. Public information on past, current and projected fiscal activity should be published information in budget documentation, final accounts, and other reports; they should be more informative of central government budgetary activities and extra budget activities, the level and composition of its debts and financial assets. The information should be comparable over a period of time.

It is argued by Ruzindana (1997) that until these principles are addressed, African countries will continue to lack good governance input necessary for macroeconomic stability and in the long run the other stake holders and public will be cheated. Accessibility to information on fiscal and budgetary activities enables the citizens to have a clear picture on how major economic decisions affecting their lives are reached at and it gives them opportunity to participate in the process. Information availability is an important tool in fighting corruption and for efficient delivery of services to public.

PAC (2006) stated that the principle of transparency can be achieved through budget and fiscal transparency that exposes possible concealment of real budget balance, hiding of tax burdens and over emphasized benefit of spending, but public availability of information still requires strengthening in the country. Public resource spending is characterized by partial availability of information in some areas and total lack of fiscal information in others.

Economic Commission for Africa‘s Governance report stated that on the open budget preparation, execution and reporting, in most African countries exhibited improvement including Uganda. Most of the countries have adopted a multiyear budgeting process. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all financers have access to clear and factual information.

The Organization for Economic Development Cooperation code on disclosure and transparencies, reports that governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the organization including the financial situation, performance, ownership and governance at the organization. The PEFA report (2005), further illustrated that undisclosed extra budgetary expenditure other than for the donor funded projects makes up 10% of the total budget in the last three years for most countries as per the performance measurement frame work.

2.3.4 Transparency and resource use

Langseth *et al* (1995) hypothesizes that through the establishment of reliable internal controls based on the financial and accounting standards, it makes it hard for individuals to undertake transactions without involvement of other parties. Where internal control is effectively implemented based on the sound financial policies and accounting standards, the use of finances will be streamlined. As one of the reforms to improve on the financial management in Government, the public expenditure and accountability (PEFA) recommend the use of technology and professional human resource as part of internal control system.

Salim *et al* (1998) however noted that one frequently reported problem in the financial audit report in many countries is the evasion of the controls and misuse of government funds, confirming to poor enforcement of control. As far as use of resource is concerned, transparency is practiced through monitoring of the resources used in the implementation of government projects by different stakeholders like the supreme Auditors, Internal Auditors and the civil society. Monitoring is expected to make it harder for managers to evade controls.

2.3.5 Transparency and financial reporting

Munawwar and Kiyaga-Nsubuga (2006) stated that the financial reports of governments are obligatory to distribution to various levels of government. Once consolidated, the accounts are reviewed and audited by the auditor general of governments who reports on the financial performance and position of government. Through the adoption of integrated financial management system, accessibility to financial information is enhanced. The system has been intended to improve on the reliability and timely production of accounts.

As part of good governance practices in management of public funds, government has adopted international standards of accounting notably, the International Public Sector Accounting (IPSA) & International Auditing Standards (IAS) to promote timely and credible reporting on within four months from the closure of the financial year. Apart from encouraging timely reporting, it improves on the reliability of the financial statements. The use of globally accepted and understood standards adequately supports disclosure in financial accounting and reporting.

2.3.6 Accountability and Budgeting

Accountability means answerability for discharge of duties or conduct; it requires good justification to be given for one's action.

Ruzindana (1997), states that the budgeting process is relatively transparent with the ease of access to budget information if availed both on hard copy and on the websites of all government entities. The information should be simplified and based on standard classification of expenditures and revenue. However, yearly reports on budget performance are confined to only government entities and the introduction of integrated financial system is meant to support financial disclosure, but it does not avail information to all stakeholders on how government unit how effectively implement their budgets to carry out its mandate**.**

One of the requirements of IPSA is that government entities will report on the agreed budget and actual annual revenue and expenditure to provide the legislature and civil society with meaningful information to enable comparison of records. The budget act requires the accounting officers to lay their budget performance before sectoral committees of parliament year-in and year-out for review before approval of their budgets.

3.3.7 Accountability and Utilization of public funds

According to UNDP/Africa (1998), accountability is an obligation to render account for a conferred responsibility for performance of activities. It could be political, administrative or financial. As a principle of good governance, it strengthens financial management and budgetary accountability, strengthens the legitimacy of the government, public officials and their policies and decisions whicch increases public confidence in them especially as far as delivery of public service is concerned.

According to Ruzindana (1997), the potential to improve service delivery of government is built on the premise that its institutions responsible for service delivery are held accountable for their responsibility. This therefore calls for the need to establish the institutional mechanisms necessary for the improvement of services, with a strong system of accountability to check the likelihood of mismanagement of public funds and corrupt allocation of public contracts based on social links.

Accountability in resource management needs to be enforced at both horizontal and vertical level model, where there exist state institutions for the monitoring of abuse of office by public agencies. The efficiency of the accountability model depends on the participation and the capacity of civil society organization (CSO) and watchdog institutions. Where the CSO's monitoring is strong, there will be positive correlation with accountability. Uganda like any other developing country particularly those in the African continent increasingly recognize the need to foster good governance, and apply the principle of accountability.

According to commonwealth of Australia (2000) good governance standards for public service, organizations should always make clear to themselves, staff and other stakeholders to whom they are accountable to and for what. The relationship is a pre-requisite condition for accountability which could be formal or informal. It involves developing and maintaining dialogue with the public, government units should seek and be open to receive feedback.

Financial Accountability for public finances has equally remained poor despite the adoption in International accounting standards ,role of supreme audit and establishment of internal audit (NEPAD, 2009).

According to UNDP/Africa (1998), when accountability breaks down world over, there is usually abuse of office. Corruption takes place both within and without the country frontier and it takes various forms like bribery, conflict of interest and “ghost” payments. There are a number of factors advanced for its occurrence like the principal agency relationship, culture and social values, conflicting signals and loyalties from society. It entails a number of costs to society like loss of economic efficiency, distortion of incentive and distribution of public goods.

The condition for accountability to exist requires a code of conduct and institutions that uphold accountability and transparency. The occurrence of accountability is dependent on the attitude, cultural, moral and values of people concerned with management of public funds. For sound governance in an organization, there must be accounting for business positions as a result of acceptance of responsibility, providing clarity in communication channels with internal and external stakeholders and there must be development and maintenance of risk management and control systems.

According to Sedigh *et al* (1999), it's the responsibility of the government to minimise corruption falls on the public administrators. Through their daily operations, they must ensure that they are promoters of good governance which is a paradigm of ethos and culture which are distinct in character, spirit and attitude. Commitment of those in managerial and leadership positions to the code of ethics is crucial to good management of finances but this has not met with success due to poor enforcement.

Op cit If good governance in practice is to the administrative system, it must be part of government shared values and culture, underpinning policy and behavior of both political leaders and civil servants throughout the public sector and violation of which must be dealt with, which discipline is still lacking as those implicated in corruption walk free. Compliance with ethical requirement is important to minimize the risk associated with finance. Therefore, calls for adherence to a strict moral values, ethical code and professional requirement and of professional standards and probity are all prerequisites within agency relationships.

Muzindana (1997) stated that there need to exist a better administrative practice within the civil service of checks and balances through increased supervision. Internal checks and controls I are necessary for effective internal financial management that ensures adequate and effective control over the use of resources.

OECD (2001) asserted that it is critical to develop the capacity and capability of the governing body to be effective. It therefore means that effort must be made to develop the institutional environment for effective financial management to be able to compete for resources in the market place which must be supported by a competent public administration, sound process of internal control and the rule of laws. Appointment or assignment of both elected and civil servants should be based on the skills, knowledge and experience that they possess.

2.3.8 Accountability and financial reporting

The requirement of government accountability is to provide information on government operation both internally and externally. There is still weakness in the systems, technology and professional skills to provide effective accountability. Most government accounting is cash based which does not permit an assessment of cost of programs or an understanding of the real and contingent liabilities government has incurred.

2.4 Role of Public Accounts Committee (PAC) in management of Public Funds

The achievement of good governance, a sound and accountable public financial management is a result of a complex but interlinked function of different institutions. Each of the institutions function autonomously within its mandate and generating outputs which feed and inform other functions but at the same time receiving inputs from others within a governance environment and work in a mutual and complimentary manner. The professionalism, autonomy and transparency with which the institutions of government work have an invariable effect on public financial management. Of particular importance are the organs which act as oversight to decisions which commit public resources.

The African Peer Review Commission (2009) recognizes four thematic areas representing the pillars around which vibrant governance evolves and whose success sets the precedent for good governance and its effect for a good public financial management. For sound governance, the organization board members and auditors must be independent from operational involvement. The internal and external auditors of organizations should have a complete independence from any members of the organization as far as execution of their duties and subsequent reports by them are concerned (Kaplan, 2007).

Some of the institutions which stand at the forefront of good governance and public financial management in Uganda include; the Parliament of the Republic of Uganda, particularly the Public Accounts Committee (PAC), the Inspectorate general of government (IGG), The Auditor and Accountant general's office and the Public procurement and disposal Authority, the Public Service Commission, the National Planning Authority and Ministry of Finance, the Ministry of Ethics and Integrity, the Electoral Commission, Civil Society organizations among others. All the above institutions are organs of government meant to offer checks and balances on management of public resources and promote accountability.

This study focused on PAC, representing oversight function in accountability process. PAC is created under article 90 of the 1995 constitution of Uganda on behalf of parliament. It assesses the financial administration of government through scrutiny of the annual audit reports on public finances to ensure that funds are spent as voted by parliament. As a committee of parliament, it ensures accountability and transparency which contributes to curbing down financial mismanagement through holding public officials accountable for their actions related to management of public funds (Langseth, 1997).

In Uganda, good governance has gained ground in the political and the economic administration, despite the fact that it is at its infancy as stated in the African Peer Review report (2007). As a committee of parliament, it is a source of good institutional check and balance on the excessive expenditure by executives and alternatively ensures that the objective of public service of delivery of public goods and services to the citizens is safeguarded against abuse by the executives and civil servants.

According to Mafabi (2010), PAC has ensured public funds are effectively utilized and encouraged transparency of information that enhances accountability through the scrutiny of annual audit report.

2.5 Summary

In Uganda, good governance has gained ground in the political and the economic administration, despite the fact that it is at its infancy as stated in the African Peer Review report (2007). From the literature review, it is observed that whereas public office should wholly accept and appreciate good governance and its principles, in Uganda this is not applicable in Uganda. This is likely to undermine their compliance with financial management standards of public funds. Furthermore, regarding enforcement, in Uganda, evidence suggests that the rate is still low as institutional arrangements related with checking compliance with rules and set standards is likely to affect and limit good management of public funds. The literature further fails to show how debates and arguments about allocating and how to spend public funds are dominated in public sector for effective and efficient utilization of public limited resources. In addition, there is less or little information on equitability of budgets in regard to participation. Although literature tends to document information on oversight function of parliament, the information is not clearly spelled out. As a committee of parliament, it is a good institutional check and balance on the excessive of executives and ensures that the objective of public service of delivery of public goods and services to the citizens is safeguarded against abuse by the executives and civil servants. Therefore, this study intended to address the information gaps highlighted above.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter describes the procedures that were used in conducting the study. It presents the research designs, study population, sample size, sampling technique, methods of data collection, procedure of data collection, data management and analysis, among other important procedures necessary for gathering, analyzing information and ethical considerations

3.1 Research Design

The study used case study research design in order to focus on small number of the respondents and be able to collect and analyze in detail about financial management in the ministry of Gender Labour and Social Development as a single entity representing public sector of Uganda; the design was helpful in determining factors and relationships among the factors that had resulted into increased reports of public fund mismanagement in public sector ,and draw appropriate conclusions.

Both quantitative and qualitative research methods were employed in collecting data to answer research questions concerning the current financial management practices in the government.

The quantitative methods were instrumental in producing discrete numerical or quantifiable data (Mugenda and Mugenda, 2003). The qualitative method on the other hand was helpful with generating data in form of words other than numbers (*Op cit,* 2003). Hence the later method helped in permitting the research to go beyond the statistical results as well as understanding individual patterns and meaning attached to numerical data. Using both methods of research helped to reduce bias as one would check the other that is subjectivity associated with qualitative was minimized by the objectivity of quantitative methods (*Op cit,* 2003). The study used case study research design. This design was appropriate for this study as a single case of the MGLSD was one of the institutions managing public funds.

3.2 Study area

The study was conducted in Kampala District, the capital city of Uganda. This was because Kampala city is the centre of most public institutions charged with service delivery. The PAC, Ministry of Gender, Labour and Social Development and its autonomous institutions that is Youth council, Children council, Women council, National theatre and National Library of Uganda as representative of the public sector were the major areas of interest in data collection.

3.3 Study population

The sample population was 321 employees comprising of 22 top managers, 41 senior managers, and 118 technical staff and 140 support staff. Both political and the appointed civil servants were involved in the study because they contribute in the day to day management of public funds.

3.4 Sample size

The study sample size was based on the rule of the thumb for estimating the sample size determined using Roscoe (1975), which states that a sample size range between 30 and 500 is appropriate for most studies. A sample size of 85 respondents was used from a population unit of 321. These stratified and spread as follows; 06 top managers, 11 senior managers, 31 technical staff and 37 lay support staff. A random sample of 2 members of the PAC was also identified to participate in the study.

Table 1: Showing selection and composition of the sample

Population Strata	**Study Population**	**Sample size**
Top Management	22	06
Senior Management	41	11
Technical managers	118	31
Support staff	140	37
Total	**321**	**85**

(Source: MGLSD staff list/payroll, 2009/2010)

Top management comprised of Ministers, Permanent Secretary, Directors, and Executive Secretaries of the council who are responsible for the sector policy issue were selected. The respondents were stratified as it was easy to identify them according to strata. The strata comprised of two (2) Ministers, one (1) Permanent Secretary, two (2) directors ministers, and one (1) executive secretary totaling to six. Senior Management stratum comprised of the middle managers responsible for decision making and the heads of departments; majority of whom are commissioners, assistant commissioners and principal officers. The respondents in the senior management stratum were six commissioners, one Undersecretary, one Principal Accountant, one Principal Personnel officer, one Assistant commissioner –planning and one Principal Internal Auditor totaling to eleven respondents.

The technical management stratum included: the operational managers responsible for technical output of the department. The officers in this category were either assistant officers, officers or senior officers. These are: three Senior Assistant Secretaries, five accounts staff , two procurement officers, one senior youth officer, one senior literacy officer, ten Probation officers, two personnel officers, one senior policy analyst, two officers from the planning unit, Two community development officers, Two labor officers making thirty one respondents were selected.

The Support staff stratum comprised of: junior staffs that were not technical who included; six drivers, two record officers, six Secretaries and four stenographers, seven office Attendants, five guardians, four store keepers and three security guards totaling to thirty seven in this strata were used.

3.6 Sample technique

The selection of the participants from the study population was done using proportionate stratified sampling technique. The stratified technique was used as there were already existing subgroups in the population. The stratification was based on the participant's level of management that is; top, senior managers and junior staff. The stratification was based on roles and duties performed under each stratum that is; top managers – decision policy makers, senior managers – supervisors and informants of top managers and the junior staff who are charged with implementation of policies. The purpose of stratified random sampling was to ensure that significant sub-groups of the population were represented into the sample from each level of management.

The sample of the study was selected from four different levels of management who are in one way or another directly or indirectly involved in the process of resource management based on the institutional structure and systems. For the stratum of top and senior management, purposive sampling was to involve those responsible for policy and decision on resource management in the ministry. While for stratum of the technical managers and support staff, the proportion of those whose activities were usually affected by the decisions of the former, the stratification was proportionately considered to ensure a significant representation of the sub – groups.

3.7 Data collection methods

Data collection was mainly carried out using three methods namely; interviewing, questionnaire and documentary reviewing.

3.7.1 Interview method

This method entailed oral administration of an interview guide by the researcher. The method involved face-to-face encounters between the researcher and the respondents. The method was instrumental in obtaining in-depth data which would not be possible in other methods. The method was also selected on the basis of guarding against confusing the questions since the interviewer was able to clarify the questions thereby helping the respondent to give relevant responses. The method was also flexible than questionnaire because the interviewer could adapt to the situation and got as much information as possible (Mugenda and Mugenda, 2003). The method was executed with the help of an interview guide.

3.7.2 Questionnaire

This method was used to collect data over the relatively large sample. The method also presenting as an instrument had the advantage of establishing confidentiality among the respondents. It also saved time (Kombo and Tromp, 2006). It also helped reduced opportunities for biasness of the interviewer. Generally, the method was instrumental in generating much of quantitative data than qualitative.

3.7.3 Documentary review method

This method was used in gathering secondary data. It was helpful in analyzing information of other scholars which is related to the study variables. Moser & Kalton (1979) noted that it is improper to go to the field without a critical review of past and present investigation of relevance. Therefore, review led to understanding of background information and literature review which informed the study as gaps were highlighted to be bridged by this study.

3.8 Data collection Instruments

The study involved the use of viable and reliable tools of data collection. Three types of research instruments were employed and these included:

3.8.1 Questionnaire

A semi structured questionnaire was used to obtain information to address specific research questions. Pre formulated set of questions on questionnaire forms were sent out to respondents to complete with their responses. The choice of this instrument was justifiable by the cost involved in using it and its being convenient to the respondents who could find own time to answer the questions.

3.8.2 Interview guide

After the administration and obtaining back of the questionnaires, the researcher scrutinized through the responses to determine which issues needed further clarification. This called for conducting interviews with key informants. In-depth interviews were administered to respondents seeking for considerate views and opinions to substantiate the information provided in the questionnaires. This was administered with the help of an interview guide in which a set of pre-determined questions were asked of the respondents. Respondents subjected the interviews mainly included; the PAC officials, top management staff who indicated preferring interviews than questionnaires and senior management officers.

3.8.3 Documentary review checklist

This was used to aid the researcher make adequate comparisons between the previous financial systems and the current ones so as to build on informed decisions deemed as necessary during data analysis.

3.8.4 To minimize bais in the study the questionnaire were mainly administered to respondents to independently complete them without any interference from the researcher.

Where interview guide were used a free and objective discussion were observed allowing the respondents freely to express the views.

3.9 Validity and reliability

3.9.1 Validity

The content validity of the instruments entailed the giving of the tools to experts (like experts, supervisors and lecturers in the field of good governance) who judged them through carefully and critically examining or inspecting the items which were in the instruments. The instruments were given to five experts to evaluate the relevance of each item in the instruments to the objectives. The experts rated each item on the scale: very relevant (4), quiet relevant (3), somewhat relevant (2) and not relevant (1). Validity then was determined using the Content Validity Index (CVI) which is given by the formula below.

$$CVI = \frac{\text{Sum of Items rated 3 or 4 by judges}}{\text{Total number of items in tools}}$$

The research instruments were distributed to 9 experts to comment on whether they were valid. A total of 28 items were rated with 3 or 4 by the experts hence a CVI=0.82 a ratio high and above the target 0.70 recommended by Kathuri & Pals (1993).

3.9.2 Reliability

The researcher carried out statistical tests to ensure that the key research instruments used was reliable. A pilot study of randomly selected respondents was done. Mugenda & Mugenda (2003) suggested that the pilot sample may range from 1-10% and in this study, 10% (9 respondents) was taken. The pre-test was carried using Cronbach's Coefficient Alpha. As Sekarani (1992) points out that the closer the Cronbach's Alpha to 1, the higher the internal reliability. Although Kathuri & Pals (1993) recommended for the Alpha to be at least 0.70, not all items scored that for instance; conceptualization had α=0.636, transparency and planning scored α=0.594 while transparency and budgeting scored α=0.714. For the items on role of oversight function (4) they had an alpha = 0.573. Important to note is that all the variables scored close to one hence making the tools reliable.

Reliability Statistics

Variable	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Conceptualisation of good governance	.636	.670	10
Transparency and planning	.594	.544	7
Transparency and budgeting	.714	.714	4
Accountability	.836	.829	4
Role of Oversight function	.573	.415	4

3.10 Procedure of data collection

The primary data was collected through the self administered Questionnaires and personal interviews as major methods for data collection from the respondents at all levels of management since most of the data was qualitative in nature. The secondary data was obtained from review of available records in library or resource centres like IGG reports, Auditor General Report, Public Accounts Committee reports and other policy papers.

3.11 Data management and Analysis

After data collection from the source, it was carefully reviewed and cleaned at the end of field activity day. The research team went through all pieces of work for any gap filling and correction that deemed necessary. For clarity purposes, the interviewer contacted the respondents again if need be.

The data was arranged, scrutinized, edited, word processed to eliminate errors and ensure accuracy of data collected to avoid misinterpretation of the information. Further, data was reduced into frequencies and percentages as unit of measurements using SPSS and descriptive statistics were used to describe the population sampled. Spearman's rank correlation analysis and regression analysis shall be applied to establish the relationship between the study variables. For safety purposes of the collected data, the researcher stored the information both in hard and soft copies in safe locations as multiple copies would help in times of recovery if the information got misplaced.

Qualitative data analysis sought to make general statements on how categories or themes of data were related. The researcher detected various categories in the data which was distinct from each other. Codes were then developed and assigned manually. Presentation of data was then done by making quotation of respondents.

3.12 Ethical consideration

1. The researcher obtained the consent of the accounting officer to carry out the study in her entity; this was done through a formal authorization granted by Permanent Secretary.
2. Access to respondents was on informed consent from those who participated in the study.

3. All information obtained from the respondents was kept with utmost confidentiality.
4. The principles of honesty and objectivity were strictly observed during data collection and process to produce the desired results.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTEPRETATION

4.0 Introduction

This chapter presents the findings of the study and interpretation of the outcomes. The findings are reported and analyzed according to the objectives. The results presented are based on the responses from the questionnaires, interview and observations made. Tables and percentages have been used to present and describe the findings of the study.

A total of 94 questionnaires were distributed to the respondents slightly above the desired 85 respondents. Of these at least 85 returned the questionnaires of which almost all the questions were filled thus a 100% response rate. The response rate is as shown in the table below;

Table 4.1: Percentage of response rate

Item	**Number**	**Percent**
Returned	85	90.4
Not returned	9	9.6
Total	**94**	**100.0**

From the table 4.1, the study obtained a response rate of 90.4% on the questionnaires which were returned which would also translate into 100% response rate since the desired sample was 85 respondents. Important to note, this was above what Mugenda and Mugenda (1999) proposed (50%) meaning that respondents were positive to the study.

4.1 Findings on the conceptualization of good governance and financial management

In order to understand whether the concept of good governance had been received and well interpreted by the public servants, the respondents were asked to briefly demonstrate their understanding of what it entailed. Focus was put on how respondents conceptualized good governance principles to predict proper management of public finance, the extent to which mangers appreciated the concept of good governance, the institutional arrangements applicable to financial management and how the ministry was promoting its mandate visa-via the financial management requirements.

4.1.1 Perceived understanding of the concept of good governance

Considering the definition of governance as given by UNDP, it encompasses the exercise of political, economical and administrative powers in management of public affairs at all levels. It's about power being exercised for sustainable human development (Kajara, 2009). Similarly, good governance in Bhatta's (2005) is about policies focusing on citizen oriented administration, public participation in decision making, rationalization, active involvement of all stakeholders in service delivery and regulatory reforms. For Commonwealth (2000), good governance entails competent resource and affairs management promoting transparent, accountable, and equitable and responsiveness to the needs of the people. Hence, good governance seeks to ensure, proper accountability, transparency in public actions and full participation. Having highlighted what good governance is all about, the respondents were required to give an opinion of how they understood the term and responses are as recorded in table 2 below.

Table 2: Showing respondents perceived understanding of good governance

Response	**Frequency**	**Percent**
Being accountable to the people	13	15.3
Decision making and implementation	7	8.2
Fair distribution & management of resources	17	20.0
Effective management & utilization of resources	14	16.5
Observing laws governing public management and utilization of resources	11	12.9
Participatory & efficient utilization of public resources	2	2.4
Proper budgeting, implementation activities	2	2.4
It's about transparency, accountability & participation in decision making	19	22.4
Total	85	100.0

Source: Primary data

From the statistics in the table 2 above, we can note that atleast all the respondents had some understanding of the concept of good governance. The most common understanding was that good governance entailed being transparent, accountable and allowing for everyone to participate in decision making (22.4%). These form the principles of good governance. Similarly, 15.3% held the view that good governance was about being accountable to people, 20% equated it to mean fair distribution and management of public resources while 16.5% contended that it was about effective management and utilization of resources. Important to note is that at least 12.9% held the view that observing laws governing public management and utilization of resources constituted good governance.

Adding onto the questionnaire information, interview data also showed the respondents truly had an overview of the term good governance for instance one of the top management official noted that;

> "…it's about observing the laws that govern public finance, the compliance to financial regulation, monitoring effectiveness in internal controls and orienting and guiding staff in proper financial management." (*Interview data TMO-01*)

This was further echoed by a technical official that;

> "…good governance is a system where there is participation, transparency, accountability and following of the stipulated rules and regulations." (*Interview data, TMO-07*)

There are two themes arising from the data. While some respondents perceived good governance from the principles point of view, others seem to relate it to laws, rules and regulations being followed by public servants. As a matter of principle; accountability, participation and transparence were echoed as components of good governance while rules, policies and laws governing public office management (corporate governance) on the other hand were also articulated. The implication is that either way public servants seem to have an understanding of good governance which means that there is a high likelihood of better management of public finance.

4.1.2 Perceived understanding of financial management that observes good governance

Having established that the respondents were relatively informed about the concept of good governance, it was imperative to investigate their conceptualization of the term financial management. Financial management includes; financial planning and budgeting, financial accounting, financial analysis, financial decision-making and action. With such a description, the study required respondents to give their own understanding of financial management and results are as reported in the table below.

Table 3: Respondent's common understanding of financial management that observes good governance practices

Response	Frequency	Percent
Ensuring transparency & accountability in public fund usage	44	51.8
Clear and documented accountability practices in public finances	4	4.7
Following of set rules, regulations and standards in management of public funds	17	20.0
Effective and efficient utilization of public funds based on rules and regulations	19	22.4
No response	1	1.2
Total	**85**	**100.0**

Source: Primary data

Financial management was found to be a complex issue among the public servants. The respondents had divergent views about the concept of financial management. Most respondents (51.8%) mentioned financial management that observes good governance practices is about ensuring transparency and accountability in public fund usage, 22.4% stated that it's that in which there is effective and efficient utilization of public funds based on rules and regulations. Additionally, some respondents stated that financial management encompasses the strict following of set rules, regulations and standards in management of public funds (20%).

Findings show that largely respondents had mixed up ideas about the concept of financial management. Although the two concepts are related, however, most of the respondents could not separate good governance from financial management. And since perceptions of financial management were similar to good governance then public servants hardily had they conceptualized the concept of financial management. This could be the reason for the continued alarm for failure for public servants to adhere to principles and practices of good financial management.

4.1.3 Findings on whether top and senior managers of the public organizations appreciate the concept of good governance

The study made an inquiry into whether there was a belief that top and senior managers holding public office were convinced and appreciated the concept of good governance. Since governance issues are cross-cutting among the departments, it was envisaged that at all levels public officers must be appreciative of the concept. In this they have to demonstrate their ability to lead, manage and account for their actions while protecting public interests. As findings in the table below illustrate, there seemed to be a common view top and senior managers appreciated good governance.

Table 4: Shows if Top and senior managers appreciate good governance

Response	**Frequency**	**Percent**
Yes	49	57.6
To some extent	36	42.4
Total	**85**	**100.0**

Source: Primary data

Table 4 shows that 57.6% of the respondents believed that top and senior managers in public entities appreciated the concept of good governance. However, some respondents held the view that top and senior managers only to some extent had appreciated the concept and principles of good governance (42.4%). Although a common view was held, a high percentage for those indicating to some extent implies that the top officials were more-less able to committee and practice good management of public funds if they could not appreciate good governance.

Additionally, achieving good management of public funds rested in jeopardy as good governance principles were less likely to be effected as required. Thus implementation and practicing the principles of good governance (transparency, accountability and participation) that transform into financial management could only fairly be achieved.

Further inquiry about why respondents indicated that top and senior managers had only appreciated the concept of good governance to some extent, some respondents attributed it to financial pressure which arose on the political leadership side. The top officials were subjected to work on terms of politicians rather than following principles. It's at this point that one top official wondered whether "… [They] had an independent role to play in managing public finances if political leaders influenced their decisions." Echoing on the same, technical officials reported that, "…there were situations when self interests did override organizational interest with greater influence originating from political heads." In such a situation where the offices of the public servants are subjected to influence by politicians, then it is less likely that could appreciate good governance.

4.1.4 Perception about the strength of the institutional arrangements responsible for financial management

Having established that public servants particularly at top and senior management level appreciated the concept of good governance, it was necessary to make an inquiry about the strength of the available institutional arrangements responsible for financial management of public funds. There seemed to be a positive strong strength as findings indicate in the table below.

Table 5: **Respondents rating of the strength of the institutional arrangement responsible for financial management**

Strength	Frequency	Percent
Very strong	84	98.8
Very weak	1	1.2
Total	85	100.0

Source: Primary data

From the table above, almost all the respondents acknowledged the institutional arrangements responsible for financial management to be very strong (98.8%) with only one respondent deviating that they were very weak. This indicates that the various institutional frameworks like the office of the Inspector General of Government, the Directorate of Public Prosecution, the Public Expenditure Management Committee and the Office of the Internal Audit among others are carrying forward their mandate in ensuring that public funds are well allocated, spent and accounted for. The rating of the institutional framework backed by the policy framework as being strong implies that they had contributed strongly to compliance of public servants to set principles of good financial management.

Furthermore, respondents supported the view by indicating that "without such institutions, dreaming of proper financial management would be impossible". However, we can note that even if the institutions are in place, the practice in financial management seems to be different in the public sector for instance, there has been continued queries raised by the IGG and Auditor General's reports about mismanagement and misappropriation of public funds as well as non-compliance with accounting regulations. This thus questions the effectiveness of institutional frameworks as to whether they could fully institute good financial management practices.

4.1.5 Enforcement of the institutional arrangements for management of public funds

Although there may exist institutional arrangements for management of public funds on one hand, on the other, enforcement has to also exist. There are policies, rules and standards which have been put in place to ensure proper management of public funds. However, the level at which such enforcement had taken place was not clear and without such the policies or standards in place may cease to have an effect. The table below shows the extent of enforcement of the institutional arrangements for management of public funds.

Table 6: Respondents views on the extent to which enforcement of institutional arrangements for management of public funds has taken place in government

Response	**Frequency**	**Percent**
By way of internal and external auditing	31	45.6
Both by the government and CSO	22	32.4
Compliance with the rules	12	17.6
Through checks and balances at every stage	2	3.0
Demand for timely accountability	1	1.4
Total	68	100

Source: Primary Data

The study findings revealed that although public servants are supposed to comply to set rules and standards governing management of public funds, few of the respondents (17.6%) seem to believe that compliance was enforced by the institutional frameworks. Further inquiry made of why the institutions had not enforced compliance, one technical official indicated that,

> "…the institutions are often influenced by the executive arm which pays them. The institutions like IGG and DPP are fully financed by the government so how can they be independent in executing their roles?" (*Interview data, TMO-04*)

However, internal and external auditing functions performed by the institutional frameworks like the Internal Audit, Auditor General and IGG were found to been enforced (45.6%). Additionally, public servants seem to believe that government and civil society organizations (CSO) were key players in enforcing proper management of public funds (32.4%) with only one respondent reporting that timely delivery of accountabilities was also enforced. It was rather unfortunate that checks and balances at every stage were not fully enforced with only 3% of the respondents reporting about it. The implication is that the role of enforcing good management of public funds is rather limited than expected and mandated as per the policy frameworks. The institutions required to perform such functions are not adequately performing their functions yet without their active role, good management of public funds remains in jeopardy. It also means that effective and efficient use of public resources is put at risk as purported by the Optimal Use of Resource theory.

4.1.6 Whether bad governance affects the quality of public service delivery

The quality of public service delivery depends on a number of factors key among are the principles of good governance. Where good governance exists, there is a high likelihood that finances are managed appropriately hence contributing to better quality of public services delivered. The table below illustrates if bad governance affected public service delivery.

Table 7: Perception on whether bad governance impedes the quality of public service delivery

Response	Frequency	Percent
Yes	77	90.6
Not sure	8	9.4
Total	**85**	**100.0**

Source: Primary data

Respondents strongly held the view that bad governance was a cancer to the quality of public service delivery with almost all the respondents agreeing to the question (90.6%). For higher quality services to be delivered there has to be good governance practices. This means that all allocated finances are appropriately utilized and managed; resources are effectively and efficiently utilized and allocated to benefit the larger group than a small section of the community as proposed by the theory of social goods. By following such theories, service delivery remains in the interest of the public good while resources are equitably allocated to meet the needs of all members of the public.

Therefore, if bad governance practices constitute are ranked highly and embedded in public service delivery, then social needs of a few are made at the expense of the larger majority. The resources will remain in the hands of a few while services remain scarce due to poor decisions made during allocation and spending of the limited resources. Further still, were bad governance is witnessed, even the few public finances spent will result into low or poor quality of services delivered compromising the value for money to which public servants are expected to achieve.

4.1.7 If the occurrence of corruption is attributed to weaknesses in the institution arrangements for management of public finance

Corruption for long has being a main challenge in Uganda. This has been evidenced in the government institutions which have time and again been implicated in corruption. The government has been forced to set-up institutions in abid to tackle the vice but such efforts seem to have been fruitless. It's on such grounds that the researcher inquired from the respondents whether corruption could be attributed to weak institutional arrangements for management of public finance as table below illustrates the findings.

Table 8: Shows if the occurrence of corruption in the financial management is attributed to institutional weakness

Response	Frequency	Percent
Yes	45	53
No	33	38.8
Not sure	7	8.2
Total	85	91.8

Source: Primary data

Although public servants are expected to meet the set-standards and policy regulations established for proper finance management, the study found that there were institutional weaknesses which could be sparking off corruption. This was reported by 53% of the respondents who agreed to the question. In exploring how weaknesses in the institutional frameworks charged with compliance on management of public finances could be resulting into corruption, respondents reported a number of issues. For instance a top official stated that;

> "…the institution of the Internal Auditor is less strengthened in terms of resources. There reports are never honoured implemented." (*Interview data, TMO-01*).

Another senior official stated;

> "…political will is lacking. Enforcement cannot be done when political leadership is wrong." (*Interview data, TMO-04*).

Therefore, the weaknesses in institutions charged with ensuring proper financial management by way of performing checks and balances could be attributed to the occurrence of corruption. Where institutions like the Auditor General's office enforces proper accountability, there is high compliance with the set standards and principles governing public funds usage. However, in most cases such institutions have not played their role of ensuring proper utilization of public funds hence translating into public servants mismanaging the little finances available properly as evidenced by high corruption cases.

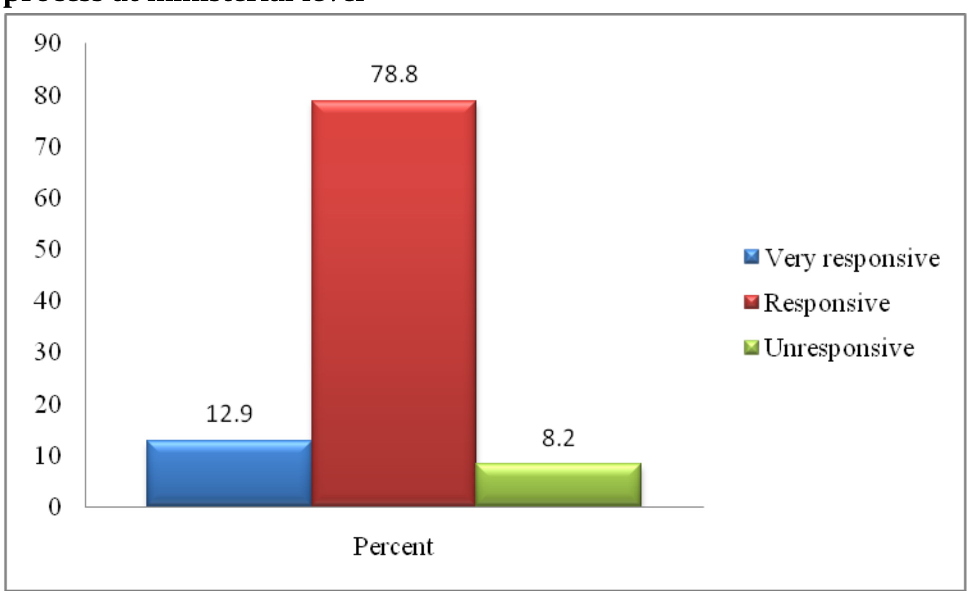
4.2 Findings on Participation and Planning

The previous section presented and analyzed findings on the conceptualization of good governance and financial management in public sector. It was discovered that public servants seemed to be well informed and knowledgeable about issues of governance and finance management. One of the principles of good governance is participation. This is done in such a way that each and every person either alone or as an individual they are actively involved in the decision making process for public good. The decisions must be made in response to the needs of the people. Active involvement does not necessarily mean that people have to be informed about what is going to happen but they have to present individual issues and concerns which must be incorporated in any actions. By this we can say the public sector is practicing good governance. Financial resources on the other hand need the equal and practical involvement of all people if proper allocation is to be made. Without such participation, any allocations made are for an individual or a small group and not wholly owned by the majority. Therefore, this section deals with the extent and level at which all public servants are involved in the planning and decision making process particularly those related to financial matters.

4.2.1 Stakeholders willingness to participate in the planning of budget process at ministerial level

The budget process is one of the most important aspects of any organisations activities. This thus calls for high level participation if all the concerns of the people are to be incorporated. The different stakeholders must be able to actively engage in the process without due regards. Additionally, the budget process has to follow all the set standards, rules and guidelines as stipulated in the financial policy documents. Similarly, personal convictions and willingness among the people to be involved must be ascertained. The figure below illustrates whether stakeholders were willingness to participate in the planning of budget process.

Figure 1: Whether stakeholders are willing to participate in the planning of budget process at ministerial level



Source: Primary data

Findings illustrated in the figure above show that public servants were responsive towards participating in the planning of the budget process at ministerial level thereby constituting 78.8% against the 8.2% who showed that they were unresponsive. To emphasize the former response, at least 12.9% indicated that public servants were very responsive and so much willing to be part of the budgeting process. It can be noted that willingness is one of the most important factor driving participation. When people are willing to participate, then we can say the process of budgeting will be fairly done. On the contrary, people might be willing to participate but because of some other factors, they are impended from doing so. The outcomes of the budget process therefore are owned by a few rather than the majority which could result into misallocation against priorities, mismanagement and failure by those who were not involved in the planning process to account for funds disbursed. Therefore, willingness for people to participate in financial planning is a crucial and important step towards good financial management.

4.2.2 Whether respondents ever participated in the planning and budgeting process at ministerial level

The rules, regulations and policies regarding public financial management require that at all levels the public participates in the design and implementation of the budget. This is done through representatives or the citizens at a given level. At the ministerial level, all public servants are required to be part of the budget process discussing, prioritizing and portioning the public funds as directed to respond to the needs of the people. By so doing, it is hoped that good financial management practices are feasible. The study hence made an inquiry into whether all the public servants ever participated in the planning and budgeting process as responses in the table below indicate.

Table 9: Showing if respondents have ever participated in the planning and budgeting process of the MGLSD

Response	**Frequency**	**Percent**
Yes	71	83.5
No	14	16.5
Total	**85**	**100.0**

Source: Primary data

It was found that almost all the public servants were participating in the budget planning and formulation as represented by 83.5% against only 16.5% who had never been involved. Although a significant percentage which cannot be ignored reported on the contrary, generally public servants tend to participate in the budget process. This means that public servants observe the policies, rules and compliance regulations of managing public funds. However, we cannot solely rely on their assertion as much is involved for instance, the extent to which they participate that is; are they recipients of the budget or they are consulted?. This presents the *Pygmalion effect* in which that the respondents gave responses which they thought were expected by the researcher.

Therefore, allowing for each member of the public to participate in the planning and formulation of the budget implies that funds are allocated to meet those pressing needs of the people. Additionally, the people become involved at all stages of budget implementation and monitoring. The people own the budget and are able to follow the implementation process as well as holding the persons charged accountable if they find any inconsistencies. Hence if the budget is participatory in nature, then good financial management is ensured thereby protecting public funds from being mismanaged.

4.2.3 Number of times respondents had ever participated in the planning and budget process at ministerial level

Noting from the previous section that public servants were participating in the budget process, this was not enough to prove that they really did so. Therefore, in an attempt to ascertain the extent to which they participated, the study inquired about the number of times the respondents had ever been involved in the budget process and findings are indicated in the table below.

Table 10: Number of times respondents participated in the planning and budgeting process

Response	Frequency	Percent
Once	23	32
2 – 4 times	9	13
5 – 10 times	27	38
Over 10 times	12	17
Total	71	100

Source: Primary data

Findings indicate that out of the 71 respondents who had ever participated in the planning and budgeting process at the ministry level, only 32% had been involved only once. Majority indicated having participated for between 5 and 10 times (38%) while only 17% had been involved for more than 10 times. For those participating for between 2 and 4 times were the least representing only 13%. The implication is that actually public servants do participate in the budgeting process. This enables them to understand clearly, budget allocations and expenditures. They are thus able to trace finance allocations to the different activities. Therefore, the more public servants are involved in the whole budget process, the more likely that adherence to rules, regulations and set standards for management of public funds is achieved.

Additionally, the participation must not be a one-time opportunity but has to be consistently done so that all public servants over-time get familiar to the whole budget process. This also allows for easy follow up and accountability to take place. Furthermore, the workers are able to be transparent in all their work since they are held accountable by the public for funds allocated to them. Therefore, participation in the budget process must not be a one-time activity but consistent for all staff in public organizations if good financial management of public funds is to be achieved.

4.2.4 Whether public servants ever contribute in the debate or during decision making on allocation of financial resources at the ministerial level

To establish whether the ministry officials were complying with the budget rules and regulations under the Budget Act, respondents were asked to state if they made contributions during the debates. Although the Act requires that each and everyone must be involved and his/her views heard in the preliminary discussion, this seemed quite not practiced among public servants as the table below illustrates.

Table 11: Showing whether public servants ever make contributions during the budgeting process

Response	Frequency	Percent
Yes	36	42.4
No	49	57.6
Total	**85**	**100**

Source: Primary Data

Most of the respondents indicated that they hardly made any contribution towards the budget process (57.6%) with a significant percentage 42.4% indicating that they made considerable impact during the budgeting process. The most interesting are those who were not making any contribution. Why would officials in the whole ministry fail to participate? The responses obtained from interviews stated the following;

> "…we often receive budget proposals from the ministry of finance. The budget is already drawn and probably we only consent to it with few consultations being made." (*Interview data, SMO-03*)

Another respondent indicated that the accounting department was the one charged with developing the budget framework making a few consultations with the departmental heads who hardily understood the budget. From the responses above we note that the budget process in public institutions hardily fails to comply with the set standards. This means that good financial management cannot be achieved if only a handful of officials participate in the budget drawing.

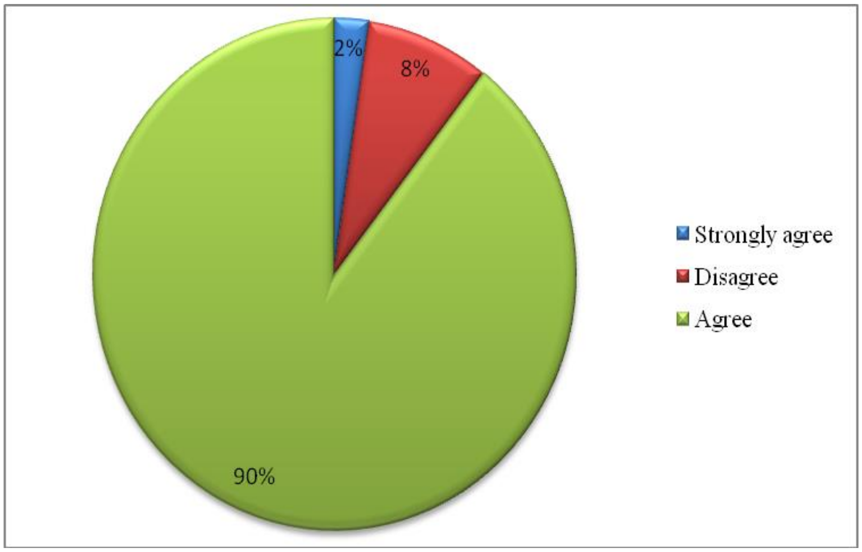
Important to note was that those who indicated ever participating in the budge process only talked about attending the budget conference in the ministry and making a few remarks on increasing budget allocations in some areas. For instance, some stated that they only gave insight into proper and effective resource allocation; others mentioned that their participation was mainly at implementation level while the least mentioned taking part actively in identification of priorities or setting priorities.

Therefore, the public servants seem to know how to participate in the budget process but rarely do they contribute to the process of debating. Generally, the public servants seem to have little say during debates of allocating and planning resources. This implies that priorities set are not representative of the whole group which violates the set minimum standards under the Budget Act hence resulting into poor financial management.

4.2.5 Whether the planning process is very participatory in the ministry

As already noted, few ministry staff seemed to participate in the budget process. By such limited participation of a handful of staff means that any decisions made are not a representation of the whole group as it would be hence resulting into poor financial management. For this section, we seek to understand whether generally the planning process at all levels was participatory in nature as findings in the figure below illustrate.

Figure 2: Whether the planning process is very participatory



Source: Primary Data

Findings in the table above show that almost all the respondents agreed to the planning process being very participatory in nature (89.4%). This was against only 8.2% who disagreed. This implies that public servants do plan for any activity before being implemented. It further suggests that a common understanding and goal is set for everyone to achieve. This is a good sign that good governance at this stage exists in public offices. Therefore, through active planning, the public resources are likely to be well distributed in accordance with the set rules and standards.

4.2.6 Equitable distribution of the budget

Having established that there was planning at ministerial level, it was also imperative to understand whether the budget was equitably distributed as findings in the table below revealed.

Table 12: Whether budgets in the ministry are equitably distributed

Response	Frequency	Percent
Yes	11	12.9
No	73	85.9
No response	1	1.2
Total	**85**	**100.0**

Source: Primary Data

Of the respondents that participated in the study, only 12.9% stated that budgets in the ministry were equitably distributed while majority of them comprising 85.9% stated otherwise. The inequitability of budget allocation was associated with a number of factors mostly; the budget process limited to top and senior officials, expenditures kept out of reach of the general public and information sharing unfairly distributed with less or no disclosure made to the entire staff. The inequitable budget distribution is a sign of low levels of participation during the budget process. As noted earlier on, when a few people participate, it means that only those needs of a fewer minority are considered and given priority. This implies that most of the resources are channeled to meet with the needs considered by only those participating in the budget process. This undermines the principle of participation as well as the benchmarks of proper and good financial management practices in resource distribution and allocation.

Commenting on the budget allocation in terms of priority of departments, there seemed to be mixed feelings about how it’s done. The common comment was that while some departments received higher budget allocation, most of them were subjected to little funds. The respondents further stated that most of the funding was channeled to administrative costs while neglecting the priorities of the different departments. Departments like the disability and elderly as well as safety and health were often allocated the least funding while the child and youth departments were reported to obtaining relatively higher budget votes. The issue here is about priority given the little finance resources available. This means that the ministry does not consider priorities but rather speculations based on who should receive what and how much. The concept of setting priorities seems lacking which results into ignoring some departments by giving them meager resources. Again we note that the budget allocations fall short of following the guiding and set standards for budgeting under the public systems of service delivery. This implies that proper financial management in which resources are equitably distributed does not take place.

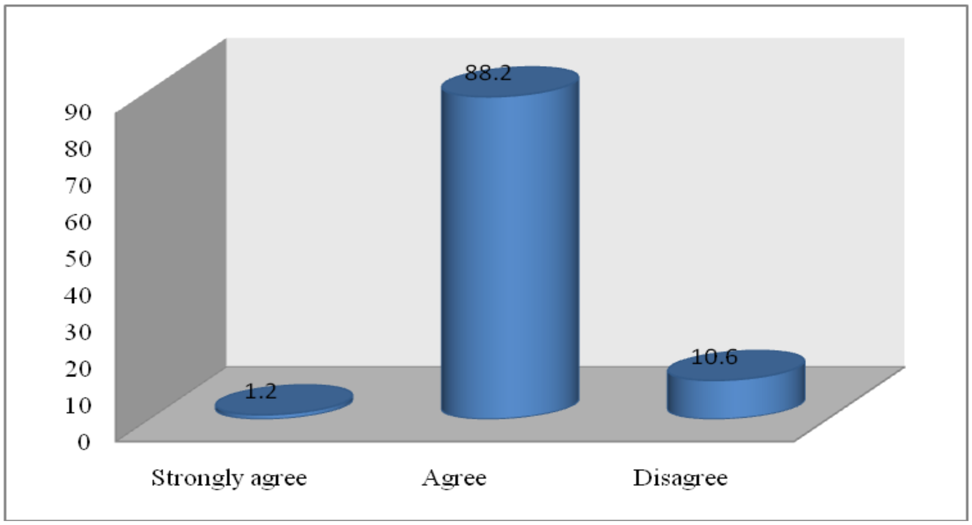
4.3 Findings on the Transparency and Budgeting

It's important to note that for good governance to be achieved especially under public service; there has to be transparency in all the actions and decisions made by those entrusted with such. Any individual charged with carrying on public service delivery must be able to demonstrate to the entire public that the decision made are not for individual gains but for the entire country. People must be able to demand such servants accountability at all times. Similarly, during the budget process, public servants must be able to explain and provide accurate information as well as disclose any such information arising from the decisions they make. By so doing we can assert that government and its agencies are responsive to the needs of the people as they uphold transparency as a guiding principle especially during the budgeting process. This is how we can measure that the government is governed well in all aspects. In this case we shall focus on whether such transparency exists during the budgeting process as this section details the findings.

4.3.1 Whether information on the budget formulation and implementation was readily available

To start with, the study made an inquiry into whether all the necessary information about the budget process and implementation progress was readily available to the public for scrutiny as findings in the figure below report.

Figure 3: Shows if information on the budget formulation and implementation is readily available



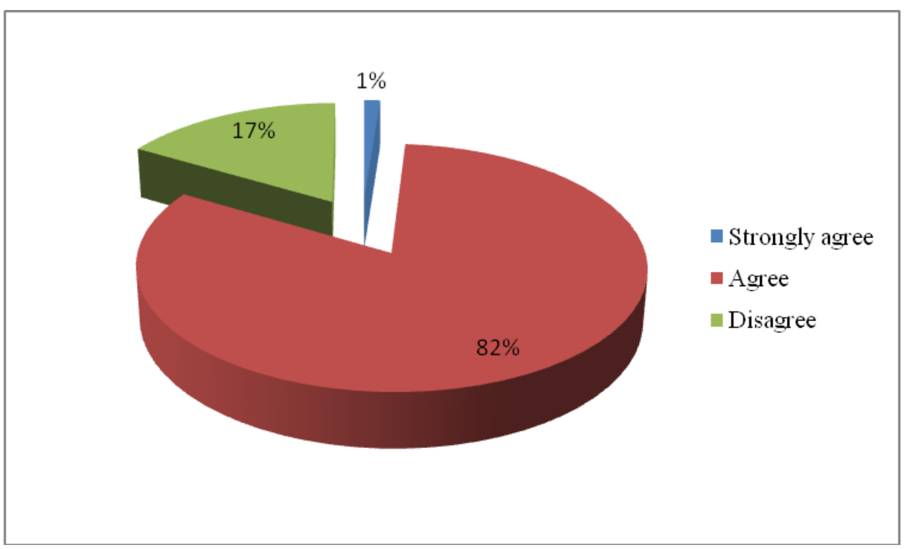
Source: Primary Data

From the figure above, it can be observed that there was a general acceptance of information regarding the budget formulation and implementation to the public as represented by 88.2% of respondents stating agree. This was against only 10.6% who stated the contrary. This means that the ministry readily availed the public with the necessary information on how the budget process and formulation process takes place. This means that the ministry practices disclosure of information to the public which is a good practice of good governance particularly the transparency principle. Therefore, by availing the public information, it means that everyone is able to question and lodge complains for redress. The public can seek clarification from the concerned public servants hence put to task to explain any variations in the budget implementation if identified. This indicates that good financial management practices are likely to happen unlike when information is confined with a few people with little or no access to it.

4.3.2 Whether the adoption of computerized financial systems has increased accessibility to financial information

Information can be passed to the information users through many ways. Among such means is the computer-system which can enable different individuals track any changes in the information at all times from anywhere around the globe. Of recent, government has adopted the use of computerized financial systems in carrying out government financial matters. With such a new system, it's envisaged that public servants are able to avail information to those in need of it in the short-time possible unlike where the paper-based system is used. So has this new innovation in government led to increased access to financial information? The figure below presents the findings.

Figure 4: Whether the adoption of computerised financial systems increased accessibility to financial information



Source: Primary data

It was noted that necessary financial information was made accessible by way of adopting the computerized financial system as reported by 82.4% of the respondent who agreed. This was against 16.5% of them who reported not to have made any impact in making financial information accessible. This shows that transparency was being achieved through updating and posting of any necessary information about financial allocations by use of a computer. The systems allowed for proper record keeping of the information later to be used for reference. Again it was hoped that when an individual needs such information, it would be readily available for him/her to use. This implies that transparency has been improved and that financial matters can be held with great care a sign that proper financial management is underway.

4.3.3 If all staff of the ministry are adequately informed of resources voted

The principle of disclosure of information requires that all people be it internal or external is informed of how matters transcend in an organisation. This is not exclusive of financial information moreso budget related. In this case, all staff at different levels in the ministry needs to be informed of how much resources they are to spend for proper planning and budgeting.

Table 13: Shows if all staffs of the Ministry are adequately informed of resources voted

Response	**Frequency**	**Percent**
Agree	19	22.4
Disagree	65	76.5
No response	1	1.2
Total	**85**	**100.0**

Source: Primary data

The findings in table above indicate that 76.5% of the respondents reported not being informed about the budget vote allocated to the ministry although 22.4% did agree. This implies that there is not readily open information flow among the staff which could be a hindrance to proper financial management. This also impacts on the level of transparency as the public cannot be informed by the concerned individuals about the budget allocation. This is because most ministry staff hardily have the information to the public moreso that which is related to financial matters hence jeopardizing the realization of proper financial management in the public sector.

4.3.4 General comment on the level of disclosure on budgetary expenditure at ministerial level

As already noted in the previous sections, it is important for information related to budget matters to be disclosed to each and everybody that proper financial management can be achieved. The failure to do so means that a few people get to know what is happening hence may not provide their input in all the matters. In this case there is always need to disclose information on budgetary expenditures at all levels. This is one of the ways in which the principle of accountability can be upheld. The respondents were asked to give their opinion regarding the level of disclosure on budgetary expenditure findings of how much of information was known by senior managers and accounts section.

One official in the youth and children affairs department stated that;

> "…the budget is normally disclosed to the managers who will direct the officers on how to spend it although not the whole amount will be disclosed to them." (*Interview data, SMO-05*)

Most of the respondents reported that the budgetary information is often known to the senior staff as an assistant commissioner reported;

> "…this information is known to the senior staff and those how bother to ask." (*Interview data, TMO-07*)

Another assistant commissioner in the gender and women's affairs department reported that;

> "…budgetary expenditure level of disclosure seems to be limited to accounts section and top managers." (*Interview data, TMO-07*)

From the statements above, we can note that disclosure of the budgetary expenditures seems to be non-existent in the ministry. Where it prevails, the information is often limited to either the finance department or the senior management. Unfortunately this is dangerous if good public finance management is to happen. Nondisclosure implies may not be able to follow up on government expenditures which could be a vehicle for mismanagement. It also means that the staff implementing the budget can utilize it the way they wish like without necessarily following the stipulated rules and standards are per government expenditure. Furthermore, transparency is limited making it difficult for the public to hold any individuals who may have misappropriated the funds accountable. Therefore, the failure to disclose how the budget is spent means that transparency and accountability cannot be talked of which could contribute to poor management of public funds.

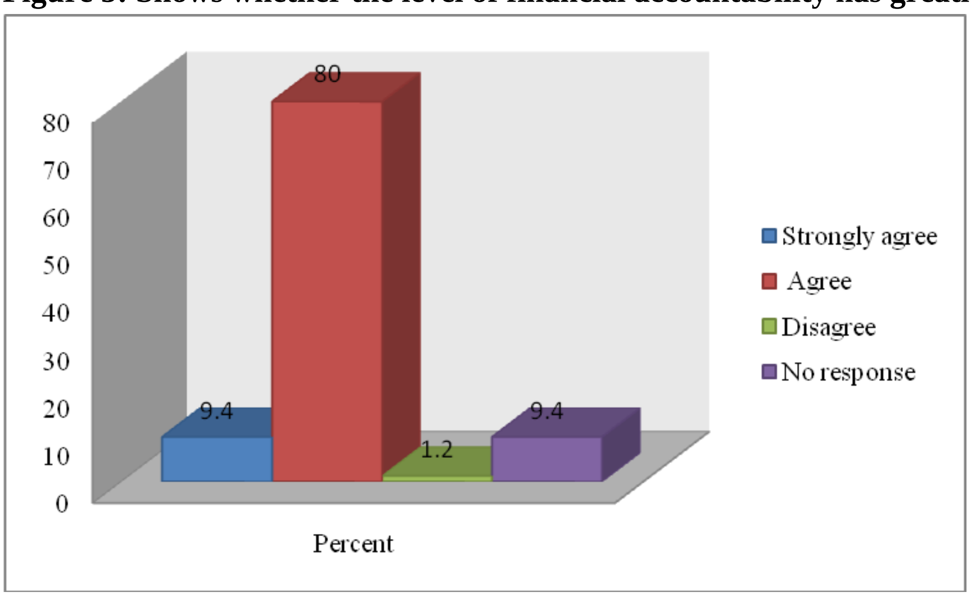
4.4 Findings on Accountability

After obtaining information regarding participation, transparency and on the budgeting process, it was also necessary to understanding how accountability for public funds was being carried out. The concept accountability tends to be commonly talked about but actually in practice, public servants often fall short of being accountable to the public. This is evidenced through numerous complaints made by public as well as the institutional reports like the Auditor General Office queries as well as the Inspectorate General of Government (IGG). Accountability is not theory but a practice which has to be carried out often by all individuals entrusted with providing public services. Therefore, the stronger the accountability in an organisation, the more likely proper management of public funds will occur otherwise, public money may be spent without deriving the intentions for which it was allocated. In this section we look at how accountability happens at ministerial level.

4.4.1 Whether the level of financial accountability had greatly improved at ministerial level

The research made an inquiry into whether there had been changes in the level of financial accountability in the public sector. By doing so, it would be ascertained if good management of public funds happened or not. The findings are reported in the figure below.

Figure 5: Shows whether the level of financial accountability has greatly improved



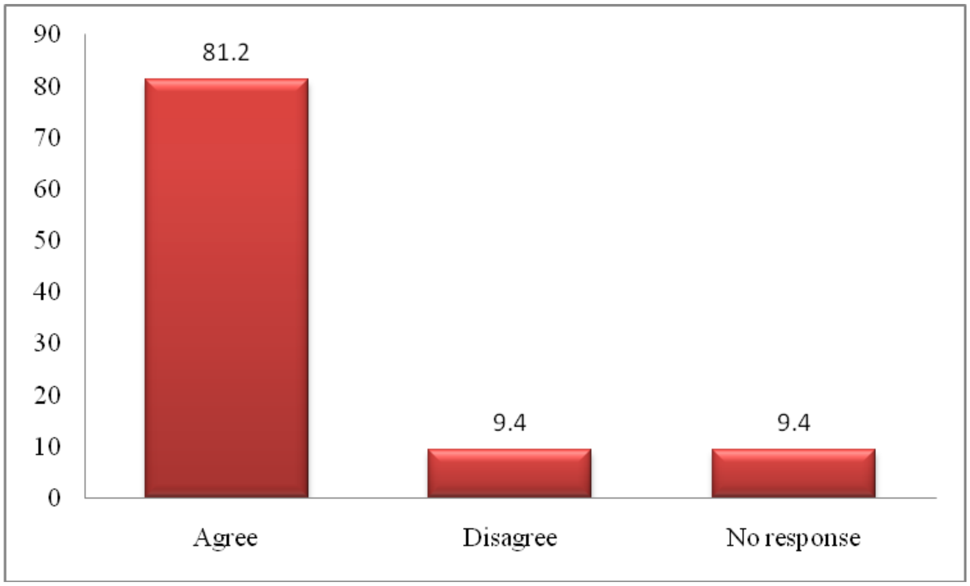
Source: Primary data

It was held by majority of the respondents that the level of financial accountability at the ministry level had greatly improved. This was ascertained by 80% of the respondents who agreed and the 9.4% who held a strong view against the 1.2% who reported on the contrary. This illustrates that policies, rules and regulations which have been put into place are doing a great role in fostering accountability among public servants. The public servants are starting to appreciate why they have to account for any little and single finances given to them before the public. It implies that if public servants continue to account for public funds, proper and good financial reports will emerge clearly showing how public money is utilized. Hence the more the principle of accountability is practiced, the higher the likelihood that reports of finance mismanagement, noncompliance to rules and regulations governing public finances and the continued cases of corruption will be reduced.

4.4.2 If the adoption of integrated financial management systems greatly improved on reliability of financial information

There has been a current shift to integrating financial management systems as per the new financial regulation. This was to eliminate information mismatch, proper reporting of actual finance information and the increased speed at which such information can be obtained in a short period of time. This new paradigm shift was to allow public accounting officer have all financial information as a whole and not in parts as it used to be. This could hence provide accurate and reliable financial information at all times. The figure below illustrates if really financial information has become reliable with adopting the integrated financial management system.

Figure 6: Shows if the adoption of integrated financial management system has greatly improved on the reliability of financial information



Source: Primary data

From the findings in the figure above, it can be observed that almost all the respondents 81.2% agreed to reliability of financial information having been improved due to adoption of integrated financial management systems. This was against only 9.4% who disagreed. This implies that financial information which is reliable is currently being disseminated to the public. Such information can be used to interpret and stimulate public questioning as to whether accountability takes place. This information is considered to have proper financial figures and expenditures against the planned figures for comparison purposes to be made. It's through such information that the public can seek clarification unlike when actual figures are replaced with different figures simply to cover up any foul plays. Therefore, the more the information on finances is integrated into appropriate systems, the more the likely that such information can be relied on to compel public servants to explain any variations in the finance expenditures thus contributing to better financial management practices.

4.4.3 If accountability is in line with set government guidelines

The government has continuously provided and regulated the use of public funds through legislations and establishing guiding principles to be followed by public servants particularly related to finance management. All the guidelines and enactments, public servants are by law required to account for any little or large sum of funds passed onto them to carry out certain activities. By accounting for the funds, the officers must follow those guidelines and set standards. This section seeks to understand whether the government guidelines and standards are followed by public servants during accounting as findings in table below indicate.

Table 14: Shows if accountability is in line with the set government guidelines

Responses	Frequency	Percent
Yes	76	89.4
No	1	1.2
Not sure	8	9.4
Total	85	100.0

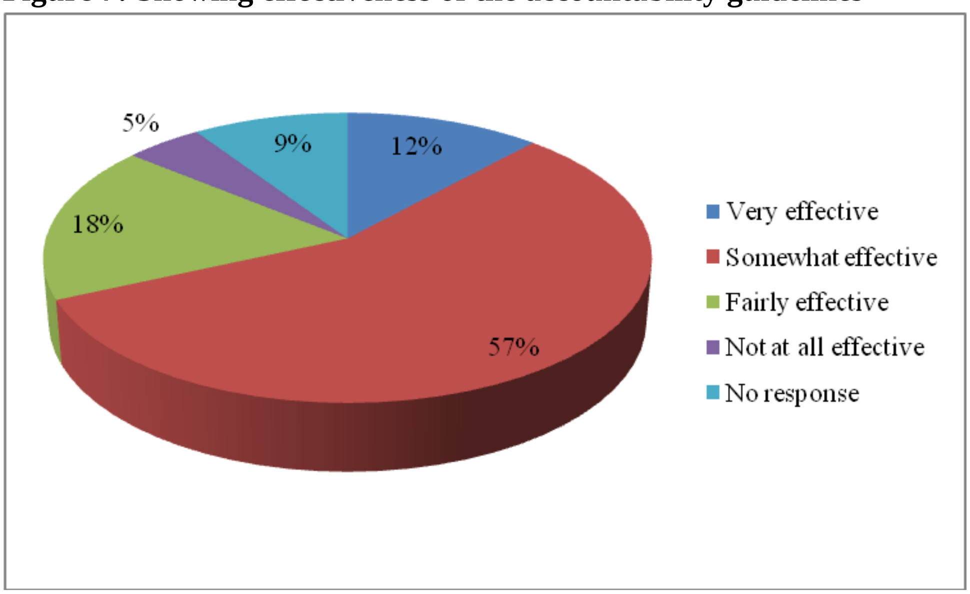
Source: Primary data

Accountability was found to be in line with the set government guidelines as reported by 89.4% of the respondents against the 1.2% who disagreed. This means that public officials endevour to follow government set standards in providing accountability. It implies that accountability reports showing incomes and expenditures are detailed, programme activity levels are illustrated and variations were necessary are explained to give the ideal picture of how public funds utilization against implementation takes place. In so doing, the public can rely on the information given by such officers to track and follow-up any queries in utilization of funds. It also means that good financial management practices are carried out for proper resource allocation and utilization to meet the public good. By following the guidelines, the accounting institutions are able to check for compliance and noncompliance to reduce mismatching information being given to public.

4.4.4 Effectiveness of the accountability guidelines

Having guidelines on one part and effectiveness of the guidelines on the other hand is equally important in measuring the extent to which good financial management is practiced. The study made an inquiry about the extent to which the set standards for accounting in public sector were effective in fostering good financial management as findings in the figure below illustrate.

Figure 7: Showing effectiveness of the accountability guidelines



Source: Primary data

The findings in the figure above demonstrate that slightly more than half of the respondents indicated that the accountability guidelines were somewhat effective (56.5%), 17.6% indicated fairly effective while only 11.8% reported that the guidelines were very effective in ensuring accountability in public sector. On the other hand 4.7% indicated that the guidelines were not in any way effective. The implication is that although the guidelines are clearly stipulated by government they offer little effect on ensuring that public servants comply with the rules and regulations set forth to control public fund expenditures. The guidelines are instrumental in compelling public workers to perform their work effectively thereby delivering all the required services timely, with quality standards and ensuring that there is value for the money disbursed. Therefore, guidelines are simply documented issues which are only effective when public servants are compelled at all times to make sure they comply with them. If they comply, it means that public expenditures are appropriated towards agreed causes which foster good financial management.

4.5 Findings on the role of oversight function of Public Accounts Committee in enhancing accountability

In order for public funds to be well managed, there is need for having an active institutional framework to check and balance the expenditures made by government. These institutions must be independent of any influence from executive so as the hold public servants accountable for all the public expenditures made. Uganda has a number of institutions at different levels which check and balance government expenditures. Among the notable ones is the Office of the Auditor and Accounting General, the Office of the Inspectorate General of Government (IGG), the Office of the Internal Auditor, the Directorate of Public Prosecution and the Public Accounts Committee (PAC). The above institutions are charged with checking public expenditure, ensuring compliance with set rules and standards in management of public funds thereby providing an overall oversight about government spending.

The PAC which is headed by the opposition members of parliament has been instrumental in ensuring that public offices are accountable and transparent while handing tax payers money. The committee holds all public servants at all levels accountable for funds released by parliament so as to explain their spending. It draws its public inquiry from the queries made by the other institutions hence bringing to book public servants who mismanage public funds. This section presents data on how PAC has played a role in the promotion good finance management in public sector.

4.5.1 If PAC scrutiny of annual reports has improved financial accountability

The study asked the respondents to indicate whether PAC involvement in scrutinizing of annual audit reports by other institutions has helped in ensuring improved financial accountability. The findings are as reported in the table below.

Table 15: If public accounts committee scrutiny of annual reports has improved financial accountability

Responses	**Frequency**	**Percent**
Strongly agree	1	1.2
Agree	82	96.5
Disagree	1	1.2
strongly disagree	1	1.2
Total	**85**	**100.0**

Source: Primary data

It was found that almost all the respondents agreed to PACs scrutiny of annual reports having made strides in ensuring financial accountability in the ministry (96.5%). This was against only 1.2% of the respondents who disagreed. This point to the fact that having were checks and balances are actively used, it compels public servants to account for all the finances at their disposal. It reduces excessive expenditures among the government agencies and it's a vehicle through which feedback and information is given back to the people (tax payers) about who and how public servants plan and utilize funds. It also puts public servants always to make wide decisions in fear of being named and shamed in public thereby reducing on chances of public fund mismanagement. Therefore, PAC as an institution plays a big role in checking and balancing government expenditures hence bringing about value for public money. It also results into good financial management premised on compliance with financial regulations and set standards.

4.5.2 Whether holding accounting officers responsible for financial irregularities ensures that funds are well spent

While PAC is charged with checking government excesses in expenditure as reported by the IGG and Auditor General's office, accounting officers at different levels are held responsible for any expenditures which are made by government. They are the ones who handle all money issues in their respective departments thus are in better position to account for the money. However, they do not operate or work alone meaning they have other superior managers or staff who must approve the expenditures. This section is concerned as to whether accounting officers ought to be held with solely responsible for financial irregularities.

Table 16: Holding accounting officers responsible for financial irregularities ensures that funds are well spent

Response	Frequency	Percent
Strongly agree	12	14.1
Agree	66	77.6
Disagree	7	8.3
Total	**85**	**100.0**

Source: Primary data

Holding accounting officers responsible for financial irregularities was viewed by most respondents (77.6%) as a way through which public funds can be well spent. Only 8.3% reported on the contrary. This means that being the financial controllers of public funds, the accounting officers are the key custodians of the public good. They are thus responsible for all expenditures and disbursements made during the implementation of government programmes. They are responsible for all accountabilities meaning they carry the blame when finances are not well managed. Therefore, if accounting officers are made liable for public expenditures, they are directly forced to control public money otherwise any mismanagement made has to be accounted for by them thereby improving public financial management.

4.5.3 Findings on how the involvement of PAC in the review of the Auditor General Report contributes to realistic budgeting in the Ministry

In regard to this question, the following were positive responses by the respondents in acknowledgement of the role of PAC. The regular probing of officers by PAC has instilled discipline in them, especially in budget planning and spending, as reflected in prudent budget formulation and value for money expenditure. The participation of PAC in the accountability process provides checks and balances, necessary for prioritization of budget allocation, appropriate resource utilization, exposing scam and public funds misappropriation.

However, some of them held the belief that the activities of the PAC did not contribute highly to realistic budgeting in the public sector since there is a great disparity in the nature of their work and that of budgeting. This is because they normally come in when issues of noncompliance with accounting regulations are highlighted or when public funds are greatly misappropriated by public officials.

The role of PAC at this stage is much evidenced in bringing to book all those persons who are responsible. It makes them tell the truth about their actions meaning the concerned parties are held accountable. The electorate is also made aware of such individuals and in case of voting, these are not voted for just because of such actions. By doing so, the public is made aware of the irregularities committed by which people hence public opinion to challenge their position is sought. Therefore, PAC as an institution is commended for its work in ensuring that there exist good financial management practices which are based on accountability and transparency.

4.5.4 Findings on how the quality of general reporting has improved as a result of enforcement of accountability by PAC

Majority of the respondents that participated in the study outlined the following points/evidence to back their view that enforcement of accountability by PAC has greatly improved the general reporting in the Ministry; time frame and deadlines to submit reports are adhered to, accountability based on output as stated in the budget, improved service delivery, periodic audit reports, proper financial accountability and management, proper and cautious resource allocation and follow ups of various government programs. However, to some few of them, a lot is still desired in the current quality of reports by some public officials for effective decision making regardless of how strong PAC's enforcement of accountability in public service has been instituted. Therefore, if good governance practices are well instituted, the level of financial management will improve greatly in the ministries.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, conclusion and recommendations of the findings. The purpose of the study was mainly to assess good governance and management of public funds in the central government of Uganda on a case study basis in the Ministry of Gender Labor and Social Development. The research was guided by three research questions namely; how good governance is conceptualized and its implication on the management of public funds, how the principles of good governance were applied in management of public funds and how PAC was influencing accounting and reporting in public financial management. This chapter presents a summary of the findings, makes a discussion of the findings, concludes and ends by making recommendations.

5.1 Summary of findings

The study found two themes about the perceived understanding of good governance. While some respondents perceived it to entail the principles of good governance particularly accountability, transparency and participation, others perceived it from the legal point of view that is observing laws, budgeting standards and policies set to govern public funds management. Just like good governance, financial management of public funds was perceived from two dimensions. On one hand, it was looked at in form of allowing for accountability and transparency in all finance issues while on the other hand, it entailed following the rules and procedures and standards for managing public funds.

The study further noted that though public servants appreciated the practice of good governance, a significant percentage only did it to some extent. Institutional arrangements responsible for financial management were perceived to be strong. Regarding whether the institutional arrangements enforced compliance, this did happen but to a limited extent. Enforcement was mainly done by the internal and external auditing function as well as the government and civil society organizations. Checks and balances at the different stages were rather not carried out. Bad governance was perceived to affect the quality of public service delivery. This was confirmed when some respondents attributed corruption in public sector to the weakness presented in the institutional framework to enforce compliance with set rules and standards of financial management.

Stakeholders at large showed a positive response towards participating in the planning of budget processes at ministerial level. This was amplified by most of the interviewed ministry workers that they had ever participated in the planning and budgeting process. to confirm their participation, most public servants had participated for not less than five times and not more than ten times. However, it was confusing to find that though public servants showed that they participated in the budgeting process, less than two-thirds had made significant contributions during the budgeting process. This was further confusing when three-quarters on the other and indicated that the planning process was participatory in the ministry hence setting one wonder about the variations and contradictions in the statements. Furthermore, the budget was found not to be equitably distributed in regards to the mandate and programmes the ministry was responsible of taking care of.

Information on the budget formulation and implementation was found to be readily available for decisions to be made. The adoption of computerized financial system had increased the ministry's accessibility. However, the study revealed a negative pattern indicating that lower staff in the ministry were not being adequately informed of resources allocated to their respective departments this is inconsistent with the requirement of compliance with rules and policies on maximum disclosure for efficient and effective use of resources to deliver services to the people. Furthermore, the study revealed that information on budgetary expenditures were rather limited to top managers, senior officials and accounts sections than any other ministerial staff. As a general compliance check, this is against the set standards for managing public funds as the principle of transparency is undermined. Findings revealed that accountability levels had improved overtime in relation to the management of public finances due to adoption of integrated financial management systems; w Financial information are more reliable as compared the those produces manually. Furthermore, the study found that accountability was carried out in line with the set government guidelines and set standards. In line with the other stated findings, accountability guidelines were found to be relatively effective.

Largely, the role of the Public Accounts Committee of the Parliament was found to have improved financial accountability through its increased scrutiny of government departments and agencies annual reports. It was further revealed that by holding accounting officers solely responsible for financial irregularities, public finance expenditures were improving.

The involvement of PAC in reviewing reports of the Auditor General was perceived to contribute to realistic budgeting at ministerial level as discipline during budget planning and spending exhibited in prudent budget formulation and value for money expenditures. However, the PACs role was on the other hand found to be rather limited to noncompliance checks yet actual budgeting and implementation had taken place which created separate roles and less involvement of the former in the budgeting process. It was noted that PAC was instrumental in improving financial reporting timeframe at ministerial level, accountability based on output had improved, periodic reports made, and resource allocation and follow-ups on government programmes had improved. This ensured that financial management in public sector demonstrated greater improvement at ministerial level.

5.2 Discussion of findings

5.2.1 Conceptualization of good governance and its implications

The failure of top and senior managers in public office to wholly accept and appreciate good governance and its principles is most likely to undermine their compliance with financial management standards of public funds. This is because, for one to do proper financial management, he/she must have the basic principles to guide his decisions. It also important that actions are based on principle rather than personal attributes. In this respect, the public official will effectively allocate and spend public funds according to the principles and standards setforth. Findings confirmed this claim when slightly more than a third (42.4%) of the respondents indicated that top and senior managers only to some extent appreciated good governance. This claim is further exemplified by Zagreb (2008) who illustrated that for good financial management to occur, managers must understand the principles upon which they allocate and spend funds in their hands. He goes on to assert that if the policies and principles are not appreciated or well captured in policy formulation, it is likely that implementation of programmes will compromise efficiency and effective resource use. For Rajkumar *et al* (2002), he argued that the practice of good governance implies proper institutional functioning. He also goes on to postulate that principle must govern any public expenditures and this only happens when all officials are able to uphold the principles of good governance. It's in this regard that Sedigh *et al* (1999) and Salim (1998) were able to observe that if principles are applied, then participation of all stakeholders is fostered thus improved management of public resources. In conclusion therefore, good financial management of public finance can only be achieved through involvement of not only top and senior public officials, but all public servants are able to appreciate and understand the principles of good governance.

A low enforcement of institutional arrangements related with checking compliance with rules and set standards is likely to affect and limit good management of public funds. This would be so because, public officials are less likely to follow rules, regulations and procedures for planning, budgeting and spending public funds. Procurements procedures are likely to be compromised, misallocation, corruption and excessive expenditures are likely to happen not only at ministerial level but throughout the different public service offices. This is confirmed by the findings which revealed that institutional arrangements had failed to enforce compliance with rules (17.6%), the perception of some respondents that corruption occurred due to weak institutional arrangements, the inequitable distribution of the budget and the low adherence to financial reporting requirements. In line with this claim, Munawwar and Kiyaga-Nsubuga (2006) finds it inappropriate for government agencies to fail to provide timely financial reports yet they are obligatory. Again, failure to check compliance means that the Constitution (1995) articles establishing these institutions that is; Auditor General Office, Directorate of Public

Prosecution (DPP) and Inspector General of Government (IGG) are rendered incompetent. This is what Zagreb (2008) refers to as the road to poor management of public funds. Asserting that Uganda shows best practices on transparency as indicated in the African Development Report (2001) is hence questioned is there is still greater noncompliance which is also against Peters and Piere (2003) argument. The later argued that effective financial management only happens when compliance to rules and procedures is enforced by authorized agencies of government. Therefore, the African Development Report (2001) claims seem to have neglected the compliance standards to which financial management is measured. Therefore, conclusively, we can say that unless institutions placed with the role of ensuring compliance by public officials to financial rules and procedures, good public finance management cannot be talked about.

5.3.2 The principles of good governance and how they influence management of public funds

If debates and arguments about allocating and how to spend public funds are dominated by top and senior managers, effective and efficient utilization of public limited resources is likely not be achieved. This is because, participation of the majority is not realized, and planning is done by the minority which makes accountability difficult. By stakeholders simply attending budgetary meetings with no chance to debate and make presentation during vote allocation, the outcome decisions are not owned by the majority but a minority group. Additionally, the implementing individuals are likely to fail to use the funds planned for because they do not own the programmes being implemented while for those who debate are more likely than not to channel resources to soot their interests and those of a few individuals than for public interest. This is evident by the fact that some significant ministry staff had only participated once in the planning and budgeting process (32%). Furthermore, more than half had never made any contributions during the budgeting process and the limiting of financial related information (particularly that related to budget allocation) to only top, senior and accounts officials. This is against what Munawwar and Kiyaga-Nsubuga (2006) refers to as fiscal (budget) transparency during the budget process. It also differs from Gildenhuy (1993) who calls for financial management and administration to take place in public rather than undercover or in secrecy or so called confidentiality. The point made by World Bank (2005) that public office must look at aggregate fiscal discipline while strategically allocating resources for effective service delivery is further undermined. In general the principle of participation agitated for by IFAD (1999) and the right to be heard in policy formulation becomes rather ideal than a reality. Therefore, the failure to give chance to the majority to air out their concerns means that budgets will continue to be implemented in favour of a few echo-voiced individuals than the often overshadowed voices of the general public. Hence the concept of provision of social goods in an efficient and effective way will not be realized due to inequitable budget allocation and spending.

Inequitable budgets tend to be a result of low participation of the general public in favour of the few top and senior or accounts officials in public organizations. This is so because, the less the involvement and participation of the large marginalized group of people who are presumed less informed about what government priorities are and often disabled due to lack of technical and financial experience by top and senior officials tend to allocate finances in areas of interest. This is clearly evidenced by the high response (85.9%) on budget being inequitable. It is further amplified by most staff not being adequately informed about resources votes and allocations and restricted disclosure of information on budgetary expenditure to accounts and top managers. The evidenced found suggests that the principle of transparence is not upheld as illustrated by AfDB (2005) which requires that policies of government must be publicly available. It is thus note by mistake when the PAC report (2003) found wasteful expenditure as well as excessive expenditures in the Auditor General Report 2008/09 by government. As such budgets are often exaggerated by the same top and senior officials yet at the end of the financial year; the same will be seen to take back huge amounts of money to the treasury. This cannot happen if proper budgeting is carried out with full participation of stakeholders. In conclusion therefore, if budgeting continues to be done by few often said technocrats without allowing for an open space for the public to participate in resource allocation, then inequitable vote distribution will continue to be experienced.

5.3.3 The role of Public Accounts Committee

The failure to involve the PAC in the planning and budgeting process gives it an inspection role on whether government is compliant with financial management standards rather than an oversight institution on how finances are directly allocated and spent. This is because PAC only comes at the end of the whole process when actual implementation has taken place and has less to change if money is already spent. Additionally, PAC only makes observations and recommendation to the executive with no powers to enforce which is left to the sole discretion of government. This is evident by the continued investigations made by PAC which are left on paper than actions being taken. It is also clearly evidenced by PACs silent role on enforcing recommendations mainly on accountability let alone the unimplemented recommendations of the Auditor General. Furthermore, the DPP has over the years failed to prosecute government officials who are implicated by the PAC and Auditor General a more recent case, the perpetrators of public mismanagement of the CHOGM funds. Such evidence disregards McGee (2002), Stapenhurst *et al* (2004), and Pelizzo and Stapenhurst (2004) assertions that government must be responsive to issues often raised by its oversight institutions. In the same view, Wehner (2004), Lienert (2005) and Stapenhurst (2004), who had noted that the parliament has the role regarding the budget planning and implementation is not confirmed. It thus means that PACs role is only to name and shame but with no teeth to bit which puts public finances further in jeopardy for more likely mismanagements. In fact Mafabi's (2010) argument that PAC had made commendable impact in ensuring good finance management of public funds by making public officials account for any queries as reported by the Auditor General is burnished. Therefore, PAC cannot boost of good job to check government expenditures if at all such an institution is not involved in the initial planning stages.

5.3 Conclusions

5.3.1 Conceptualization of good governance and its implications for management of public funds

The study concludes that although the concept of good governance is preached and disseminated among public servants, its practice shows that it is simply a term in theory which is hard to operationalize in Uganda. Going by the divergent views in which fewer public servants can define the term good governance, it clearly demonstrates that it has not been fully conceptualized among them. The servants simply use it as a description yet in practice they hardily refer to what it constitutes.

5.3.2 The principles of good governance and how they influence management of public funds

Secondly, the study postulates that the principles of good governance are not in any way close to being realized. Public servants have mixed definitions and how such principles can be enforced. For instance, talking of transparency when a full ministry can hood information from the public about budgetary allocations, limiting information disclosure to the public on implementation and the continued sharing of information only among senior officials leaves a lot to be desired. The public cannot be certain what motives are there when information is not disclosed. Furthermore, accountability even in the presence of high level institutions to enforce it is rather kept on paper than practiced. We cannot talk of government ensuring accountability when information is not disclosed implying that its not practiced which further declines the road to attaining good financial management of public funds. Similarly, though participation is existent, the level at which the public is involved is not worthy celebrating. Again information is not disclosed so how does the public get to know of issues of budgeting, planning and vote allocation. Even though to some extent staff at ministerial level was engaged, these do not necessarily find themselves making serious debates and discussions. It means that participation is for only selected individuals who have to plan and pass the budget votes and make decisions for the rest of the public. It also suggests that implementation of such financial decisions is left to a few which makes it difficult for follow-up and demand accountability by public.

5.3.4 The role of Public Accounts Committee

The study apprehends the role of the oversight function of institutions like PAC which have demonstrated much concern about the realization of good financial management practices. The institution however, does not boost of much success when recommendations are not enforced by other institutions. This limits the extent to which there role in ensuring compliance, accountability and transparency in managing public finance.

Lastly, though the institutional and the policy frameworks have been instituted, there role in ensuring good financial management remains low. These institutions seem forgetting the principles of good governance which must be implemented by all government officials and therefore hold such individuals for failure to manage well public funds.

5.4 Limitation of the Study

1) Concealment of data some of the respondents were not co operative and responsive in providing in timely manner. This was overcame by issuing questionnaire to a big sample unit for those who felt uncomfortable with a particular method of collecting the data ,the researcher had to be flexible and adjusted to a more suitable method.
2) There was inadequate related literature support the study on Uganda. To overcome the limitation the researched relied on external related literature.
3) The study was carried out using a case study design, picking the MGLSD as a representative of Government entity or Public sector of Uganda. This implies the responses were limited to small a single entity from which data was collected to assess the effect of good governance on the management of public funds.

5.5 Recommendations

1. There is need for government to enforce and implement the policy frameworks which have been enacted regarding management of public funds. The courts of law, the

Inspector of Government and the Directorate of Public Prosecution all need to take up their role in implementing the policies.

2. There is need for reviewing the dissemination and information sharing plan on the policies and rules regarding public financial management. This calls for continuous professional development, training and education of public servants about the elements of the laws, rule and regulations. The public servants also need to be kept updated with any new developments pertaining management of public funds.
3. Enforcing the recommendations made by the oversight function is also important if public finance management is to improve. Government must change its attitudes and perceptions towards the reports made by the PAC thus implement them. Accountability will only improve if any officer held accountable for mismanagement of public funds is punished severally to create lesson in the minds of the would-be offenders to deviate from such practices.
4. The head of government agencies, departments and ministries have to ensure that they impartially administer on the principles of good governance. These are the heads of government who are charged with controlling the work done by other officers. Therefore, they need to leave by example thereby holding any officers under their control accountable for actions contrary to the set rules and standards as well as ensuring compliance if good financial management of public funds is to improve.
5. There is urgent need to sensitize the public about the policies and institutions present that handle issues of public mismanagement of funds. This will make the public vigilant about the allocation and spending of public funds by government. It will also

make the public participate in exposing and pinning as well as providing evidence regarding financial mismanagement.

6. Lastly it is the actions of civil society through activism or participation in the law making process, decision-making policy process and watch guard role over the expenditure of public funds that will hold public officials and public servants accountable for the financial management of a state and thus the development of the nation.

5.6 Areas for further research

The following areas which were not covered by this study need to be further examined:

1) The level at which government entities are complying with the financial rules, procedures and set guidelines while handling public finances.
2) If the occurrence of corruption in government is caused by institutional arrangement weaknesses
3) The extent to which the public contributes towards budgetary allocations and spending of public finances.

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APPENDIX I

QUESTIONNAIRE

Dear sir/ madam

Please respondent, you are kindly requested to answers the following questions. The intention of this research is for academic purpose and the following questions are meant to assess how good governance contributes to effective management in public sector. The information that you will give will be regarded as important and held confidential.

SECTION A: Personal Information

1. Name (optional)………………………………………………………………

2. Rank……………………………………………………………………………

3. Department………………………………………………………………….

4. Please give a brief statement of your job description

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SECTION B:

Conceptualization of good governance and financial management

1. How do you understand good governance in financial management?

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   ……………………………………………………………………………………………

2. How would you describe financial management that observes good governance practices?

…………………………………………………………………………………………………

…………………………………………………………………………………

3. (a) Do you think Top and Senior managers of the ministry appreciate the concept of good governance?

Yes ☐

No ☐

To some extent ☐

(b) If not, what do you think is the cause? and if it is, to what extent?

……………………………………………………………………………………………

……………………………………………………………………………………………

4. How do you describe the institutional arrangement responsible for financial management?

1. Very strong ☐ 3.Weak ☐

2. Strong ☐ 4. Very weak ☐

5. (a). Are appropriate policies, rules and regulations required for management of funds in place?

Yes ☐ No ☐ Not sure ☐

(b)If yes, how are they effectively enforced?

……………………………………………………………………………………………

……………………………………………………………………………………………

6. Do you think bad governance impedes the quality of public service delivery?

Yes ☐ No ☐ Not sure ☐

7. Do you attribute the occurrence of corruption in the financial management to the institutional weakness?

Yes ☐ No ☐

8. Do you understand the mandate of the MGLSD?

a) Very well ☐ b) Little ☐

c) Well ☐ d) Not Well ☐

9 (a) All the staff are aware of the mission and vision of the ministry.

Yes ☐ No ☐

(b) If not, explain

……………………………………………………………………………………………………

……………………………………………………………………………………………………

10. (a) Do you think resource planning and utilization is guided by the above?

Yes ☐ No ☐

(b) If not, explain:

……………………………………………………………………………………………………

……………………………………………………………………………………………………

PARTICIPATION AND PLANNING

1. Comment on the willingness of the stakeholders to participate in the planning of budget process of the ministry of Gender Labour and Social Development (MGLSD)?

1. Very responsive ☐ 2. Responsive ☐

3. Unresponsive ☐ 4. Very unresponsive ☐

2 (a) Have you ever participated in the planning and budgeting process of the MGLSD?

Yes ☐ No ☐

(b). If yes how many times?

1) Once ☐ 2) 2-4times ☐

3) 3-10times ☐ 4) Over 10 times ☐

3. How have you ever contributed in the debate or decision making on how resources are allocated in MGLSD?

………………………………………………………………………………………………

………………………………………………………………………………………………

4. The planning process is very participatory in the ministry.

1 .Strongly agree ☐ 3. Disagree ☐

2. Agree ☐ 4.Strongly disagree ☐

5. Are budgets in the ministry equitably distributed?

1. Yes ☐ 2. No ☐

6. Comment on budget allocation in terms of priority of departments.

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7. Are resource reallocations decided upon by departments?

………………………………………………………………………………………………

……………………………………………………………………………………….……

TRANSPARENCY AND BUDGETING

1. The information on the budget formulation and implementation is ready available.

1 .Strongly agree ☐ 3.Disagree ☐

2. Agree ☐ 4.Strongly disagree ☐

2. The adoption of computerized financial systems has increased accessibility to financial information.

1 .Strongly agrees ☐ 3. Disagree ☐

2. Agree ☐ 4. Strongly disagree ☐

3. All staff of the ministry are adequately informed of resources voted to the ministry.

1 .Strongly agree ☐ 3. Disagree ☐

2. Agree ☐ 4. Strongly disagree ☐

4. Comment on the level of disclosure on budgetary expenditure of the ministry.

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……………………………………………………………………………………………

ACCOUNTABILITY

1. The level of financial accountability has greatly improved in ministry.

1. Strongly Agree ☐ 3. Disagree ☐

2. Agree ☐ 4. Strongly disagree ☐

2. Adoption of integrated financial management system has greatly improved on the reliability of financial information.

1. Strongly Agree ☐ 3. Disagree ☐

2. Agree ☐ 4. Strongly disagree ☐

3. Is accountability in line with the set government guidelines?

1. Yes ☐ 2. No ☐

4. How would you rate the effectiveness of the accountability guidelines?

1. Very effective ☐ 3. Fairly effective ☐

2. Somewhat effective ☐ 4. Not at all effective ☐

ROLE OF OVERSIGHT IN ENHANCING ACCOUNTABILITY

1. The public accounts Committee scrutiny of annual reports has improved financial discipline.

1. Strongly Agree ☐ 3. Disagree ☐

2. Agree ☐ 4. Strongly disagree ☐

2. Holding accounting officers responsible for financial irregularity ensures that funds are spent for the purposes they are voted for.

1. Strongly Agree ☐ 3. Disagree ☐

2. Agree ☐ 4. Strongly disagree ☐

3. How has the involvement of PAC in the review of the Auditor General Report contributed to realistic budgeting in the ministry?

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4. How has the quality of general reporting improved the result of enforcement of accountability by PAC?

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Thank you for your cooperation and time.

APPENDIX II

INTERVIEW GUIDE

1. What is your take on government implementation of good governance principles? (Accountability, transparency and participation) how are they related to management of public funds?
2. Do you feel public funds are well managed at all levels? What areas do you feel are well managed and those which are not?
3. The annual report of the Auditor General of 30th June 2010 noted that there were excess expenditures made by the government. These were upto the tune of 23B. What do you think is the likely cause of such a situation? What was PACs finding?
4. If someone asked you to appraise PACs contribution to management of public funds. In a few remarks what would you say?
5. "I am meant to believe that less has been done by government in the area of management of public funds" what is your feel if good governance is to be used as a benchmark to better manage public funds?
6. Any other comments

Thank you for your cooperation and time.