

**FINANCIAL TRANSPARENCY PRACTICES AND PUBLIC TRUST IN FINANCIAL
MANAGEMENT IN LOCAL GOVERNMENTS OF UGANDA: A CASE STUDY OF
MITYANA MUNICIPALITY IN MITYANA DISTRICT LOCAL GOVERNMENT**

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J24M15/008

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

January, 2026

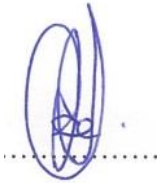


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DECLARATION

I Kalembe Olivia hereby declare that this dissertation is the result of my own independent research and that it has never been submitted to any institution or university for any award.



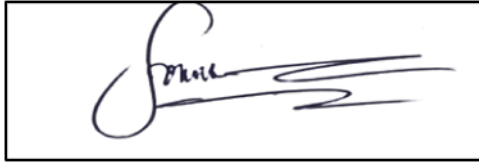
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APPROVAL

This research dissertation titled financial transparency practices and public trust in financial management in local governments of Uganda: a case study of Mityana Municipality in Mityana District local government has been submitted with my authority as a university Supervisor.

A rectangular box containing a handwritten signature in dark ink. The signature is stylized, starting with a large 'G' and ending with several horizontal strokes.

Signature: *Kasozi Geoffrey.*

Mr. Kasozi Geoffrey

(Supervisor)

Date: 26th January 2026

DEDICATION

This work is dedicated with the glory of God to my beloved Mother Mrs. Monica Kalemba for grooming me into the person I am today and also the greatest investor in my education. Special thanks goes to my Children Sheila Monica Bakita and Aaron Lubinga, and my Spiritual Sister Pastor Faith Mercy Asiimwe Eluk whose unconditional love, patience, trust, support and inspiration was paramount to the successful completion of this research. Also thanks to my supervisor Dr. Kasozi Geoffrey for the support and encouragement he gave me throughout for the attainment of these results. Their devotion, struggle and sustained encouragement have taken me through this study. God bless you all

ACKNOWLEDGEMENTS

I would first and foremost thank God for His guidance throughout this study. It is also my singular opportunity to say a simple word thanks to Dr. Kasozi Geoffrey and Dr. Awio Godwin, but filled with deep respect and gratitude and true emotions for your unique supervision, guidance and encouragement. You have supported me like a mother through critical contributions that were instrumental to the successful completion and quality of this study. I feel profoundly indebted to you for unwavering support.

The successful completion of this study was a result of the encouragement, support and co-operation of colleagues, friends and organization to which I feel greatly indebted.

Special thanks go to my fellow MBA 2025 students. Staff of Mityana Municipality in particular, the Town Clerk, His Worship the Mayor and the Municipal Treasurer for the frequent journeys I made to their offices and all respondents in Mityana District who contributed to this research, I thank you.

I also extend my sincere appreciation to my Accountant Bernadette for the financial support to me at the time when it was most trying in my life, indeed I feel most indebted to you.

Finally, I wish to convey special gratitude to my dear lovely Mother Mrs. Monica Kalembe and my children Sheila and Aaron for their moral support and endurance throughout this study.

In God I trust.

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ABSTRACT

This study aimed to investigate the effect of financial transparency practices on public trust in financial management in Mityana District Local Government. The study's objectives were to assess the relationship between the quality and frequency of financial reporting and public trust in financial management; examine effect of access to financial information on public trust in financial management; assess the influence of the quality of the audit process on public trust in financial management and investigate the relationship between citizen participation in the budgeting process and public trust in financial management in Mityana District Local Government. A correlational research design was employed, using a mixed methods approach to gather both qualitative and quantitative data was collected using structured questionnaires and interviews and analyzed through content analysis for qualitative data and descriptive, correlation, and regression analysis for quantitative data.

Findings revealed that Audit process ($r = 0.82$) is perceived as the strongest predictor in the study meaning when citizens perceive audits as independent and transparent, their trust rises most, while financial reporting ($r = 0.61$) as a construct for financial transparency practices in financial management has a substantial impact on Public trust in financial management and Budget participation ($r = 0.54$) was reported being important predictor but slightly less influential than reporting and audits. A regression analysis observed with Multiple R-squared = 0.7208 explains 72.1% of the variation in public trust meaning a strong relationship between financial transparency practices of financial reporting, access to information, audit process and budget participation process by local citizens and public trust in financial management while the adjusted R-squared presented by 0.7106 implies that all the tested analysed constructs of financial transparency practices have a strong relation on influence of public trust in financial management which is towards 1 and over 70%. The study indicated an F-statistic (70.98, $p < 2.2e-16$) implying the model is highly significant overall which is to the effect that the four predictors (Financial reporting, access to information, audit process and budget participation process by local citizens jointly have a statistically significant effect on trust.

The study affirms that public trust in local government financial management is rooted not merely in formal compliance with transparency frameworks but in the lived experience of citizens in accessing, understanding, and influencing financial processes. Strengthening inclusivity, responsiveness, and ethical accountability in financial management will therefore remain central to consolidating trust in Uganda's local governments.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The principle of financial transparency is a critical element for ensuring accountability and fostering trust within government institutions. Transparency, especially in the management of public funds, is pivotal in ensuring that governments meet their obligations to citizens while preventing misuse of resources. In Uganda, local governments have made substantial efforts toward enhancing financial transparency as part of broader democratic governance initiatives. However, despite these efforts, questions regarding the effectiveness of these initiatives, particularly at the district level, remain unanswered. The study focused on Mityana District Local Government, which is representative of many districts in Uganda, to explore the relationship between financial transparency and public trust.

1.1 Background

The concept of financial transparency refers to the clear, accurate, and timely disclosure of government financial information to the public. Transparency in local government finances is essential for building trust among citizens, as it ensures that resources are used efficiently and equitably (World Bank, 2017). In Uganda, financial transparency is mandated by several legal frameworks, including the Public Finance Management Act, Cap 171 (as amended 1st July 2024), which aims to improve financial accountability at both national and local government levels. The law requires local governments to publish their budget allocations, expenditures, and audit reports, among other financial information. Additionally, Uganda's Local Government Act Cap 138 (as amended) emphasizes the importance of accountability and public participation in financial management. Despite these legal frameworks, the practical implementation of financial transparency in Uganda's local governments still hits a deadlock.

Financial transparency in financial management is a significant issue for local governments, especially in developing countries. Numerous studies have shown that increased transparency in financial management improves governance and public trust. For example, studies in African countries like Tanzania and Kenya have demonstrated a positive relationship between financial transparency and citizen trust in local governments (Kibua, 2015). However, Uganda's experience

has been mixed, with some districts showing improved transparency practices while others still struggle with corruption and inefficiency (Ateng, 2016).

In Uganda, studies by Muhumuza (2018) and Mukama (2019) reveal that while the government has adopted financial management reforms aimed at enhancing financial transparency, challenges such as poor implementation of these reforms and limited civic engagement persist. Additionally, studies show that while auditing is regularly conducted, public participation in budget discussions remains minimal (Wanyama & Ssewankambo, 2020).

The Uganda National Audit Office (UNA) is tasked with overseeing audits of government bodies, including district local governments. Despite these frameworks, citizens' trust in local governments' financial processes often remains low, particularly in rural areas such as Mityana.

Mityana District, like many local governments in Uganda, has faced numerous challenges in ensuring financial transparency. These challenges include limited resources, insufficient capacity for monitoring financial flows, and public skepticism about government accountability. Financial transparency in local government institutions is essential for good governance, as it allows citizens to monitor the use of public funds and hold government officials accountable for their actions. However, Mityana District's recent initiatives to improve budgetary transparency, audit reports, and community engagement still struggle with public trust.

1.2 Problem Statement

Financial transparency is a cornerstone of good governance, particularly at the local government level, where public resources are used to directly impact the lives of citizens. In Uganda, despite the existence of legal frameworks aimed at enhancing transparency, including the Public Finance Management Act (Cap 171) and the Local Government Act (Cap138), financial mismanagement, corruption, and a lack of public trust in local governments persist (Mulindwa, 2018). Mityana District, representative of many rural districts in Uganda, faces similar challenges, where the transparency of financial processes remains questionable, leading to public skepticism and eroded trust in the district administration.

The relationship between financial transparency and public trust in financial management is critical in ensuring the effective functioning of local governments. When local governments fail to provide clear, accessible financial information or fail to involve citizens in the decision-making process,

they risk diminishing public confidence in their ability to manage resources effectively. In Mityana District, citizens frequently express concerns over the misuse of public funds, insufficient communication regarding budget allocation and expenditures, and a lack of engagement in financial oversight processes. These issues have been cited as major barriers to fostering trust between the local government and the public (Wanyama & Ssewankambo, 2020).

The study, therefore, explored how financial transparency practices, or the lack thereof, impacts public trust in financial management in Mityana District Local Government, with the aim of identifying actionable recommendations to enhance both transparency and trust.

1.3 General Objective of the Study

To examine the relationship between financial transparency practices and public trust in financial management in Mityana District Local Government.

1.4 Specific Objectives

14.1. To assess the relationship between the quality and frequency of financial reporting and public trust in financial management in Mityana District Local Government,

14.2. To examine effect of access to financial information on public trust in financial management in Mityana District Local Government.

14.3. To assess the influence of the quality of the audit process on public trust in financial management Mityana District Local Government.

14.4. To investigate the relationship between citizen participation in the budgeting process and public trust in financial management in Mityana District Local Government.

1.5 Research Questions

1.5.1. What is the relationship between the quality and frequency of financial reporting and public trust in financial management in Mityana District Local Government?

1.5.2. What is the effect of access to financial information on public trust in financial management in Mityana District Local Government?

1.5.3. What is the influence of the quality of the audit process on public trust in financial management in Mityana District Local Government?

1.5.4. What is the relationship between citizen participation in the budgeting process and public trust in financial management in Mityana District Local Government?

1.6. CONCEPTUAL FRAMEWORK

The conceptual framework for the study was based on the interaction between financial transparency, public trust, and institutional factors that influence the degree of transparency. The framework posited financial transparency through practices such as clear budgeting, auditing, and regular public reporting leads to increased public trust, which in turn enhances community participation in local governance. However, various factors such as local leadership, institutional capacity, and civic engagement levels may either strengthen or hinder these processes.

Conceptual Framework Diagram

Independent Variable:

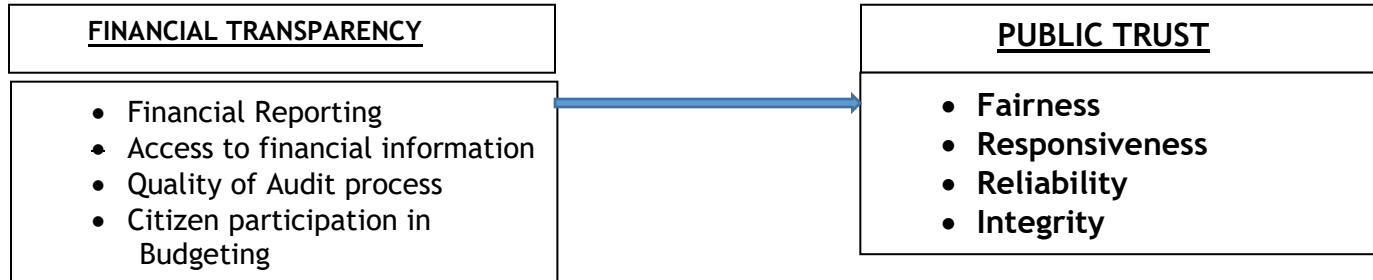
Financial Transparency: Regular financial reporting, access to financial documents, audit processes, budget allocation transparency.

Dependent Variable:

Public Trust: The degree to which citizens believe that the local government acts in their best interest, ensuring fairness, accountability, and the proper use of public resources.

Mediating Variables:

Institutional Factors: Leadership quality, the capacity of local government staff, public engagement, and citizen awareness.



Source: Author, with insights from Khwaja (2004), OECD (2021) and Kugonza (2011)

Based on the above, there is a relationship between financial transparency and public trust in financial management whereby if the financial transparency involves regular financial reporting, easy public access to financial documents, transparent audit processes, budget allocation transparency, it influences the public trust to attain increased degree to which citizens believe that the local government acts in their best interest, ensuring fairness, accountability, and the proper use of public resources and this leads to improved service delivery attained.

There is also link between independent variable being financial transparency and mediating variables whereby if they are well handled, it would lead attainment of better service delivery.

1.6.1 THEORATICAL FRAMEWORK

The study was guided by the Principal Agent Theory, Social Trust Theory and the Transparency Theory. These theories were relevant in understanding the dynamics of financial transparency in local government settings.

The Principal Agent Theory advanced by Jensen and Meckling, 1976 which explores the relationship between a principal (the citizens) and an agent (local government officials) who manages resources on behalf of the principal. It emphasizes the potential conflicts of interest and information asymmetry between these two parties, which can affect transparency and trust. In the context of Mityana District, this theory helped to explain how citizens' trust is shaped by the perceived honesty and integrity of the district's financial agents (officials). The principal-agent

theory further provided a useful lens for examining the relationship between citizens (the principals) and local government officials (the agents). In this context, citizens entrust local governments with the responsibility of managing public resources transparently and accountably. When local government officials act in their own interest rather than serving the citizens' needs, the principal-agent relationship breaks down, leading to mistrust (Jensen and Meckling, 1976). This theory additionally helped to explain how financial mismanagement or lack of transparency in Uganda's local governments can erode public trust, especially when there is little oversight or accountability.

The Transparency Theory of Gailmard, 2012 is another theory which emphasizes the role of transparency in reducing information asymmetry between government actors and citizens. Transparent financial processes allow the public to access government expenditure data, thereby increasing accountability. The theory will help in understanding how transparency (or the lack thereof) in Mityana District can affect public trust in the local government. Transparency and governance theory emphasizes the role of openness in improving government legitimacy. According to Heald (2006), the more information a government discloses regarding its finances, policies, and procedures, the greater the legitimacy and trust it will build among its citizens. In the Ugandan context, where there is often a history of financial mismanagement and corruption, increased transparency in financial reporting is crucial for building credibility and trust in local government authorities.

The Social Trust Theory by Putnam, 2000 also posits that the level of trust within a community is influenced by the transparency of government actions. In local governments, the management of public resources is expected to be transparent to foster trust among citizens. According to Putnam, communities with higher levels of social trust are more likely to engage in collective action, which leads to stronger governance structures. In Uganda, local governments that practice transparency are expected to foster higher social trust, thereby encouraging civic engagement and promoting positive outcomes in governance.

1.7 Justification of the Study

This study was in line with current research in Local Governance, which underscores a gap in the relationship between financial transparency and public trust in local governments. While some

studies and official documents emphasize financial transparency, there is unequal stress on the public trust linkages in the context of decentralization (Pandeya, 2015; Kugonza, 2011). In addition, whereas there is general agreement on the significance of financial transparency, the challenges that undercut the public trust of local government programs at the local level remain a subject of debate (Mwiru, 2021). This unclear evidence on the linkages between financial transparency and the nature of public trust calls for further empirical research as current literature suggests inconclusiveness about the relationship between financial transparency and public trust in local governance. Against this gap in current research, this study is to establish the correct view on the relationship between the key variables of the study in a particular context such as that of Uganda where not much scholarly work has been done on this relationship. Therefore, the study addressed the gap identified above, thereby enriching the existing body of academic knowledge with empirical evidence on current political and social linkages that apply to Uganda.

1.8 Significance of the Study

Effective social delivery programs at the local government level imply the expected participation of stakeholders in order to realize the expected social development in terms of improved service delivery, economic development, community development and all aspects of local level benefits expected from specific programs. The study made a contribution to the linkages between financial transparency and public trust at the local level in Uganda. The study produced information which will go a long way in influencing policy planners and decision makers at national level as they will be able to work out ways of designing and implementing management strategies that facilitate financial transparency for enhancing public trust at the community/local government level. In fact, it will act as a pointer to those management levels that need more emphasis in terms of collective decision making and other more effective ways of delivering services to the stakeholders at the lower levels of society. These stakeholders include non-governmental organizations (NGOs), voluntary associations, saving and credit groups, pressure groups at the community level, other community-based organizations (CBOs) and individual citizens.

In addition to the above, the findings of the study put in place a body of literature that is relevant to academicians and researchers in public finance management and administration, development studies, rural development, extension agriculture, sociology and other related disciplines. Accordingly, the body of knowledge produced shall act as a basis for further research in this area. It is therefore hoped that the findings of this study shall furthermore be useful in assessing the nature of financial transparency models that positively influences public trust and other official programs

introduced from time to time like PDM, Emyooga among others. The study shall further provide knowledge and relevant information to the Mityana District Local Government officials and Mityana Municipal Council in particular for them to establish the financial transparency barriers so they can effectively win public trust and be in position to adjust accordingly.

The knowledge produced from the study will further benefit the Ministry of Local Government and Ministry of Finance, Planning and Economic Development officials who are the mentors and advisors of Local Governments on financial, transparency in government programs so that they skilfully design appropriate strategies to enhance financial transparency to gain public trust. The study will benefit policy-makers who are involved in making policies that should be relevant in ensuring financial transparency to enhance public trust in decentralised Local Governments. Besides, the research further provides an analytical basis for policy action that international donors, particularly the World Bank (WB) and the International Monetary Fund (IMF) may consider in their advocacy for strengthening local programme implementation at the community level through improved financial transparency models for increased public trust.

1.9 Scope of the Study

The study scope rotated mainly around the area of study, respondents, content and time dimension.

1.9.1 Geographical Scope

The study was carried out in Mityana District, in Central Uganda. It is bordered by Mubende in the North, Wakiso District in the East, Butambala and Gomba Districts in the South; and Kiboga District in the west. Mityana Municipal District lies north of the Equator at Latitude 028’N and at 384feet above Sea level. It covered Mityana Municipal Council. Mityana Municipal Council was selected because it has of recent been reported that there is problem of inadequate financial transparency in Mityana District as compounded by several factors such as persistent gap in the capacity of local government officials to implement financial management reforms effectively, lack of sufficient training and resources to execute transparent financial processes (Muhumuza, 2018). The civil society organizations in the area were also concerned about the limited role of citizens in financial decision-making processes, such as budgeting and auditing, that further alienates the public, reducing the potential for transparency to build trust but they were only being approached to participate in the process of service delivery in the District (Uganda Auditor General. 2021).

Secondly, the researcher had been involved in carrying out some training activities with the Local Government in question and is therefore familiar with the LLG and some Local Authorities, which shall enable her to take fewer days during data collection exercise.

1.9.2 Content Scope

In terms of the subject matter, the study examined the foundation for financial transparency in Uganda by critically looking at the new directions for public trust. The study explored the financial transparency mechanism in Uganda in the following three contexts. The level of financial transparency and public trust in Mityana District Local Government, the factors that influence financial transparency in Mityana District Local Government and propose strategies for enhancing financial transparency and public trust within Mityana District Local Government.

1.9.3 Time Scope

The study was carried out in Mityana Municipal Council, Mityana District in Central Uganda. It covered the period since 2012 to-date.

1.9.4 Respondents.

The study population was composed of members from both the elected and appointed municipal officials, members from the civil society organizations and the local citizens. Among the elected political officials who served as key informants are the Municipal Mayor, Division Chairpersons, Municipal and Division Speakers, Municipal Councilors and cell/local Council Chairpersons; while on the technical staff, the Town Clerks, Municipal Town Treasurer and Division treasurers, Town Agents and Principal Community Development Officer were used as key informants in the study.

The other categories who were used as individual respondents from the elected officials are the councilors at the division level. The technical staff that were used as individual respondents were drawn from such sectors as Education, Health, Works, Production, Administration and Finance from the municipality. The other category were the local citizens who were selected from the selected Wards and villages/cells.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This literature review examined financial transparency and public trust in financial management in Uganda's local governments. It explores conceptual issues, the relationship between financial transparency and public trust in financial management, the current levels of transparency and trust in district local governments, factors influencing financial transparency, and strategies to enhance transparency and trust.

Financial transparency in local governments is a cornerstone for building and sustaining public trust. It is particularly critical in developing countries where weak institutions and limited citizen engagement often lead to fiscal mismanagement and widespread corruption. District local governments in Uganda, such as Mityana District Local Government, play a vital role in delivering services, managing resources, and ensuring accountability to their constituents. This literature review explores the relationship between financial transparency and public trust by focusing on four key areas: (1) level of financial reporting, (2) access to financial information, (3) audit processes, and (4) stakeholder participation in budgeting.

Financial transparency in local governments is a crucial component of good governance, influencing public trust and confidence in government institutions. In Uganda, district local governments (DLGs) are responsible for delivering essential public services and managing financial resources effectively. However, financial mismanagement, corruption, and lack of accountability have eroded trust in these institutions (Bukonya & Golooba-Mutebi, 2020).

2.1 Historical Background

The intersection of financial transparency and public trust has gained significant attention in Uganda, particularly as the country strives to strengthen its governance structures and improve the efficiency and integrity of public financial management. Over the past few years, scholars have increasingly focused on how financial transparency can foster or erode public trust in Uganda's institutions, particularly in the context of corruption, political instability, and limited resources. A review of recent literature, sheds light on this evolving area of research.

Financial Transparency in Uganda: A Key Aspect of Governance

Financial transparency has been defined as the availability and accessibility of financial information to the public, ensuring that government operations are carried out with openness, accountability, and integrity. In Uganda, like many African nations, financial transparency is regarded as crucial for achieving good governance, reducing corruption, and promoting sustainable development (Okello & Muwonge, 2019). Scholars have highlighted the role of transparency in mitigating the misuse of public funds and enhancing the credibility of government institutions.

Government initiatives aimed at improving financial transparency have been implemented through various reforms in budgeting, public financial management, and procurement processes. The introduction of platforms like the Public Financial Management (PFM) Reform Strategy in 2018 has been seen as a milestone in enhancing transparency, providing mechanisms for the public to access budgetary and expenditure information (Matovu, 2020). However, the effectiveness of such reforms remains under scrutiny, with some studies pointing to challenges such as inadequate capacity for enforcement, political interference, and lack of public awareness.

2.1.2. Public Trust and Governance Challenges in Uganda

Public trust, as a concept, is the belief that government institutions will act in the best interest of the citizens, ensuring justice, equity, and accountability. In Uganda, the relationship between financial transparency and public trust has been explored within the broader framework of governance challenges, including corruption and political patronage (Ssempebwa & Tumushabe, 2021). In a study by Bananuka et al. (2020), the authors examined how perceptions of corruption have undermined trust in public institutions, despite the existence of transparency mechanisms. Their findings suggested that while transparency efforts were visible, there was a significant gap between policy and practice, leading to public skepticism regarding the actual intent of government reforms.

The role of the media and civil society organizations in advocating for transparency and holding the government accountable has been a recurrent theme in recent literature. According to Kahuma (2021), the Ugandan media has played an essential role in promoting financial transparency, but it often faces challenges such as limited independence, censorship, and lack of resources. These constraints have led to a situation where public trust in financial institutions is still relatively low despite improvements in transparency measures.

2.1.3. The Impact of Financial Transparency on Public Trust

Several studies have examined the direct relationship between financial transparency and public trust, often focusing on citizens' perceptions and behavioral responses. Bainomugisha & Wokadala (2022) found that citizens' trust in local government institutions in Uganda was positively correlated with their access to information about public expenditures. However, their research also indicated that transparency alone does not automatically result in higher trust. Trust-building is a more complex process that also depends on citizens' perceptions of the integrity and performance of government officials.

Further research by Katono et al. (2021) focused on the link between public financial reporting and the credibility of state agencies. Their findings pointed to a significant relationship between the public's access to detailed financial reports and their level of confidence in government decision-making. However, these scholars also noted that public trust could quickly erode when there were discrepancies between reported data and actual spending practices.

Financial Transparency and the Role of Technology

Technological advancements, particularly the digitalization of government financial processes, have been identified as essential tools for improving transparency. Kasolo & Kisakye (2023) highlighted the positive role of electronic government platforms, such as the Integrated Financial Management System (IFMS), in enhancing transparency and accountability in Uganda's public sector. These platforms allow citizens and other stakeholders to track government spending in real-time, contributing to greater transparency and potentially increasing public trust in governmental processes.

Additionally, research by Namara et al. (2022) explored how innovations like e-governance initiatives and citizen engagement platforms are gradually shaping the future of public financial transparency in Uganda. They emphasized that despite the advances in technology, challenges related to digital literacy, infrastructure gaps, and political resistance still posed barriers to realizing the full potential of these tools.

Institutional Trust and the Political Landscape

The political landscape in Uganda plays a crucial role in shaping the interaction between financial transparency and public trust. Scholars like Twebaze (2019) have pointed to the entrenched political structures and patronage networks that may undermine efforts toward greater financial transparency. While reforms in financial management systems are ongoing, political factors such as regime stability and electoral dynamics often influence how transparent or opaque government activities remain. The dominance of the ruling party and the perceived politicization of public institutions continue to influence the public's faith in the integrity of the financial reporting systems (Kasozi & Kabanda, 2020).

The historical background on the literature on financial transparency and public trust in Uganda suggests that while financial transparency reforms are ongoing, there are numerous barriers that prevent the full realization of their potential. These include issues such as political interference, insufficient capacity for enforcement, and limited citizen awareness. The recent scholarship indicates a growing interest in understanding the role of technology in enhancing transparency, as well as the need for greater citizen engagement and media independence.

Future research should explore the long-term impact of recent reforms on public trust, investigate the role of civil society in holding government institutions accountable, and examine how citizens' engagement with digital platforms influences their trust in government.

2.1.1 Theoretical Background

The relationship between financial transparency and public trust in Uganda has been explored through various theoretical frameworks that offer insight into how these two concepts interact and influence governance outcomes. Scholars have drawn from a range of disciplines, including political science, economics, public administration, and sociology, to understand the dynamics at play in Uganda's context. Theoretical approaches emphasize the role of information accessibility, accountability, institutional trust, and governance quality in shaping the public's confidence in government institutions.

2.1.1.1. The Theory of Accountability

The accountability theory has been central in discussions around financial transparency and public trust. This theory posits that transparency in government financial activities fosters accountability, which is the obligation of public officials to be answerable for their actions (Bovens, 2007).

According to this perspective, financial transparency is a key mechanism that allows citizens to hold the government accountable for its use of public resources.

In the Ugandan context, financial accountability is critical given the country's long history of corruption and mismanagement of state resources. Several scholars, including Bananuka et al. (2020), argue that when governments make financial information accessible and intelligible to the public, it creates a sense of accountability that can potentially enhance public trust. However, the effectiveness of this transparency in holding government accountable in Uganda has been debated, with many studies suggesting that accountability is often undermined by political patronage and weak enforcement mechanisms (Kasozi & Kabanda, 2020).

2.1.1.2. The Theory of Social Capital

The social capital theory focuses on the role of networks, trust, and norms of reciprocity in enhancing cooperation among individuals and between citizens and institutions. Scholars like Putnam (2000) have emphasized that high levels of social capital defined by trust in others and in institutions are crucial for effective governance and development. In the context of Uganda, the trust between citizens and government institutions is often seen as a form of social capital that can enhance or hinder the effectiveness of transparency initiatives.

In Uganda, Kahuma (2021) has noted that financial transparency plays a significant role in strengthening social capital by promoting trust and cooperation between citizens and public institutions. Transparent financial practices help to reduce the perception of corruption, thus increasing public confidence in government policies and financial operations. Ssempebwa and Tumushabe (2021) argue that the lack of social capital due to low trust in government institutions has hindered the successful implementation of transparency reforms. They suggest that without trust, efforts to make financial information accessible are unlikely to result in increased public support for government programs or policies.

2.1.1.3. The Principal-Agent Theory

The Principal-Agent Theory, widely used in public administration and political science, explains the dynamics between citizens (principals) and government officials (agents) who are tasked with managing public resources. This theory suggests that when principals (the public) have limited access to information, agents (the government) can act in ways that may not align with the interests of the principals, leading to inefficiencies, corruption, and a loss of trust (Jensen & Meckling, 1976). In Uganda, Bainomugisha & Wokadala (2022) applied this theory to investigate how

financial transparency can reduce the principal-agent problem. Their findings indicate that by providing clear and accessible financial information, citizens are better able to monitor the actions of government officials and hold them accountable, reducing the likelihood of self-serving behavior and fostering public trust. However, political interference, corruption, and weak enforcement mechanisms remain significant barriers in Uganda's efforts to address the principal-agent problem effectively.

2.1.1.4. The Theory of Procedural Justice

The Procedural Justice Theory focuses on the fairness and transparency of the processes by which decisions are made, rather than the outcomes themselves. Scholars in Uganda have applied this theory to understand how citizens perceive the fairness of financial processes and how this perception affects their trust in government. According to Tyler (2006), people are more likely to trust government institutions if they believe that the processes governing public decision-making are fair and transparent. Recent studies, such as Matovu (2020), suggest that the transparency of financial decision-making, particularly in areas like budgeting and public procurement, is crucial for enhancing the public's perception of fairness. In Uganda, where perceptions of unfairness and corruption are widespread, ensuring that the public feels that government processes are transparent and just is fundamental to building trust. Financial transparency is seen as a way to demonstrate fairness, leading to greater legitimacy and trust in public institutions.

2.1.1.5. The Institutional Theory

Institutional theory examines how institutions both formal and informal shape behavior and governance outcomes. In the context of financial transparency, institutional theory explores how the structures, rules, and norms of public institutions influence the way financial information is managed and communicated. North (1990) emphasized that institutions whether formal (like legal frameworks) or informal (like cultural norms) determine the success or failure of transparency initiatives. In Uganda, Twebaze (2019) applied institutional theory to explore how political institutions, legal frameworks, and societal norms influence financial transparency and public trust. He concluded that while Uganda has established several legal frameworks designed to promote transparency (such as the Public Financial Management Act), weak institutional enforcement and political resistance have undermined their effectiveness. The persistence of informal institutions such as patronage networks and corrupt practices competes with formal efforts to increase

transparency, leading to a mismatch between the formal institutions in place and the informal practices that persist.

2.1.1.6. The Transparency and Trust Hypothesis

The Transparency and Trust Hypothesis suggests a direct correlation between financial transparency and public trust in government institutions. Several studies in Uganda, including Katono et al. (2021), have explored how increased transparency in financial reporting leads to higher levels of trust. This hypothesis is based on the assumption that when citizens have access to information about government activities, they are more likely to perceive the government as trustworthy. However, the relationship is not always straightforward. Kasolo & Kisakye (2023) point out that while transparency can improve trust, other factors such as the perceived effectiveness of government, political stability, and the quality of governance also play significant roles in shaping public trust. In Uganda, the perception of corruption and inefficiency often dampens the potential positive effects of transparency on public trust, leading to mixed outcomes.

2.1.1.7. The Media and Public Trust Theory

The Media and Public Trust Theory highlights the role of media in shaping public perceptions of government transparency and trustworthiness. In Uganda, the media plays a pivotal role in investigating and reporting on financial matters, influencing how citizens view government accountability. Kahuma (2021) emphasized that a free and independent media is crucial for ensuring that financial transparency leads to higher public trust, as it serves as a watchdog, holding government officials accountable for their actions. However, political constraints, media censorship, and limited freedom of expression in Uganda pose challenges to the media's role in fostering transparency and trust. Namara et al. (2022) argue that media outlets in Uganda often face pressures that limit their ability to provide independent and thorough reporting on financial matters, thereby reducing their effectiveness in enhancing public trust.

In summary, the theoretical frameworks applied to the study of financial transparency and public trust in Uganda highlight the complex and multifaceted nature of these concepts. Scholars have drawn on accountability theory, social capital, principal-agent theory, procedural justice, institutional theory, and the transparency-trust hypothesis to explain how transparency influences trust in government. While financial transparency is seen as an essential tool for fostering trust, challenges related to political interference, corruption, and media independence continue to hinder

its full potential in Uganda. Theoretical insights into the role of institutions, media, and procedural fairness suggest that achieving higher public trust requires not only transparent financial practices but also strong, independent institutions and a culture of accountability.

2.1.3 Conceptual Background

The concepts of financial transparency and public trust are critical components in understanding governance and accountability in Uganda. These concepts, though interrelated, carry distinct implications for how the public perceives government performance and how government institutions function within the broader political and socio-economic context. The literature reviewed offers various perspectives on the definitions, relationships, and practical implications of these concepts in Uganda, contributing to a deeper understanding of their role in shaping the public's engagement with government institutions.

2.1.3.1. Financial Transparency: Definition and Dimensions

Financial transparency refers to the clarity, accessibility, and reliability of financial information related to government activities, including budgeting, expenditures, and financial reporting. It is characterized by the open availability of financial data that enables stakeholders such as citizens, watchdog groups, and international partners to scrutinize the use of public resources (Matovu, 2020). In the context of Uganda, financial transparency involves both the disclosure of government financial information and the mechanisms by which this information is made available to the public in a comprehensible and actionable form.

The International Budget Partnership (IBP), as cited by Bainomugisha & Wokadala (2022), defines financial transparency as the timely and clear presentation of budgetary information, accounting records, and audit reports. These disclosures allow for the participation of the public in monitoring government activities, thus improving the government's accountability and reducing the opportunities for corruption and mismanagement of resources.

Several scholars, including Okello & Muwonge (2019), have elaborated on the dimensions of financial transparency in Uganda, focusing on government practices such as:

Budget transparency, which involves public access to budget documents and fiscal plans.

Expenditure transparency, which includes detailed reporting of government spending.

Procurement transparency, focusing on open and competitive processes for government contracts.

Audit transparency, ensuring that government financial reports are independently verified and publicly available.

These dimensions form the conceptual foundation for understanding how transparency is operationalized within Uganda's public financial management system and the associated challenges.

2.1.3.2. Public Trust: Definition and Significance

Public trust, in the context of governance, refers to the confidence citizens place in government institutions, including their belief that public officials will act in the best interests of the public, uphold ethical standards, and be accountable for their actions (Tyler, 2006). Public trust is seen as a vital element for the legitimacy of government actions and the effectiveness of policies. Without trust, citizens are less likely to support government programs or engage in civic duties such as tax payment, voting, or participating in governance processes (Kahuma, 2021).

In Uganda, public trust is heavily influenced by the perceived integrity of political institutions, the functioning of the judiciary, the responsiveness of government services, and the effectiveness of anti-corruption measures. Public trust is a reflection of citizens' confidence that government actions are transparent, legitimate, and in line with the public interest. Scholars such as Ssempebwa & Tumushabe (2021) argue that the erosion of public trust in Uganda has been primarily due to historical corruption, lack of accountability, and perceived inefficiencies in government operations.

2.1.3.3. Relationship Between Financial Transparency and Public Trust

The core conceptual relationship between financial transparency and public trust lies in the assumption that transparency fosters trust by promoting accountability. When citizens have access to financial information, they are more likely to believe that government actions are open and subject to public scrutiny. This, in turn, can enhance trust in government institutions. However, the relationship is not always straightforward, as transparency alone may not automatically translate into greater public trust (Bainomugisha & Wokadala, 2022).

Matovu (2020) suggests that financial transparency has a direct influence on public trust by providing a sense of fairness and reducing the perception of corruption. The Transparency and Trust Hypothesis posits that when citizens observe government financial operations that are open, transparent, and aligned with stated objectives, their trust in government increases. However, Kasozi & Kabanda (2020) caution that the effectiveness of transparency in building trust depends

on several factors, including the perceived quality of governance, political stability, and the willingness of government officials to act on public concerns.

2.1.3.4. Conceptual Challenges in Uganda

While financial transparency is essential for enhancing public trust, scholars have pointed out several challenges that undermine the potential of transparency in Uganda. These challenges include:

Political Interference and Corruption: Many studies, such as those by Ssempebwa & Tumushabe (2021) and Bainomugisha & Wokadala (2022), argue that despite improvements in financial transparency, political interference in public financial management and the persistence of corruption significantly undermine public trust. In Uganda, political patronage networks and misuse of financial transparency mechanisms for political advantage often overshadow the genuine intent of transparency initiatives.

Weak Enforcement Mechanisms: The principal-agent theory (Jensen & Meckling, 1976) posits that even if information is transparent, there must be systems in place to ensure that public officials are held accountable for their actions. The lack of effective enforcement mechanisms in Uganda, as highlighted by Katono et al. (2021), reduces the impact of financial transparency efforts, thus limiting the potential for increased public trust.

Media and Public Perception: Kahuma (2021) emphasizes the role of the media in shaping the public's perception of financial transparency. However, the Ugandan media is often constrained by political pressures, censorship, and resource limitations, which diminishes its ability to fully advocate for financial transparency and hold the government accountable. As a result, the public's trust may not increase despite the availability of financial information.

Citizen Awareness and Engagement: Bananuka et al. (2020) argue that even when financial information is accessible, it is often not understood by the general public due to low levels of financial literacy and limited engagement with governance processes. Without sufficient public education on financial transparency, the positive effects of transparency on public trust may be minimal.

2.1.3.5. The Role of Digital Platforms in Enhancing Transparency and Trust

Recent advancements in digital technologies have introduced new opportunities for enhancing financial transparency in Uganda. The government's use of digital platforms like the Integrated Financial Management System (IFMS) and e-government portals has enabled better tracking of

public expenditure and increased access to government financial data (Kasolo & Kisakye, 2023). However, Namara et al. (2022) highlight that the effectiveness of these platforms in fostering trust depends not only on their technological features but also on the inclusiveness and accessibility of these platforms to all citizens, including marginalized groups.

2.1.3.6. Conceptual Gaps and Future Research Directions

Despite the advancements in financial transparency initiatives in Uganda, several gaps remain in the literature:

There is limited research on the long-term effects of financial transparency reforms on public trust in Uganda, especially in local governance structures.

More studies are needed on how digital literacy and access to technology impact the effectiveness of financial transparency initiatives in rural or low-income areas.

Future research could explore the role of civil society organizations and community-based monitoring in enhancing financial transparency and increasing public trust at the grassroots level.

Conclusively, the conceptual literature on financial transparency and public trust in Uganda highlights the complex relationship between these two concepts. While financial transparency is seen as a key driver of accountability and trust, its effectiveness in building public trust depends on various factors, including political context, enforcement mechanisms, media freedom, and citizen engagement. Addressing the challenges that hinder the realization of transparency's full potential requires a comprehensive approach that incorporates institutional reforms, public education, and the strengthening of governance mechanisms.

2.1.4 Contextual Background

The intersection of financial transparency and public trust within Uganda's governance landscape has been an important area of research in recent years. The broader political and socio-economic context of Uganda provides the backdrop against which these concepts have gained prominence. This section discusses the historical, political, and economic environment that shapes financial transparency and public trust, with a focus on recent scholarship from 2019 to the present.

2.1.4.1. Uganda's Governance and Transparency Challenges

Uganda, like many other developing countries, has faced persistent challenges in governance, characterized by corruption, lack of accountability, and inefficiencies in public administration. The country's governance environment, which is heavily influenced by both institutional weaknesses and political dynamics, plays a significant role in shaping the effectiveness of financial transparency efforts.

Historically, Uganda has grappled with issues of financial mismanagement and corruption. Since the 1980s, Uganda has pursued a series of public sector reforms aimed at improving governance, including efforts to enhance financial transparency. However, as highlighted by Ssempebwa & Tumushabe (2021), these reforms have often been marred by political interference and weak enforcement mechanisms. In Uganda, political patronage networks and cronyism have undermined the public's faith in government institutions, contributing to a general lack of trust in both political leaders and public administration.

The government has taken several steps toward increasing financial transparency. Notable among these efforts is the Public Financial Management Reform Program (PFMRP), which aims to improve budgetary processes, financial reporting, and auditing in Uganda. Despite these reforms, Katono et al. (2021) argue that the effectiveness of transparency measures remains limited due to entrenched political interests, lack of proper enforcement, and inadequate capacity to fully implement transparency initiatives at the local government level.

2.1.4.2. Political and Institutional Framework in Uganda

Uganda's political framework, characterized by a centralized system of governance, plays a crucial role in shaping the implementation and impact of financial transparency policies. The ruling government, led by President Yoweri Kaguta Museveni, has been in power since 1986, during which time Uganda has experienced significant political and economic changes. Museveni's administration has pursued a mix of economic liberalization policies, including efforts to improve public sector performance and reduce poverty, alongside maintaining strong central control over political processes.

In the context of financial transparency, Kasozi & Kabanda (2020) explain that Uganda's political landscape is marked by a lack of political competition and consolidated power within the executive. This concentration of power affects how transparency policies are formulated and implemented. Despite Uganda's commitment to democratic principles, political suppression and control over key

institutions, including the judiciary, media, and civil society, have hindered the effective realization of financial transparency.

The Uganda Revenue Authority (URA) and the Public Procurement and Disposal of Public Assets Authority (PPDA) are two key institutions involved in promoting financial transparency. However, these bodies have often been criticized for their inefficiency and vulnerability to political interference, as discussed by Bainomugisha & Wokadala (2022). Such institutional weaknesses create an environment where transparency measures may not have the desired impact on improving public trust.

2.1.4.3. Public Trust and Confidence in Government

Public trust is a cornerstone of effective governance, and it reflects the relationship between citizens and government institutions. In Uganda, public trust has been severely affected by widespread corruption, poor service delivery, and lack of accountability (Bananuka et al., 2020). Transparency International's Corruption Perceptions Index (CPI) consistently ranks Uganda as one of the most corrupt countries in East Africa, with public institutions perceived as unreliable and self-serving. This erosion of trust in government has undermined efforts to engage the public in governance processes.

Financial transparency is often viewed as a potential remedy to rebuild public trust. The assumption is that when financial processes are transparent, citizens will have a clearer understanding of how their tax money is spent and can hold the government accountable. However, Kahuma (2021) and Matovu (2020) argue that transparency alone is not enough to restore trust if citizens do not perceive genuine changes in government behavior. For example, despite increased access to government financial information, public dissatisfaction with the quality of public services and the perceived lack of action against corruption continue to undermine trust in government institutions.

Social trust plays a significant role in Uganda's governance context. As noted by Putnam (2000), societies with higher social capital defined by a network of interpersonal trust and shared norms tend to have more effective governance. In Uganda, however, low levels of social trust between citizens and government institutions persist, making it difficult for transparency reforms to foster genuine public trust. Twebaze (2019) points out that Uganda's history of political instability, coupled with ongoing concerns about human rights violations and restricted political freedoms, has made it challenging for citizens to trust governmental actions.

2.1.4.4. Economic Context and Financial Transparency

Uganda is a low-income country that relies heavily on foreign aid, revenue from its agricultural sector, and, more recently, oil exports. The International Monetary Fund (IMF) and the World Bank have been instrumental in pushing for transparency reforms as part of their financial support packages. The expectation is that financial transparency will improve governance and, consequently, the effective allocation of resources, especially in critical areas like education, health, and infrastructure.

However, Uganda's fiscal dependence on external donors and aid presents a challenge in building sustained public trust. Bainomugisha & Wokadala (2022) discuss how donor-driven transparency reforms sometimes face resistance from local political elites who fear that transparency could undermine their patronage networks. This creates a disconnect between international expectations for transparency and the local realities in which these reforms are implemented.

Moreover, economic inequality and poverty remain pervasive in Uganda. The challenge is that even though the government may provide transparent financial information, citizens often feel disconnected from decision-making processes and are skeptical about the benefits of government spending. Ssempebwa & Tumushabe (2021) suggest that improving financial transparency in Uganda requires addressing underlying issues of economic inequality and ensuring that financial information is not only accessible but also meaningful to all segments of society, particularly the rural poor.

2.1.4.5. The Role of Technology in Promoting Transparency

Recent technological advancements have offered new opportunities to enhance financial transparency in Uganda. The government's adoption of digital financial management systems, such as the Integrated Financial Management System (IFMS), has been hailed as a positive step toward increasing the accessibility of financial data and reducing corruption. The rise of e-government platforms and social media also presents opportunities for increasing public engagement in transparency efforts.

According to Kasolo & Kisakye (2023), digital platforms have the potential to promote greater participation in budgeting processes and enhance the public's ability to hold officials accountable for financial mismanagement. However, challenges such as digital literacy, internet access, and cybersecurity risks limit the effectiveness of these platforms in fostering financial transparency and trust, particularly in rural areas where access to technology remains limited.

2.1.4.6. The Role of Civil Society and Media

Civil society organizations (CSOs) and the media play a critical role in promoting financial transparency and public trust in Uganda. CSOs often serve as watchdogs, advocating for the disclosure of public financial information and holding government accountable for its financial activities. Similarly, the media is instrumental in reporting on financial mismanagement and government corruption, thereby increasing public awareness.

However, the freedom of the press in Uganda has been restricted, with journalists facing intimidation and censorship, as noted by Kahuma (2021). This political environment limits the media's ability to play a fully effective role in promoting transparency and accountability. Namara et al. (2022) argue that the media in Uganda needs greater independence to effectively contribute to building public trust through investigative journalism and advocacy for transparent financial practices.

In summation, the contextual background of financial transparency and public trust in Uganda highlights a complex interplay of political, economic, and social factors that shape the effectiveness of transparency reforms. While there have been notable strides toward improving financial transparency through digital systems and international reforms, persistent challenges such as political interference, corruption, and economic inequality continue to hinder progress. The public's trust in government remains fragile, requiring not only access to transparent financial information but also sustained efforts to improve governance, ensure political accountability, and enhance public engagement.

2.2 Empirical Review

The review explores the evolution of financial transparency policies, the relationship between transparency and public trust, the role of local governance, and the challenges specific to Uganda's context.

The Concept of Financial Transparency in Local Governments

Financial transparency is a foundational element of good governance, involving the clear, accessible, and accurate reporting of financial data related to government activities. In Uganda, local government are tasked with managing public resources at the district, municipal, and local

council levels. Financial transparency at these levels is particularly crucial for fostering accountability, ensuring efficient service delivery, and building public trust.

In their study, Bainomugisha & Wokadala (2022) define financial transparency as the timely and accurate disclosure of government budgetary plans, expenditures, and audit reports that allow the public to evaluate the allocation and utilization of public funds. This definition emphasizes the importance of participatory budgeting, where citizens have access to budget documents and can scrutinize how resources are allocated, particularly in sectors such as health, education, and infrastructure.

Local governments in Uganda, governed by decentralized policies since the early 1990s, have been required to adopt financial transparency measures as part of broader public financial management reforms. Matovu (2020) notes that key reforms such as the Public Financial Management Reform Program (PFMRP) and the Local Government Financial Management System (LGFMS) were designed to improve budget preparation, execution, and reporting at the local level. Despite these reforms, however, the full realization of transparency at the local government level remains constrained by issues like corruption, political interference, and limited technical capacity.

Public Trust in Local Governments of Uganda

Public trust in local governments refers to the belief that government institutions and officials will act in the best interests of the citizens, uphold ethical standards, and be accountable for their actions. Public trust is a critical indicator of government legitimacy, and it directly impacts citizens' willingness to engage in governance processes, such as tax compliance and participation in local elections.

Studies have shown that financial transparency has a direct correlation with public trust. According to Ssempebwa & Tumushabe (2021), financial transparency increases the public's confidence that local governments are using resources for their intended purposes. Transparency mechanisms such as publicly accessible budget reports, audit outcomes, and procurement records ensure that local governments are accountable to the citizens they serve. However, in Uganda, the relationship between financial transparency and trust is complex. While there is evidence suggesting that transparency can enhance trust, Kasozi & Kabanda (2020) argue that trust is not automatically guaranteed by transparency alone.

Level of Financial Reporting and Public Trust in District Local Government

Financial reporting refers to the timely, accurate, and comprehensive presentation of financial statements and budgets to stakeholders. According to OECD (2015), effective financial reporting in local governments helps reduce information asymmetry, making it easier for the public to understand how public funds are being utilized.

A study by Ntayi et al. (2013) on Ugandan local governments found a positive correlation between the quality of financial reporting and citizen trust. Poor documentation, missing financial statements, and delays in reporting often lead to public suspicion and speculation about misappropriation of funds.

Agaba & Shipman (2007) also emphasize that when local governments provide detailed budget performance reports and financial statements on a regular basis, it instills a sense of accountability and transparency that strengthens public trust.

Relevance to Mityana District

In Mityana District, gaps in financial reporting have been noted in several audits by the Office of the Auditor General (OAG, 2022), including missing supporting documents and unreported local revenues. Such inconsistencies can erode trust, especially in communities relying on government support for education, health, and infrastructure.

Level of Access to Financial Information and Public Trust in District Local Government

Access to financial information is critical for ensuring that the public can hold officials accountable. This includes access to budgets, expenditures, procurement records, and audit reports.

Theoretical Foundation

Fox (2007) argues that transparency without accessibility is ineffective. Transparency mechanisms must be accompanied by proactive dissemination of information in user-friendly formats and languages. This view is supported by Piotrowski & Van Ryzin (2007), who found that public trust increases significantly when citizens are not only aware of transparency policies but also perceive them to be functional.

In Uganda, Mwenda & Tangri (2005) highlight that although local governments are required by the Public Finance Management Act (2015) to post budget information on notice boards, in practice, this is inconsistently applied. A study by Transparency International Uganda (2019) noted that many community members in rural districts like Mityana are unaware of where and how to access financial records. Limited access to financial records, particularly at the sub-county level, has hindered citizens' ability to question spending decisions. Civil society organizations operating in Mityana have recommended improved access through digital platforms and regular community meetings.

Quality and Frequency of Financial Reporting and Public Trust

Financial reporting is widely recognized as a cornerstone of transparency in public administration. According to the International Federation of Accountants (IFAC, 2018), frequent and high-quality financial reports reduce information asymmetry between government and citizens, thereby enhancing trust in public institutions. Quality reporting involves accuracy, timeliness, comprehensiveness, and adherence to internationally accepted standards (OECD, 2020).

In the context of developing countries, Khalid et al. (2019) found that irregular and low-quality reports erode public confidence, as they create room for speculation and perceptions of mismanagement. Regular disclosure allows stakeholders to track the use of public funds and assess whether resources are being allocated as promised (Andrews, 2014).

In Uganda, the Public Finance Management Act (2015) requires local governments to produce quarterly and annual financial statements. However, Inspectorate of Government (IG) reports indicate that some districts still experience delays or inconsistencies, partly due to capacity constraints and inadequate monitoring systems. In Mityana District, local council meeting minutes (2022) note that while financial statements are produced, citizen awareness of them remains low, suggesting that both quality and dissemination practices influence trust outcomes.

Access to Financial Information and Public Trust

Access to public financial information is central to open governance. The World Bank (2017) defines access not only as the availability of data but also as the ease with which citizens can obtain

and understand it. Studies show that when governments provide timely, accessible, and comprehensible information, public trust levels tend to rise (Grimmelikhuijsen & Meijer, 2014).

However, Fox (2007) cautions that access without comprehension may have limited impact. Technical jargon, data complexity, and poor dissemination channels can prevent meaningful citizen engagement. This aligns with Right to Information (RTI) theory, which argues that transparency is only effective when citizens can interpret and act on the information received.

In Uganda, the Access to Information Act (2005) grants citizens the right to request government-held data, but enforcement is weak, and proactive disclosure remains limited (Biryabarema, 2021). Research by ACODE (2020) in local governments shows that financial information is often posted on public noticeboards or read out in community meetings, but limited literacy and poor translation into local languages hinder public understanding. In Mityana Municipality, anecdotal reports from civil society groups suggest that while budget figures are occasionally shared, detailed breakdowns and explanatory formats are lacking, potentially diminishing trust.

Quality of the Audit Process and Public Trust

Auditing acts as an independent check on the integrity of financial management. A high-quality audit process involves independence from political influence, technical competence, transparency in reporting, and effective follow-up on recommendations (INTOSAI, 2019).

Empirical research shows that strong auditing practices are linked to reduced corruption and higher public trust (Behn et al., 2010). Conversely, audits that are poorly conducted or not acted upon can reinforce perceptions of inefficiency and erode trust (Mizrahi et al., 2021).

In Uganda, the Office of the Auditor General (OAG) conducts annual audits of local governments, as mandated by the Constitution and the National Audit Act (2008). The OAG's reports often identify irregularities such as unsupported expenditures, procurement breaches, and failure to implement recommendations. According to Transparency International Uganda (2021), citizen trust improves when audit findings are openly discussed and corrective action is visible. In Mityana District, council records show that audit reports are tabled, but public engagement with the findings is limited partly due to restricted dissemination and a lack of simplified versions for community audiences.

Citizen Participation in the Budgeting Process and Public Trust

Citizen participation in budgeting is a central pillar of participatory governance. The Participatory Budgeting Theory suggests that when citizens are actively involved in shaping budget priorities, they are more likely to trust the resulting allocations and the government implementing them (Wampler & Hartz-Karp, 2012).

Participation can take multiple forms public consultations, community budget conferences, feedback sessions, and representation in budget committees. Evidence from Brazil and Kenya shows that such processes, when meaningful, foster ownership and trust (Cabannes, 2004; Omolo, 2010). However, tokenistic participation, where citizen inputs are solicited but ignored, can have the opposite effect (Gaventa & Barrett, 2012).

In Uganda, the Local Government Act (Cap 243) requires local authorities to involve communities in budget preparation through parish development committees and budget conferences. Nonetheless, ACODE (2018) found that attendance is often low, dominated by political elites, and feedback loops are weak. In Mityana Municipality, while budget conferences are held, community representatives report that their suggestions are not always reflected in final budgets, leading to skepticism about the sincerity of participation initiatives.

Synthesis and Research Gap

The reviewed literature consistently highlights that transparency mechanisms quality reporting, accessible information, credible audits, and participatory budgeting are interlinked in shaping public trust. However, studies in Uganda often treat these variables separately, with limited focus on how they interact at the municipal level. For Mityana Municipality, there is scant empirical evidence linking the perceived quality of these processes to measurable levels of public trust. This study addresses that gap by examining these dimensions concurrently in a single local government setting, allowing for a more integrated understanding of how transparency influences trust.

The Audit Process and Public Trust in District Local Government

Auditing is a key component of public financial management. It validates the accuracy and legality of financial statements and deters misuse of public funds.

Audit and Trust Relationship

Cohen & Eimicke (2002) argue that robust and independent audit mechanisms increase public trust by exposing irregularities and recommending corrective actions. Similarly, Kaufmann, Kraay & Zoido-Lobaton (1999) emphasize that audits act as deterrents to corruption and are essential for good governance.

Audit Practices in Uganda

The Office of the Auditor General publishes annual reports that assess compliance and performance across districts. However, Awortwi (2011) notes that follow-up on audit recommendations is often weak in Uganda, limiting their impact. A lack of punitive consequences for audit violations reduces their deterrent effect.

Mityana District Audit Issues

Audit reports from OAG (2022) for Mityana District highlight persistent issues such as unaccounted-for funds, procurement irregularities, and non-compliance with financial procedures. These issues have contributed to a perceived lack of accountability among citizens, undermining trust in local governance.

Stakeholder Participation in Budgeting and Public Trust in Mityana District Local Government

Participatory budgeting involves the engagement of citizens, civil society, and other stakeholders in formulating local budgets. This democratic process can improve alignment with community priorities and foster public trust.

Theoretical Framework

Fung (2006) proposes that participatory governance mechanisms build legitimacy and enhance trust by empowering citizens to influence decision-making. Similarly, Bovens (2007) sees participatory budgeting as a tool for strengthening vertical accountability in public administration.

Uganda has legal provisions supporting public participation in budgeting under the Local Governments Act (1997) and the Public Finance Management Act (2015). However, Francis & James (2003) found that in practice, participation is often symbolic or limited to elite groups, excluding marginalized voices.

In Mityana, community participation in budgeting is generally low, according to findings by ACODE (Advocates Coalition for Development and Environment, 2020). Barriers include lack of awareness, time constraints, and limited capacity among both officials and citizens. Where participatory approaches have been implemented—such as during Barazas (public dialogues)—citizens report improved trust and satisfaction with service delivery.

2.2.1 Financial Transparency and Public Trust in Local Governments of Uganda

Financial Transparency in Uganda's Local Governments

Financial transparency in Uganda's local governments remains inconsistent. The Uganda Debt Network (2020) found that only 40% of district local governments publish budget reports as required by law. The MoFPED Annual Budget Transparency Report (2021) highlighted that while some districts provide budgetary information, others fail to comply due to political interference and lack of enforcement mechanisms.

Key Challenges in Financial Transparency and Public Trust in Local Governments of Uganda

Weak Implementation of Financial Regulations (Agaba & Ssewanyana, 2021)

Agaba and Ssewanyana's (2021) study examines the challenges of financial transparency in Uganda's local governments, particularly focusing on the weak implementation of financial regulations. They argue that Uganda has established legal frameworks to promote financial transparency, such as the Public Finance Management Act (PFMA) 2015 and the Local Government Act (1997). However, the effective implementation of these regulations remains a significant challenge.

Lack of enforcement: While the legal frameworks require local governments to disclose financial information, these regulations are often not strictly enforced. Agaba and Ssewanyana (2021) note that without effective monitoring and enforcement mechanisms, compliance with these laws becomes inconsistent across Uganda's district local governments.

Institutional weaknesses: The agencies responsible for overseeing financial transparency, such as the Public Accounts Committee (PAC) and the Inspectorate of Government (IGG), are often underfunded and lack sufficient capacity to carry out comprehensive audits or monitor compliance effectively (Agaba & Ssewanyana, 2021).

Limited capacity of local officials: The financial management capacity of local government officials is often inadequate, with many lacking the necessary technical knowledge and skills to manage public funds effectively and ensure compliance with financial regulations (Agaba & Ssewanyana, 2021).

Political influence: Politicians and district leaders often exert undue influence over financial management processes, undermining the effectiveness of financial regulations. This influence often leads to delays in implementing financial reforms or ignoring the rules altogether.

Inconsistent audits: Regular audits are supposed to be an integral part of Uganda's financial transparency strategy. However, inconsistent and incomplete audits in several districts, along with a lack of follow-up on audit findings, create an environment in which financial mismanagement can thrive (Agaba & Ssewanyana, 2021).

Limited Citizen Engagement in Financial Oversight (Bukonya & Golooba-Mutebi, 2020)

Bukonya and Golooba-Mutebi (2020) focus on the role of citizen participation in local governance in Uganda, particularly in relation to financial transparency. Their research highlights the critical role of citizen engagement in ensuring government accountability. They argue that despite the legal requirements for participatory budgeting and financial transparency, many Ugandans remain disengaged from the oversight of financial management at the local government level.

Limited access to information: One of the key barriers to citizen participation in financial oversight is the lack of access to timely, comprehensible, and relevant financial information. Bukonya and Golooba-Mutebi (2020) emphasize that many citizens do not have access to budget documents or

financial reports. Even when these documents are made available, they are often not in a format that is accessible to the general public, limiting meaningful engagement.

Low civic awareness: Many Ugandans lack awareness of their rights to access government financial records and the mechanisms through which they can hold local government officials accountable. This gap in civic education and awareness is a significant obstacle to promoting active citizen participation in financial oversight.

Apathy and distrust: There is widespread apathy toward the political process and a sense of distrust in local government institutions, particularly regarding the effectiveness of citizen engagement. Bukenya and Golooba-Mutebi (2020) note that even when citizens do participate in local government meetings or budget discussions, they often feel that their voices are ignored, leading to disillusionment.

Structural barriers: There are also structural barriers that hinder effective citizen engagement. These include a lack of proper communication channels between local governments and citizens, insufficient forums for discussion, and a general reluctance among government officials to allow public scrutiny (Bukenya & Golooba-Mutebi, 2020).

Limited citizen engagement in financial oversight perpetuates financial mismanagement and corruption, as there is little accountability for how public funds are spent. Without meaningful participation, citizens lack the power to demand better services or more transparent financial practices, which undermines trust in local governments.

Corruption and Political Interference in Financial Decision-Making (Tumushabe, 2019)

Tumushabe (2019) discusses the pervasive problem of corruption and political interference in financial decision-making within Uganda's district local governments. He argues that corruption remains a significant obstacle to the proper management of public funds and that political interference undermines efforts to maintain transparency and accountability in financial decisions.

Corruption in public procurement: Tumushabe (2019) identifies corruption in procurement processes as one of the most prevalent issues affecting financial management in local governments. Contracts for public services, infrastructure projects, and supplies are often awarded through non-transparent processes, favoring politically connected individuals or companies, which contributes to inefficiency and wastage of public funds.

Political interference: Political leaders and government officials often use their positions to influence financial decision-making at the district level, ensuring that funds are allocated to projects

that benefit their political interests, rather than public needs. Tumushabe (2019) argues that this political interference disrupts the financial management process and undermines the objectives of transparency and accountability.

Nepotism and patronage: Political patronage, where resources are allocated to loyal supporters or family members, is another form of corruption identified by Tumushabe (2019). This practice undermines merit-based decision-making and leads to inefficiency and waste of public funds.

Lack of political will to tackle corruption: Tumushabe (2019) notes that, despite the presence of anti-corruption agencies and laws, there is often a lack of political will to enforce anti-corruption measures at the local government level. Many district officials, including elected leaders, are either complicit in corrupt activities or fear the political repercussions of challenging corruption.

Resource diversion: Tumushabe (2019) also highlights that funds meant for public services such as education, health, and infrastructure development are often diverted into personal accounts or for political gain. This redirection of resources contributes to underfunded public services, which further diminishes public trust in local government institutions.

The challenges identified by Agaba & Ssewanyana (2021), Bukenya & Golooba-Mutebi (2020), and Tumushabe (2019) underscore critical barriers to achieving financial transparency and restoring public trust in Uganda's local governments. Weak enforcement of financial regulations, limited citizen participation, and corruption linked to political interference remain persistent obstacles. These issues not only undermine governance at the local level but also perpetuate a climate of mistrust and dissatisfaction among citizens. Addressing these challenges requires a multifaceted approach that involves strengthening legal frameworks, improving civic education, fostering political will, and enhancing accountability mechanisms to ensure that local governments act in the best interest of the public.

Public Trust in Uganda's Local Governments

Public trust in Uganda's local governments is low. The Afrobarometer Survey (2021) reported that only 35% of Ugandans trust local government officials to manage finances transparently. Corruption scandals, misallocation of resources, and limited citizen engagement contribute to this trust deficit (Muhumuza, 2022).

Public trust in local governments is essential for democratic governance, service delivery, and sustainable development. However, in Uganda, trust in district local governments has been significantly undermined due to governance challenges, particularly in financial management. Several studies have identified key factors that negatively impact public trust, including perceived

corruption in financial management (Oketch, 2018), lack of transparency in procurement and service delivery (Uganda Debt Network, 2020), and inconsistent enforcement of financial accountability measures (Kiiza, 2021).

Perceived Corruption in Financial Management (Oketch, 2018)

Oketch (2018) explores the relationship between corruption in financial management and declining public trust in local governments. The study highlights that corruption in Uganda's district local governments manifests in various forms, including embezzlement of public funds, bribery, nepotism, and political patronage. Citizens perceive local governments as corrupt when they witness or hear about financial mismanagement, and this perception significantly diminishes trust in public institutions.

Misappropriation of Public Funds: Oketch (2018) found that district officials frequently divert public funds meant for essential services such as education, healthcare, and infrastructure development. Reports from the Auditor General's Office (2018) indicate that large sums of money allocated for public services often remain unaccounted for, reinforcing public perceptions of corruption.

Bribery and Favoritism in Financial Decision-Making: The study revealed that citizens and businesses are often required to pay bribes to access services or secure government contracts. This practice not only increases the cost of doing business but also weakens trust in the fairness and impartiality of local governments.

Nepotism and Political Patronage: Oketch (2018) highlights that financial resources are frequently allocated based on political affiliations rather than public need. Government contracts, employment opportunities, and financial incentives are often given to politically connected individuals, fostering a culture of exclusion and resentment among the public.

Impact on Public Trust: As a result of these corrupt practices, citizens perceive local government institutions as self-serving rather than working in the interest of the public. The study found that 70% of respondents expressed low trust in their local government due to perceived financial corruption.

Declining Civic Engagement: When citizens believe that local governments are corrupt, they are less likely to participate in governance processes such as public hearings and budget discussions.

Reduced Compliance with Taxation: Corruption in financial management discourages tax compliance, as citizens feel that their contributions are being misused rather than being allocated to public services.

Weakened Government Legitimacy: Persistent corruption damages the credibility of local governments, making it difficult for authorities to mobilize public support for development projects.

Lack of Transparency in Procurement and Service Delivery (Uganda Debt Network, 2020)

The Uganda Debt Network (UDN) (2020) examines the effects of non-transparent procurement and poor service delivery on public trust. Procurement processes are meant to ensure fair competition, value for money, and efficient allocation of public resources. However, in many districts, procurement processes are shrouded in secrecy, leading to suspicions of favoritism and mismanagement.

Opaque Procurement Processes: The study found that over 60% of procurement contracts awarded by district local governments lacked transparency, with many contracts issued without public disclosure or competitive bidding. This lack of transparency fosters corruption, as contracts are frequently awarded to individuals or companies with political connections rather than to those offering the best value.

Inflated Costs and Substandard Work: Due to poor oversight and hidden procurement procedures, many projects suffer from cost inflation and substandard execution. UDN (2020) highlighted cases where district officials approved payments for incomplete or poorly executed projects, leading to financial losses and public dissatisfaction.

Delayed and Poor-Quality Service Delivery: Lack of transparency in procurement directly affects service delivery. Essential public services such as road construction, healthcare provision, and education infrastructure suffer due to misallocated or mismanaged funds. For instance, in 2019, several district projects in Uganda were abandoned despite receiving full funding, causing public outrage.

Impact on Public Trust: Citizens lose faith in the ability of their local governments to deliver services efficiently. UDN's (2020) survey revealed that only 38% of Ugandans trust their local governments to manage procurement processes fairly.

Erosion of Public Confidence in Local Governments: Citizens who experience delays or poor-quality services are likely to believe that their leaders are either incompetent or corrupt.

Loss of Investment and Development Opportunities: Businesses and development partners hesitate to engage with district governments that have a history of non-transparent procurement, reducing investment in critical infrastructure.

Increased Public Discontent and Protests: Persistent inefficiencies and lack of transparency can lead to protests, legal action, and increased demand for political accountability.

Inconsistent Enforcement of Financial Accountability Measures (Kiiza, 2021)

Kiiza (2021) investigates the role of financial accountability mechanisms in fostering trust in local governments. The study finds that while Uganda has several financial accountability laws, their enforcement is inconsistent, leading to weak governance and declining public trust.

Weak Oversight Institutions: Institutions tasked with ensuring financial accountability, such as the Inspectorate of Government (IGG), the Auditor General's Office, and the Public Accounts Committee (PAC), often lack the resources and political backing to effectively carry out their mandates (Kiiza, 2021).

Selective Enforcement of Financial Regulations: While financial mismanagement cases are regularly reported, enforcement actions tend to be politically motivated. High-ranking officials involved in financial scandals often escape punishment, while lower-level officers face penalties. This selective enforcement undermines the credibility of accountability institutions (Kiiza, 2021).

Delays in Investigations and Prosecutions: Many cases of financial mismanagement remain unresolved for years. For example, in 2018, the IGG identified over UGX 200 billion in mismanaged funds, yet by 2021, only 30% of the implicated cases had been prosecuted. Such delays contribute to the perception that financial accountability is not a priority.

Impact on Public Trust: Inconsistent enforcement of financial regulations makes citizens feel that their local governments operate with impunity. Kiiza's (2021) survey revealed that only 42% of Ugandans believe financial laws are enforced fairly and consistently.

Conclusion

Public trust in Uganda's local governments is significantly affected by perceived corruption in financial management (Oketch, 2018), lack of transparency in procurement and service delivery (Uganda Debt Network, 2020), and inconsistent enforcement of financial accountability measures (Kiiza, 2021). These factors contribute to widespread public skepticism about the integrity of district local governments, discouraging citizen participation, reducing tax compliance, and weakening government legitimacy.

2.2.2 Factors Influencing Financial Transparency in Uganda's District Local Governments

Several factors influence financial transparency in Uganda's local governments, including legal frameworks, political will, citizen participation, and technological advancements.

Legal and Institutional Frameworks

Uganda's financial transparency is governed by laws such as the Public Finance Management Act (2015) and the Local Government Act (1997) and (MoFPED, 2021). However, poor enforcement and lack of oversight undermine these frameworks (Kiiza, 2021).

Political Will and Leadership

Political leadership significantly impacts transparency. District leaders who prioritize transparency promote accountability, while politically motivated financial decisions contribute to mismanagement (Tumushabe, 2019).

Citizen Participation and Awareness

Public involvement in budget processes enhances transparency (Oketch, 2018). However, limited civic awareness and restricted access to financial information hinder citizen engagement (Uganda Debt Network, 2020).

Technology and E-Governance

Digital financial management systems, such as the Integrated Financial Management System (IFMS), have improved transparency in some districts (MoFPED, 2021). However, limited ICT infrastructure in rural areas constrains full implementation (Kiiza, 2021).

2.2.3 Strategies for Enhancing Financial Transparency and Public Trust

Strengthening Legal and Institutional Frameworks

Enhancing enforcement of existing financial laws through independent audit bodies (Agaba & Ssewanyana, 2021). Strengthening the mandate of the Inspectorate of Government (IGG) and Auditor General's Office to oversee financial compliance (MoFPED, 2021).

Enhancing Public Participation and Civic Engagement

Establishing participatory budgeting processes at the district level (Tumushabe, 2019). Conducting public awareness campaigns on financial rights and accountability (Uganda Debt Network, 2020).

Leveraging Technology for Financial Transparency

Expanding the use of electronic financial management systems (Kiiza, 2021). Strengthening online portals for public access to budget reports and procurement records (MoFPED, 2021).

Capacity Building for Local Government Officials

Training district finance officers on financial management best practices (Agaba & Ssewanyana, 2021). Implementing ethics and integrity training for local government officials (Khan, 2019).

Strengthening Anti-Corruption Measures

Establishing whistleblower protection mechanisms to report financial irregularities (Bukonya & Golooba-Mutebi, 2020). Enforcing strict penalties for financial mismanagement and corruption (Uganda Auditor General's Report, 2021).

Financial Transparency Practices and Fairness in Local Governments of Uganda

Fairness in local government finance relates to equitable distribution of resources, impartial allocation of services, and non-discriminatory decision-making (Fjeldstad et al., 2018). In Uganda, financial transparency practices such as publication of budget framework papers, participatory budgeting, and disclosure of local revenue enhance fairness by reducing elite capture of resources (Sabiiti, 2019). However, fairness is often undermined by corruption, nepotism, and political patronage, leading to unequal allocation of funds across districts (Nkurunziza & Kjaer, 2017). Research highlights that while transparency mechanisms like the Integrated Financial Management System (IFMS) have improved access to fiscal information, enforcement remains weak, allowing disparities in local service delivery (Auditor General, 2021).

Financial Transparency Practices and Integrity in Local Governments of Uganda

Integrity in financial management emphasizes ethical conduct, honesty, and resistance to corruption. Uganda has adopted various reforms, such as the Public Finance Management Act (2015), which mandates accountability and reporting mechanisms in local governments. Studies show that publishing audit reports and adopting e-procurement systems strengthen integrity by reducing opportunities for financial mismanagement (Tidemand & Ssewankambo, 2020). However,

weak enforcement of anti-corruption laws and political interference continue to undermine financial integrity at the local level (Transparency International Uganda, 2020). According to Muwanga (2019), integrity lapses often arise from collusion between local officials and contractors, leading to inflated procurement costs. Thus, while transparency measures exist, their effectiveness depends heavily on the institutional culture of integrity.

Financial Transparency Practices and Openness in Local Governments of Uganda

Openness entails proactive disclosure of financial information and meaningful stakeholder participation. Uganda's Decentralization Policy (1997) envisioned openness through participatory planning and fiscal decentralization. Mechanisms such as Barazas (community meetings) and publication of financial records on noticeboards have improved openness in some districts (Golooba-Mutebi, 2018). Nonetheless, empirical studies reveal limited citizen engagement in budget processes, with technical information often presented in inaccessible formats (Kakumba, 2021). Donor-supported initiatives, such as the Local Government Management and Service Delivery (LGMSD) program, encouraged openness but were inconsistently implemented (Francis & James, 2019). Consequently, transparency practices have increased visibility of local finances but not necessarily deepened citizen oversight.

Financial Transparency Practices and Responsiveness in Local Governments of Uganda

Responsiveness refers to how effectively local governments adapt financial decisions to community needs. Financial transparency practices, such as participatory budgeting and publication of expenditure reports, are intended to improve responsiveness by aligning local priorities with spending (Nabukeera, 2020). Studies indicate that districts with active budget conferences show higher alignment between citizen needs and service delivery (Kjaer & Katusiimeh, 2019). However, responsiveness is hampered by delays in central government transfers, poor capacity of local councils to interpret financial data, and weak feedback mechanisms (Fjeldstad & Heggstad, 2012). Therefore, while transparency frameworks exist, institutional weaknesses constrain their effectiveness in enhancing responsiveness.

Financial Transparency Practices and Reliability in Local Governments of Uganda

Reliability in financial management reflects consistency, predictability, and trustworthiness of fiscal practices. Uganda's adoption of IFMS and medium-term expenditure frameworks was aimed at improving the reliability of financial data and reporting (World Bank, 2017). Research shows that

reliable fiscal reporting enhances donor and citizen confidence in local governance (Sabiiti, 2019). Nonetheless, audit reports reveal recurrent issues of unaccounted funds, delayed financial statements, and irregular procurement practices (Auditor General, 2021). The mismatch between reported figures and actual service delivery outcomes further undermines reliability (Nkurunziza, 2020). While transparency mechanisms increase access to data, persistent governance gaps reduce the dependability of financial information at the local level.

The literature highlights that Uganda has established various financial transparency practices aimed at promoting fairness, integrity, openness, responsiveness, and reliability in local governments. While notable improvements have occurred through reforms such as IFMS, participatory budgeting, and mandatory disclosure of reports, challenges such as corruption, weak enforcement, political interference, and limited citizen capacity persist. These issues hinder the full realization of transparent, equitable, and accountable local governance in Uganda.

Conclusion

Financial transparency is a key determinant of public trust in Uganda's district local governments. Despite legal frameworks promoting transparency, challenges such as corruption, weak enforcement, and limited citizen engagement hinder progress. Strengthening institutional oversight, enhancing civic participation, leveraging technology, and enforcing anti-corruption measures are critical to improving financial transparency and restoring public trust in local governance.

2.3 Literature Summary and Gaps

The literature on financial transparency and public trust in Uganda suggests that while financial transparency reforms are ongoing, there are numerous barriers that prevent the full realization of their potential. These include issues such as political interference, insufficient capacity for enforcement, and limited citizen awareness. The recent scholarship indicates a growing interest in understanding the role of technology in enhancing transparency, as well as the need for greater citizen engagement and media independence.

There is limited research on the long-term effects of financial transparency reforms on public trust in Uganda, especially in local governance structures.

Future research should explore the long-term impact of recent reforms on public trust, investigate the role of civil society in holding government institutions accountable, and examine how citizens' engagement with digital platforms influences their trust in government.

More studies are needed on how digital literacy and access to technology impact the effectiveness of financial transparency initiatives in rural or low-income areas.

Future research could explore the role of civil society organizations and community-based monitoring in enhancing financial transparency and increasing public trust at the grassroots level.

2.4 Conclusion

Financial transparency plays a central role in fostering public trust in district local governments. Effective financial reporting, accessible financial information, credible audit processes, and participatory budgeting are all critical elements in building this trust. In Mityana District, while policies exist to promote transparency and accountability, practical challenges such as inconsistent reporting, limited information access, weak audit enforcement, and low civic engagement hinder progress.

Overall, the studies reviewed while rich with analyses on financial transparency in service delivery activities of local governments in Uganda, highlight a gap in knowledge on the extent to which public trust and the levels of confidence obtained as a consequence of active financial transparency or lack of it. Similarly, the contribution of decentralized authorities towards financial transparency in the performance of service delivery was profoundly reviewed, with many studies showing the technical, management, implementation and regulatory contributions of these authorities designed to ensure public trust for effective financial transparency operations. However, the specific ways in which such financial transparency implementation modes affects public trust was evidently missing in the literature. Equally important was the discussion in the literature on the factors that influence financial transparency and public trust within Uganda's decentralization policy (Uganda, 1997) for local governments. The absent linkage was both theoretical and contextual since the available studies hardly mentioned the changing nature of financial transparency challenges nor their institutional nature as well as how these reforms specifically affect public trust. There were scarcely any significantly relevant studies which solely addressed decentralized governments' policy interventions to boost the public trust within the context of the decentralization policy in Uganda.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section dealt with research design, area of study, study population, sample size, sampling procedure, research procedure, data collection and data analysis.

3.1 Research Design

This study adopted a correlational research design, using a mixed-methods approach to gather both qualitative and quantitative data. In concurrent mixed methods procedures (integrating both quantitative and qualitative research designs), the researcher thoroughly examined the study problem by combining quantitative and qualitative data (Creswell & Creswell, 2017). The qualitative method were used in carrying out in-depth interviews with key informants, while the quantitative method were used to obtain quantitative data from individual respondents like the Technical Staff, Councilors and the Local Citizens. With this design, the researcher simultaneously gathered both types of data and combined the information when interpreting the final findings.

3.2 Study Area

The study was carried out in Mityana District, in Central Uganda. It covered Mityana Municipal Council. Mityana Municipal Council was selected because it has of recent been reported that there is problem of inadequate financial transparency in Mityana District compounded by several factors such as persistent gap in the capacity of local government officials to implement financial management reforms effectively, and lack of sufficient training and resources to execute transparent financial processes (Muhumuza, 2018). The civil society organizations in the area were also concerned about the limited role of citizens in financial decision-making processes, such as budgeting and auditing, that further alienates the public, reducing the potential for transparency to build trust but they were only being approached to participate in the process of service delivery in the District (Uganda Auditor General. (2021). Secondly, the researcher had been involved in carrying out some training activities with the Local Government in question and was therefore

familiar with the LLG and some Local Authorities, which shall enable him to take fewer days during data collection exercise.

3.3 Study Population

The study utilized a population of 735 composed of members from both the elected and appointed municipal officials, members from the civil society organizations and the local citizens. Among the elected political officials who served as key informants are the Municipal Mayor, Division Chairpersons, Municipal and Division Speakers, Municipal Councilors and cell/local Council Chairpersons; while on the technical staff, the Town Clerks, Municipal Town Treasurer and Division treasurers, Town Agents and Principal Community Development Officer also were used as key informants in the study.

The other categories who were used as individual respondents from the elected officials are the councilors at the division level. The technical staff that were used as individual respondents were drawn from such sectors as Education, Health, Works, Production, Administration and Finance from the municipality. The other category were the local citizens who were selected from the selected Wards and villages/cells.

3.4 Sampling and Selection

The researcher used two sampling techniques in the selection of the study sample; purposive sampling and simple random sampling techniques. Purposive sampling was used in the selection of Key Informants due to the assumption that they are the ones with the most reliable and representative information by virtue of their positions they hold in the Municipality. The individual technical staff were selected using simple random sampling. The names of all the technical staff in their respective sectors were written on small pieces of papers, folded and put in a small box. The box was shaken and picked at random one paper after another until the required sample was realized.

The selection of the councilors was done using Simple random sampling. The names of all the councilors in their respective local governments were written on small pieces of papers, folded and put in a small box. The box was shaken and picked at random one paper after another until the required number of local councilors was realized to make the study sample.

The selection of the respondents from the local population was done using Simple random sampling. The names of respondents from the selected 17 wards and 90 villages respectively were written down on small pieces of paper and placed in a box. The box was shaken after every picking a respondent until the required number of 247s respondents was realized.

3.4.1 Sample Size

The researcher used Yamane's (1967) Formula as below.

$$n = \frac{N}{1 + Ne^2} \dots\dots\dots(2)$$

Where n is sample size, N=Population and e is the level of precision and N is 735 while n is 259

Yamane's (1967) provides a simplified formula for a finite population. This formula only considers the population size and the desired level of precision.

Therefore, basing on the above, the researcher used a study population of 735 and a sample size of 259 respondents, of which 12 were key informants comprising of the Town Clerk, Municipal Treasurer and Mayor. The other category included 30 technical staff drawn from such sectors as Education, Health, Works, Production, Administration and Finance. Another 85 respondents were political leaders from Municipal council and the 3 divisions, 8 of them were from civil society organizations, while 124 were from the local population from the area of study.

Table 1: Type and Number of Respondents who were selected for the Study

Level of Governance	Key Informants	Technical Staff	Councilors	Civil society	Local citizens	Total
Municipal	3	12	34	8	0	57
Division	9	18	34	0	34	95
Wards and villages	0	0	17	0	90	107
TOTAL	12	30	85	8	124	259

Source: Researcher's analysis.

3.5 Sampling Techniques

Table 2: Distribution of Respondents by sampling technique.

Governance Level	Key Informants	Technical staff	Councilors	Civil Society	Local Citizens	Total
Municipal	3	12	34	8	0	57
Division	9	18	34	0	34	95
Wards and Villages	0	0	17	0	90	58
TOTAL	12	30	85	8	124	259
Selection Technique	Purposive	Simple random	Simple random	Purposive	Simple random	

3.7 Data Sources

The data used was gathered from both primary (questionnaires) and secondary sources such as already published journals and document review.

3.8 Data Collection Methods

The methods used in data collection included a survey questionnaire and an interview guide. While the survey questionnaire was designed to collect quantitative data, the interview guide facilitated the collection of qualitative data mainly as a way of validating data collected from the survey since by their positions, they are supposed to have extra insightful information on the relationship between financial transparency and public trust.

3.8.1 Questionnaire

The researcher prepared a set of questions, which were administered to the councilors, technical staff and the local people to obtain quantitative data. This was mainly for the purpose of obtaining quantitative data to measure the interface between financial transparency practices and public trust in financial management within the framework of the decentralization policy in the country. The

questions were close-ended in order to capture quantified data about the existing situation of financial transparency and Public trust in their local government. Organized in sections corresponding to the specific objectives of the study, the questionnaire was administered to randomly selected respondents because most of them were literate and capable of addressing the items in the questionnaire. Besides that, it also took less time to have the questionnaire filled than the researcher interviewing every respondent at different times. Where respondents were unable to fill the questionnaire especially the local citizens due to low levels of education, assistance was provided to such respondents by issuing them with survey questionnaires translated into Luganda, the local language in the study area.

3.8.2 In-Depth Interview guide

The study utilized an interview guide to collect data from the key informants who included the selected political leaders, technical staff and civil society organizations' staff. The guide contained open ended questions that provided room for probing. This was done systematically using a checklist with selected indicators of financial transparency practices and public trust in financial management to inform the study. The tool was presumed preferable because it enabled the study to probe deeply to obtain information related to the respondents' opinions and understanding of the financial transparency process in the district as related to public trust issues and overall performance in service delivery. Besides that, these key informants were presumed to be very busy people who could not easily secure time to fill the research instruments within the required time. This in essence made the researcher to obtain the required information on time and by its nature, a far more experiential and focused people's feeling and views were obtained in relation to financial transparency practices and public trust in financial management.

3.9 Quality Control (Content validity and reliability)

The questionnaire was presented to elected and appointed officials from Mityana Municipal Local Government. Guidance of these officials was sought regarding clarity of questions, general questionnaire layout and on whether the questionnaire covered the problem areas stated in the objectives. The redundant, double-barreled and irrelevant questions were edited out from the questionnaire. Layout formatting was improved upon and later subjected for real data collection.

The questionnaire was tested to determine its degree of consistency or reliability. This involved testing and re-testing the instruments on 10 councilors, 10 technical staff and 8 local citizens from Mityana Municipality. A two-week interval for the re-test was given between the two tests. The

two-week interval for the re-test was considered the most appropriate for avoiding memory-recall effects (Bell, 1997).

Respondents were encouraged to be as objective as possible in their responses and were assured of the confidentiality of the information they were asked to provide. A reliability coefficient correlation between the two administrations of the tests was computed to determine the extent to which individuals maintained the same relative position. The reliability coefficient obtained was between 0.7 and 1.0, was considered consistent or reliable in accordance with Davies (1971) scale which regards a correlation coefficient of between 0.7 and 1.0 as “very strong”.

3.10 RELIABILITY AND VALIDITY TEST FOR THE STUDY

3.10.1 Reliability Test

Reliability refers to the consistency of the measurement instrument. It ensures that the scale produces stable and consistent results over time and across various items. Since the Likert scale is used to measure attitudes towards financial transparency and public trust, the study tested the internal consistency of the scale using Cronbach's Alpha coefficient

Interpretation of Cronbach's Alpha:

- 0.9 and above: Excellent reliability.
- 0.8 to 0.9: Good reliability.
- 0.7 to 0.8: Acceptable reliability.
- Below 0.7: May indicate poor reliability, and the scale should be revised.

3.10.2 Validity Test

Validity refers to the extent to which the instrument measures what it is supposed to measure. In this case, the Likert scale should accurately measure financial transparency and public trust.

3.10.3 Validity Testing:

Content Validity: After developing the questionnaire, it will be presented to a panel of experts such as scholars in public administration, experts in financial transparency among others to assess whether the items comprehensively cover the key concepts.

3.10.4 Reliability Test Results

Once data collection is complete and Cronbach's Alpha is calculated, the results shall be summarized as follows (hypothetical values for illustration):

Variable	Cronbach's Alpha
Financial transparency	0.85
Public trust	0.82
Factors influencing financial transparency	0.88

Interpretation: The Cronbach's Alpha values indicate that the survey instrument has good to excellent reliability. All values are above the acceptable threshold of 0.7, suggesting that the items are internally consistent and reliable.

3.10.5 Validity Test Results

Content Validity: After reviewing the instrument by a panel of experts, it will be determined if the survey items adequately cover all the dimensions of financial transparency and public trust.

Conclusion

The study demonstrates that the Likert scale survey used to assess financial transparency and public trust in Mityana District Local Government was both reliable and valid. Future research may focus on longitudinal studies to assess changes in trust and transparency over time and the impact of specific interventions or strategies aimed at enhancing government accountability.

3.11 Data Processing, Management and Analysis

The data collected was coded, edited and analyzed using qualitative and quantitative methods. The qualitative data was edited, organized according to the existing themes and analyzed by content. The pieces of information were put into groups of similar information in order to generate themes. The respondents' opinions were sub-divided and integrated into the report.

3.11.1 Qualitative Data Analysis

Data collected from key informant interview was cleaned, transcribed from the notebook and by playing the recording. The transcribed text and written notes were read several times to clear any ambiguity. They were then analysed using thematic and narrative analysis as explained by Shaughnessy, Zechmeister and Jeanne (2011). Using thematic analysis, themes related to financial transparency and Public trust were developed out of the responses provided in a repetitive manner. The developed themes were categorised according to the variables of the study and coded to facilitate their counting and translation into a tabulated frequency distribution (Saldana, 2015). Using narrative analysis, responses given once and in a rich form were transcribed and inserted directly into the text with minor editing where necessary.

3.11.2 Quantitative Data Analysis

The quantitative data was analyzed using Excel and a computer package called the Statistical Package for Social Scientists (SPSS). Frequencies and percentages were obtained and the results were presented in form of tables and graphs for better interpretation and discussion. A bivariate level of analysis was adopted to find out the effect of the data obtained.

3.12 Ethical Considerations

The researcher observed a number of elements designed to help meet ethics in empirical research. These comprised of seeking the guidance of the assigned supervisor to ensure that the proposal was written in the ethical manner recommended by Uganda Christian University Ethics Board. After having the proposal approved, further effort was made to seek approval and permission, informed consent of the respondents (first approved by the review board of the university) and making it known to respondents that their participation was voluntary (Creswell, 2007). Ethical clearance was sought from Uganda Christian University and permission of access to employees was obtained from Mityana Municipal Council. Permission to access to stakeholder respondents was sought from the chairpersons of Local Council Is (LCIs) located in Mityana Municipality.

3.14 Methodological Constraints

Several weaknesses manifested to affect the general conduct of this study. First, the disadvantages associated with self-report methods of data collection affect the study. Social desirability, where

subjects answered questions in ways that they believe is socially acceptable rather than in ways that is consistent with their true beliefs and feelings, is one such weakness.

Secondly, the researcher experienced a problem of accessing some respondents' especially the councilors who don't have offices at the Local Government Headquarters. The researcher solved such constraint by targeting them at a time when they had meetings at the municipal and division headquarters while some were called by telephone to fix appointments at an appropriate time.

Lastly, the researcher experienced a money related problem where some respondents were expecting to be paid in order to provide the required data. This was common among the councilors who were part of the study sample. The researcher overcame this constraint by sensitizing them and assuring them that the exercise isn't money related venture but purely academic.

CHAPTER FOUR

PRESENTATION OF FINDINGS AND ANALYSIS

4.1 Introduction

This chapter presents the results of the study and their interpretation under the guidance of the stated themes, which were created out of the objectives of the study. These include to assess the relationship between the quality and frequency of financial reporting and public trust in financial management in Mityana District Local Government, to examine effect of access to financial information on public trust in financial management in Mityana District Local Government, to assess the influence of the quality of the audit process on public trust in financial management Mityana District Local Government and to investigate the relationship between citizen participation in the budgeting process and public trust in financial management in Mityana District Local Government.

4.2 Sample characteristics

The sample characteristics that were considered relevant for the study were gender, age, highest level of education, occupation/title/role, and contextual understanding of financial transparency in local government operations. It is important to note that where the characteristics were similar for both local citizens, and Political and civil servants' respondents, results obtained were presented together in order to avoid repetition. The results obtained about the demographic characteristics of respondents are presented in Table 3 below.

Table 3: Demographic characteristics on financial transparency and public trust in financial management.

Characteristics	Local citizens Frequency (%)	Political & Civil Servants Frequency (%)
Gender		
Female	67 (54%)	25 (22%)
Male	57 (46%)	90 (78%)
Age range		
Below 18	0	0
18 – 30 years	16 (13%)	0

31 – 45 years	71 (57%)	92 (80%)
46 – 60 years	23 (19%)	23 (20%)
60+ years	14 (11 %)	0
Years of experience in service		
Category	Key informants	Other Technical staff and politicians
Less than 2 years	0	0
2-5 years	0	8 (7%)
6-10 years	3 (20%)	85 (69%)
Over 10 years	9 (80%)	30 (24%)

Source: Field Research Data, 2025.

The study considered gender as shown in table 3 above of the respondents as important. The importance of this aspect of the study was associated with the need to analyze whether the study is applicable to respondents of both sexes who are primary beneficiaries of financial transparency and public trust under study area. The findings of the study revealed that 54% and 22% of the respondents were female comprising of both the Local citizens and civil servants and political leaders respectively while 46% and 78% were male for both for the local and civil servants respectively. Majority of the respondents under key informants had work experience of over 10 years represented with 80% while other political and technical staff were between 6 to years represented by 69%.

4.3 Analysis of the relationship between financial transparency practices and public trust in financial management using Pearson's correlations

```
> print(cor_matrix)
```

	Financial_Reporting	Access_Info	Audit_Process	Budget_Participation
Financial_Reporting	1.00000000	0.03711619	0.5989092	0.6164160
Access_Info	0.03711619	1.00000000	0.2328229	0.2948556
Audit_Process	0.59890922	0.23282290	1.00000000	0.7139573
Budget_Participation	0.61641603	0.29485556	0.7139573	1.00000000
Trust	0.60940763	0.26878933	0.8168507	0.5434146

	Trust
Financial_Reporting	0.6094076
Access_Info	0.2687893
Audit_Process	0.8168507
Budget_Participation	0.5434146
Trust	1.0000000

4.3.1. Key Findings from the Correlation Matrix

Predictor	Correlation with Trust	Interpretation
Financial Reporting	0.61	Strong positive relationship: better quality reports /frequency of reports is linked to higher public trust.
Access to Information	0.27	Weak to moderate positive relationship: easier access to information has some effect, but smaller than other factors.
Audit Process	0.82	Very strong positive relationship: quality of the audit process appears to be the strongest driver of public trust.
Budget Participation	0.54	Moderate to strong positive relationship: citizen involvement in budgeting significantly relates to trust.

- From the findings above, Audit process ($r = 0.82$) is perceived as the strongest predictor in the study meaning when citizens perceive audits as independent and transparent, their trust rises most.
- Also to note is the Financial reporting ($r = 0.61$) as a construct for financial transparency practices in financial management has a substantial impact on Public trust in financial management.
- Budget participation ($r = 0.54$) was reported being important predictor but slightly less influential than reporting and audits.
- Access to information ($r = 0.27$) is still positively related but much weaker possibly indicating that access alone is not enough unless quality/audit mechanisms are strong to influence financial transparency practices and public trust in financial management.

Regression analysis of the study.

```
Call:
lm(formula = Trust ~ Financial_Reporting + Access_Info + Audit_Process +
    Budget_Participation, data = data)

Residuals:
    Min       1Q   Median       3Q      Max
-0.31991 -0.16899 -0.03051  0.16961  0.46954

Coefficients:
              Estimate Std. Error t value Pr(>|t|)
(Intercept)    1.06335    0.22054   4.822 4.60e-06 ***
Financial_Reporting  0.22992    0.05680   4.048 9.63e-05 ***
Access_Info      0.07140    0.02681   2.663  0.00891 **
Audit_Process    0.62146    0.06024  10.316 < 2e-16 ***
Budget_Participation -0.12934    0.04528  -2.856  0.00513 **
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
```

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.2236 on 110 degrees of freedom

Multiple R-squared: 0.7208, Adjusted R-squared: 0.7106

F-statistic: 70.98 on 4 and 110 DF, p-value: < 2.2e-16

Explanation of the above:

Multiple R-squared = 0.7208: the predictors in the study explains 72.1% of the variation in public trust meaning a strong relationship between financial transparency practices of financial reporting, access to information, audit process and budget participation process by local citizens and public trust in financial management.

The Adjusted R-squared is presented by 0.7106 implying that all the tested analysed constructs of financial transparency practices have a strong relation on influence of public trust in financial management which is towards 1 and over 70%.

From the analysis, the study findings indicate an F-statistic (70.98, $p < 2.2e-16$) implying the model is highly significant overall which is to the effect that the four predictors (Financial reporting, access to information, audit process and budget participation process by local citizens jointly have a statistically significant effect on trust.

Statistical Analysis on Coefficients (Effect of Each Predictor)

Predictor	Estimate (β)	p-value	Interpretation
Intercept	1.063	<0.001	Baseline trust level when all predictors = 0 (not very interpretable on its own but shows positive starting point).
Financial Reporting	0.230	<0.001	There is a significant positive effect as observed for every 1-point increase in financial reporting score, trust increases by 0.23 (holding others constant).
Access to Information	0.071	0.009	There is a small but significant positive effect implying better access to information is linked to slightly higher public trust in financial management.
Audit Process	0.621	<0.001	There is a largest positive effect associated with audit process in which every 1-point increase in audit process score leads to 0.62-point increase in trust thus confirming that audit quality is the strongest predictor.
Budget Participation	-0.129	0.005	There is a negative and significant relationship whereby surprisingly, greater budget participation is associated with slightly lower trust when other factors are controlled. This might suggest dissatisfaction with how participation is handled (e.g., people are consulted but decisions don't reflect their input).

From the findings above, Audit process ($r=0.82$) indicates that Audit process exhibits the strongest association with public trust. Strengthening independent audits could yield the greatest boost in public trust.

Budget participation ($r=0.54$) was reported being an important predictor but slightly less influential than reporting and audit. Note, budget participation; correlation is positive $r=0.54$, but regression shows negative effect ($\beta = -0.129$). This is due to multicollinearity-related effect. Although citizen participation in budgeting shows a positive bivariate relationship with public trust, its negative coefficient in the multivariate model suggests that when other transparent mechanisms such as particularly audit quality and financial

reporting are controlled for, participation may expose inefficiencies or unmet expectations, thereby reducing trust

Financial reporting quality also plays an important role. Budget participation's negative coefficient is counterintuitive which could indicate frustrations or tokenism in citizen participation. Worth exploring qualitatively. Overall model is strong, explaining over 70% of trust variability, which is very good for social research.

Conclusively, the study findings,

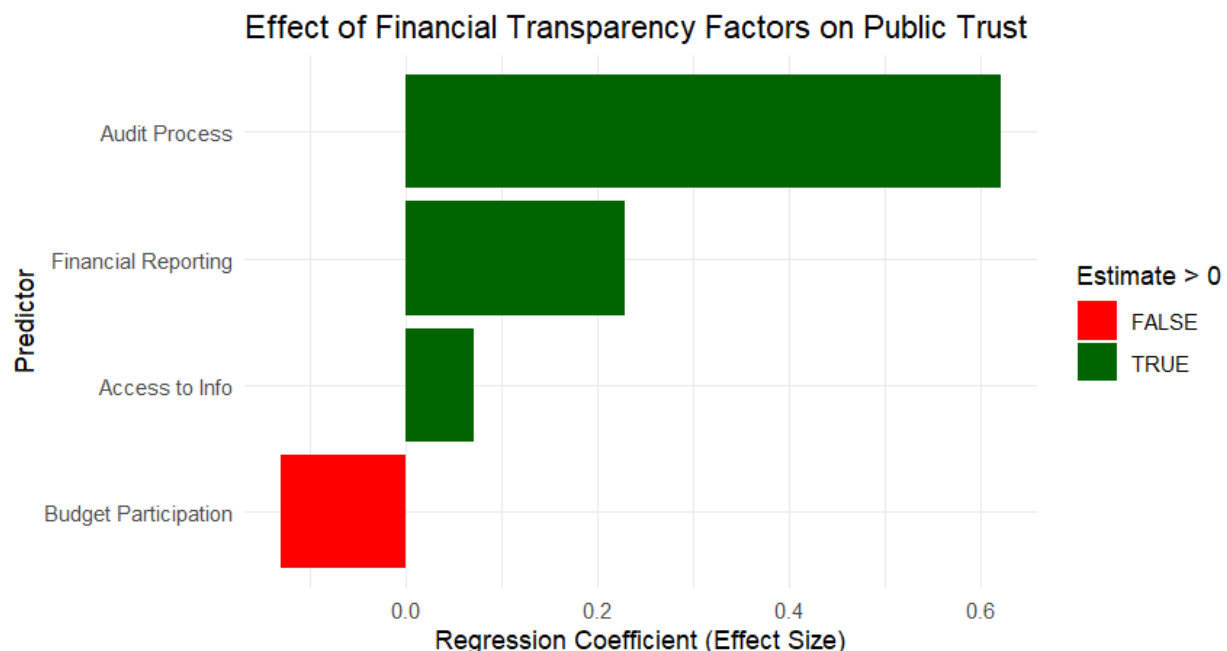
Emphasize that audit independence and transparency are critical for public trust (largest B).

Shows that financial reporting and access to information significantly contribute to public trust, hence supporting the first two objectives.

Also portray that negative budget participation result perhaps in focus groups or interviews, explore whether citizens feel their contributions are ignored or misused.

Also Highlights that the model explains over 70% of the trust variance, indicating a very healthy set of predictors.

Graphic interpretation of the above findings is as below.



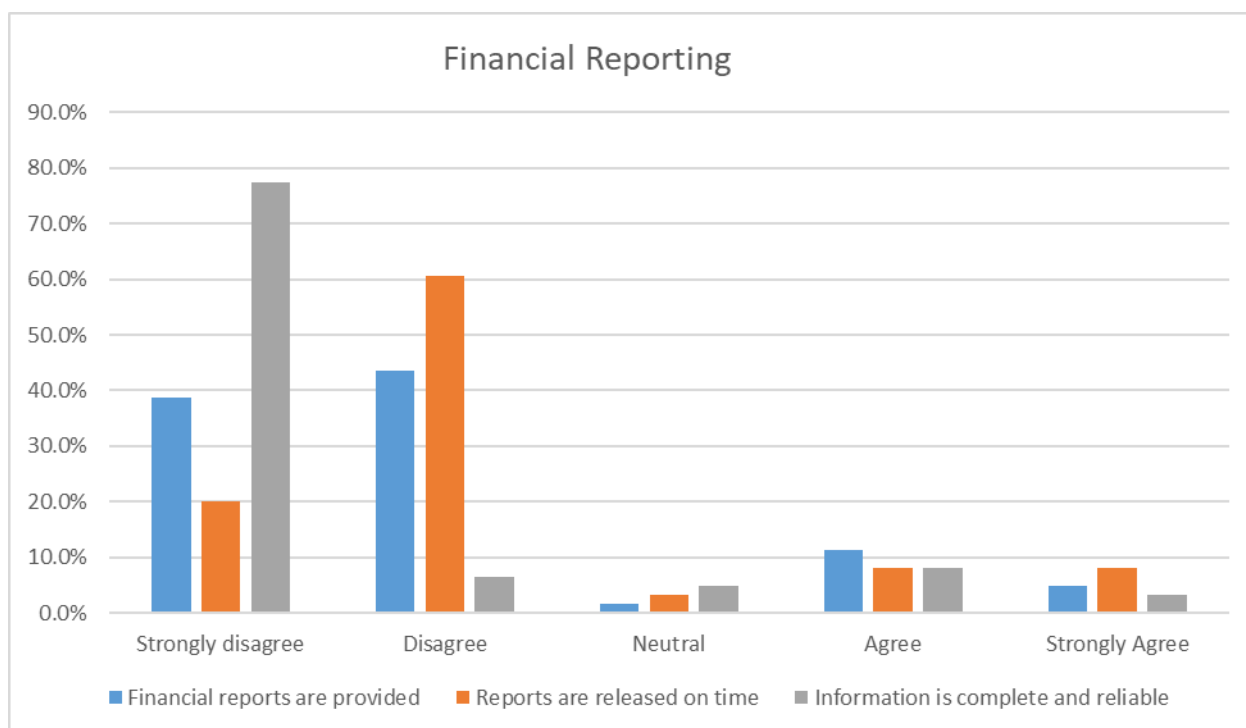
4.4 The relationship between the quality and frequency of financial reporting and public trust in financial management.

Financial transparency and public trust in financial management is a vital aspect in the study in order to have a deeper insight of the level of stakeholder involvement, quality of financial reporting and frequency, access and understanding of financial reports, understanding of audit process, budgeting process transparency measures and accountability financial transparency practices, openness, integrity, responsiveness and reliability in relation to public trust in financial management in Mityana DLG.

4.4.1. Financial reporting.

The study picked interest in getting to the district provides regular financial reports, reports are released on time and the reliability and completeness of the information in the financial reports and the findings are as given below. This area was important since it indicated responses in regard to stakeholder understanding of financial transparency and public trust in Local governments.

Figure 1: Shows responses from local citizens about their understanding of financial reporting in Mityana Municipality.



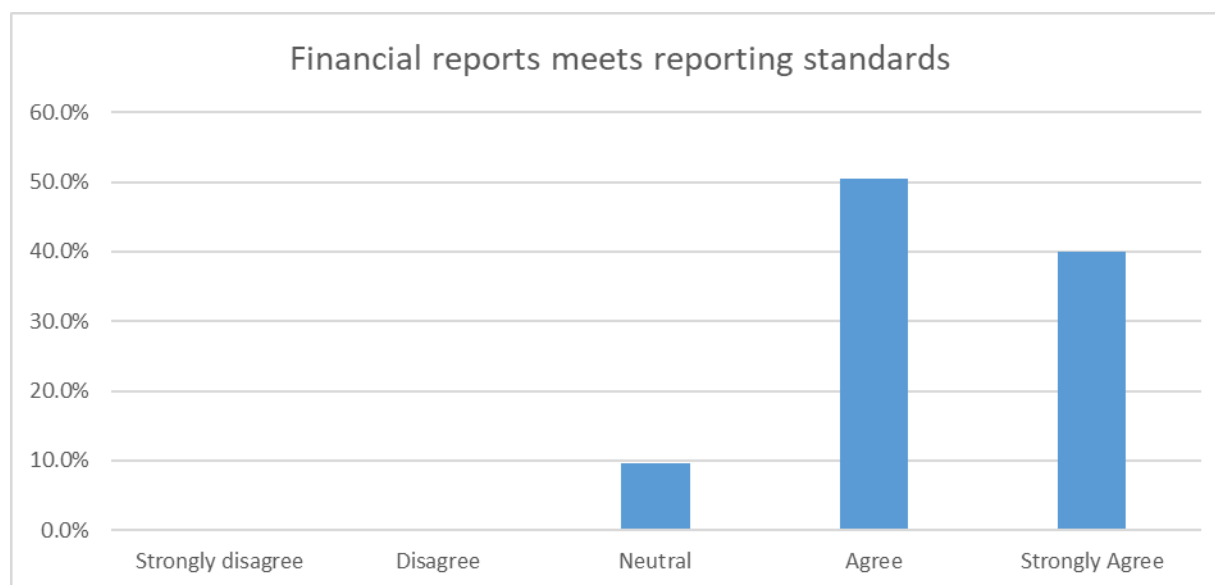
Source: Primary Data, 2025.

From the figure 1 above, majority of the responses indicated a strong disagreement on the completeness and reliability of information in reports and a strong disagreement on reports being released on time indicated by 78% and 60% respectively. There was less agreement on responses in regard to provision of financial reports, timely release of financial reports and clarity of the information in the reports all witnessed by a percentage below 10%.

4.4.2. Financial reports meeting reporting standards

Another area of interest by the study was the interrogation to find out whether the financial reports produced by the Local Government meets the approved standards and procedures of operations and the findings were as below. This was deemed vital since financial reports should align with statutory requirements as enshrined in the Public finance management act 2015.

Figure 2: Shows responses on financial reporting standards.



Source: Primary Data, 2025.

From figure 2 above, responses obtained by the study from the field indicated an agreement that reports adhere to the required reporting standards indicated with 50% and 40% for those that strongly agree. However, no response was obtained on strongly disagree and disagree implying a strong agreement for the variable under study.

4.5. The effect of access to financial information on public trust in financial management in Mityana District Local Government.

4.5.1. Access and understanding of financial reports.

The study was envisaged around accessibility and understanding of financial reports that are produced by the local government. This was deemed necessary in order to assess whether the public

know where to find the reports, reports are produced in a clearly understood manner and whether staff understand and can explain to communities the information contained in the reports. The study obtained results from 22 categories of respondents as given below.

Table 4: Showing responses regarding access and understanding of financial reports by respondents.

response	Local Citizens			Political and Technical staff		
	People know where to find reports	Financial reports easy to understand	Community meetings explain financial matters clearly	Mechanisms exists for availability of financial reports by citizens	Reports are presented in simple format and understood by non-technical	Staff receive adequate training to disseminate financial reports easily.
Strongly disagree	38.7%	21.8%	60.5%	0.0%	0.0%	0.0%
Disagree	1.6%	1.6%	3.2%	10.4%	20.0%	10.4%
Neutral	11.3%	68.5%	21.8%	10.4%	20.0%	20.0%
Agree	31.5%	4.8%	14.5%	48.7%	20.0%	48.7%
Strongly Agree	16.9%	3.2%	0.0%	30.4%	40.0%	20.9%

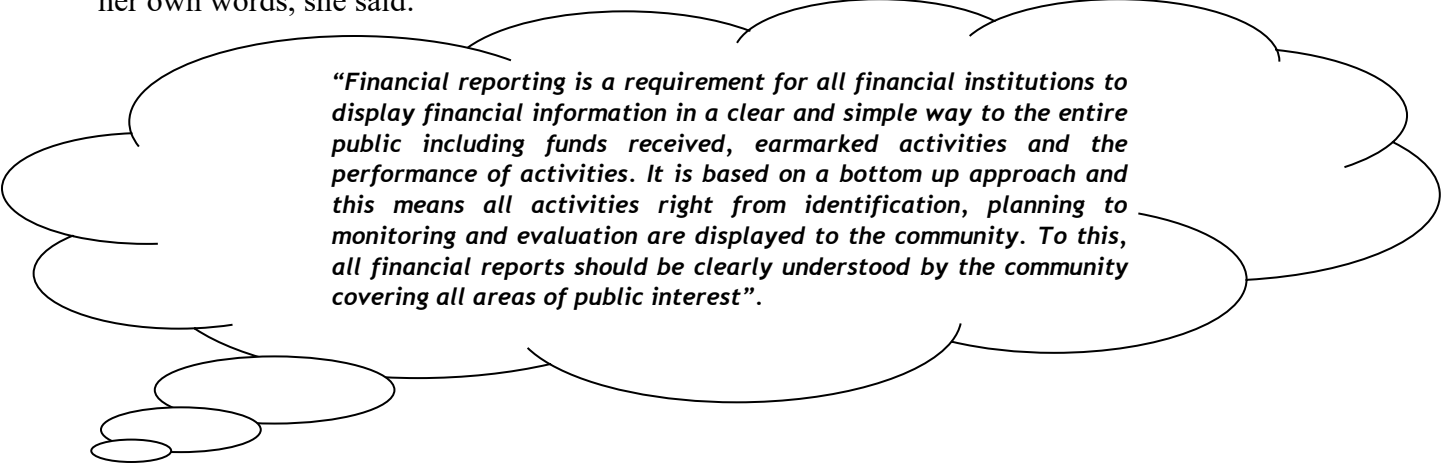
Source: Primary Data, 2025.

From table 4 above, there was a disagreement by the local citizens about the accessibility and understanding of financial reports reflected by 60.5%, 38.7% and 21.8% followed by a neutral response indicated by 68.5%, 21.8% and 11.3%. the level of agreement on access and understanding of financial reports by local citizens was low evidenced by 31.5%, 4.8% and 14.5% for agree and strongly agree stood at 16.9%, 3.2% and 0.0%. responses obtained from the political and technical staff indicated an agreement with 48.7%, 20% and 48.7% followed by strongly agree with 30.4%, 40% and 20.9% and no response was obtained from strongly disagree.

From the key informants, a strongly agree response was obtained with 78% and agree stood at 22% and no response was obtained from other areas of responses that is neutral, disagree and strongly disagree.

In addition, the Municipal treasurer among the selected key informants revealed that financial reporting quality and frequency, budgeting and planning and financial releases display activities were mainly conducted in a transparent manner and report dissemination in a community driven led

approach at all public notice boards in the municipality. This was in response to a question about comprehensiveness of financial reports: How comprehensive do you think the financial reports of Mityana Municipality are in terms of providing detailed information on the use of public funds. In her own words, she said:



“Financial reporting is a requirement for all financial institutions to display financial information in a clear and simple way to the entire public including funds received, earmarked activities and the performance of activities. It is based on a bottom up approach and this means all activities right from identification, planning to monitoring and evaluation are displayed to the community. To this, all financial reports should be clearly understood by the community covering all areas of public interest”.

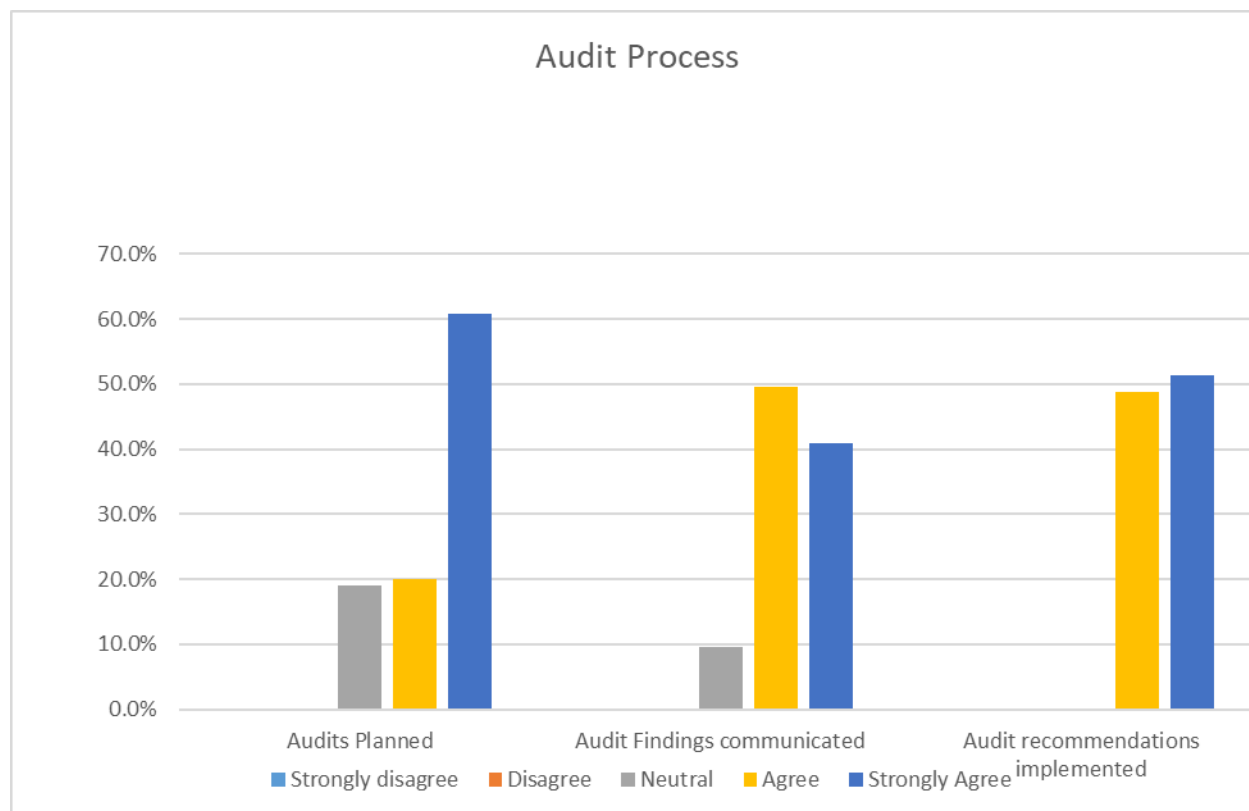
It was also reported by the municipal mayor as one of the key informants that still community lack awareness on how and where to access the information and highlighted the issue of language barrier as a challenge that citizens face and he was quoted saying *“majority of the population is illiterate and these reports even if they are available, they come in english and figures which makes most of the local citizens including some councilors not to understand them”*

4.6. The quality of the audit process on public trust in financial management Mityana District Local Government.

4.6.1 The audit Process

The study further interrogated the area of audit process by critically examining how audits are done and by who, dissemination of audit findings and implementation of the recommendations. The responses obtained by the study are as below.

Figure 3: Shows the responses obtained on understanding of audit process in local governments



Source: Field Data (2025).

From figure 3 above, it was observed that there was a strong agreement on the responses being implementation of audit recommendations, dissemination of audit findings and planning of audit activities presented with 52%, 41% and 61% respectively followed by an agree response for all questions with 48%, 49% and 20%. There was less responses on neutral and no observation obtained on disagree and strongly disagree.

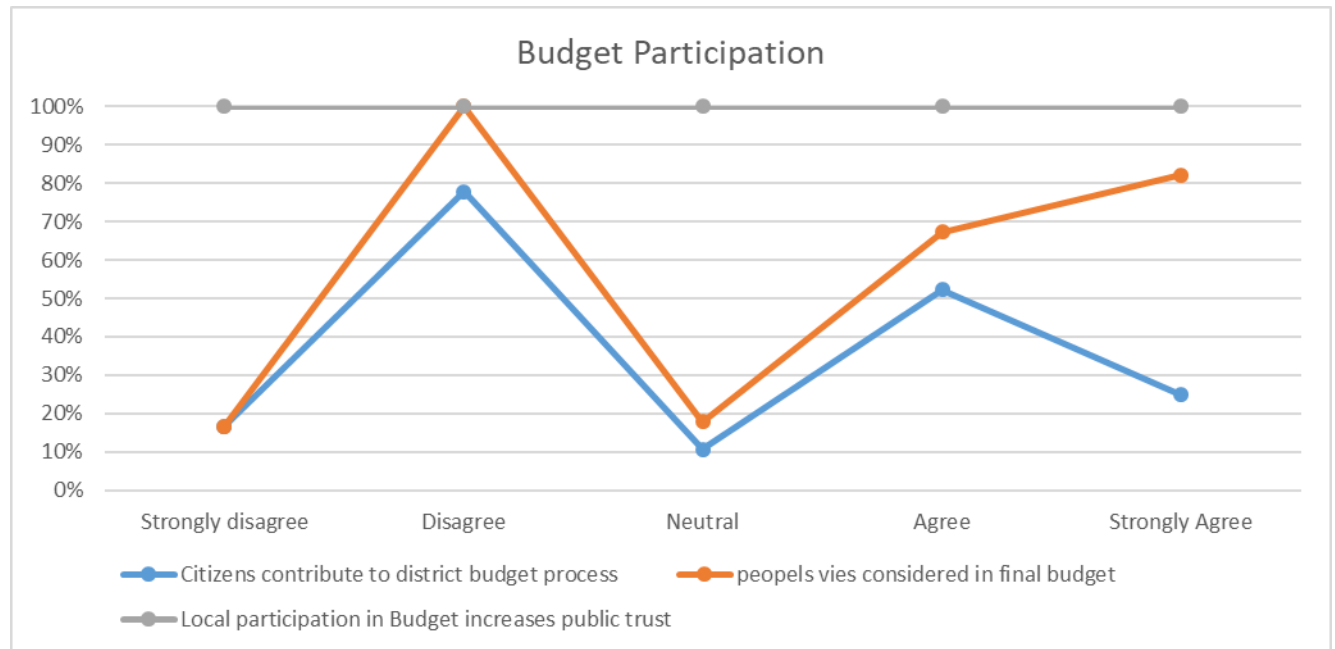
A response obtained from key response indicated that if audit findings can be clearly understood by the public and the status of implementation of findings done, it may increase the potential of tax payers since it creates assurance on the operations of the entity and this was from the Principal Internal auditor who in his words said “*disseminating the audit findings and making them public can increase the level of public trust if some of the information that the public believes is honest, independent and accurate is included such as findings by the auditor general disseminated to council meetings or politicians*”.

4.7. The relationship between citizen participation in the budgeting process and public trust in financial management in Mityana District Local Government

4.7.1. Budget participation:

The area of budgeting process was another aspect that the study intended to investigate and it contained issues to do with involvement in budgeting process, views considered for budgeting, and effects of citizen participation and public trust. The findings of the study are as below.

Figure 4: Shows responses by local citizens on budget participation and effect on public trust.



Source: Primary Data, 2025.

From figure 4 above, majority of the responses attributed an increase in public trust on local participation in budgeting process with a strong agreement on people's views being considered in the final budget and a fair agreement on citizen's contribution towards district budget process.

The study further got responses obtained from key informants under thematic reviews as being council and committees sittings increases opportunities for citizen participation in budgeting, openness in budgeting process is through community barazas and budget conferences with barriers to citizen participation in budgeting majoring in selective methods for members to attend the budget conferences and barazas whereby not all citizens are invited and less attend the village meetings. One respondent as a key informant was quoted saying *“village planning meetings ate only attended by women and non-working class leaving out concerns for the elite class and me. When it comes to Municipal budget conferences, only politicians are invited and the local citizens never attend such meeting and this is the biggest challenge so they end up criminalizing politicians as b not being transparent and connive with technical to misuse government funds”*

4.7.2. Overall public trust in local government

The study also dug into issues of public trust by examining the transparency measures to strengthen public trust, actionable measures taken for staff mismanagement, how financial transparency improves trust and the perception of government transparency in Mityana municipality. The findings to this are as below.

Figure 5: Responses on accountability and Public Trust



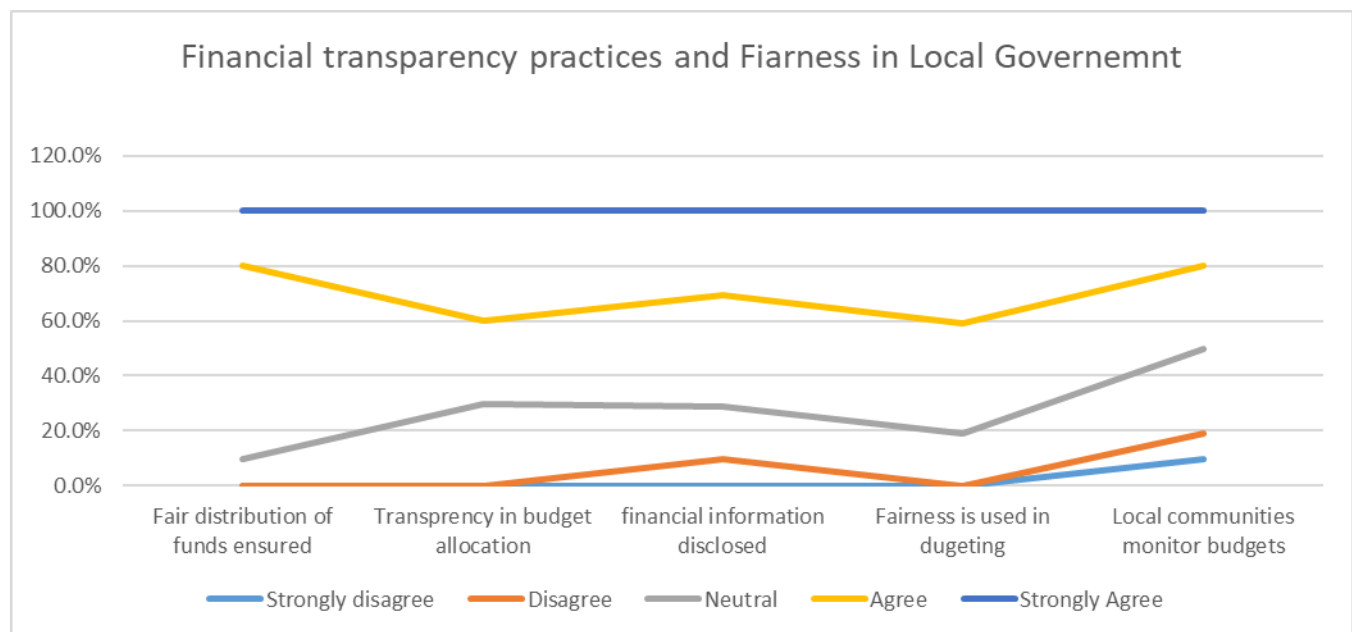
Source: Field Data, 2025.

From figure 5 above, most of the responses indicated a strongly agree responses on transparency mechanisms increases public trust and actions against staff financial mismanagement availability improves confidence of local citizens and public trust in financial management in the local government indicated by 58% and those that agree are represented with 39% and 28% respectively. There was a minimal response on neutral and no observation was made on disagree and strongly disagree.

4.8 Financial transparency practices and fairness in Local government.

The study found it important to examine this area with a focus on impact on financial transparency, transparency in budget allocation, prioritization of fairness when allocating resources and how the lack of financial transparency has hindered fairness in local governments. The finds to this study are as here below.

Figure 6: Shows responses on financial transparency practices and fairness in Local Governments.



Source: Field Data, 2025.

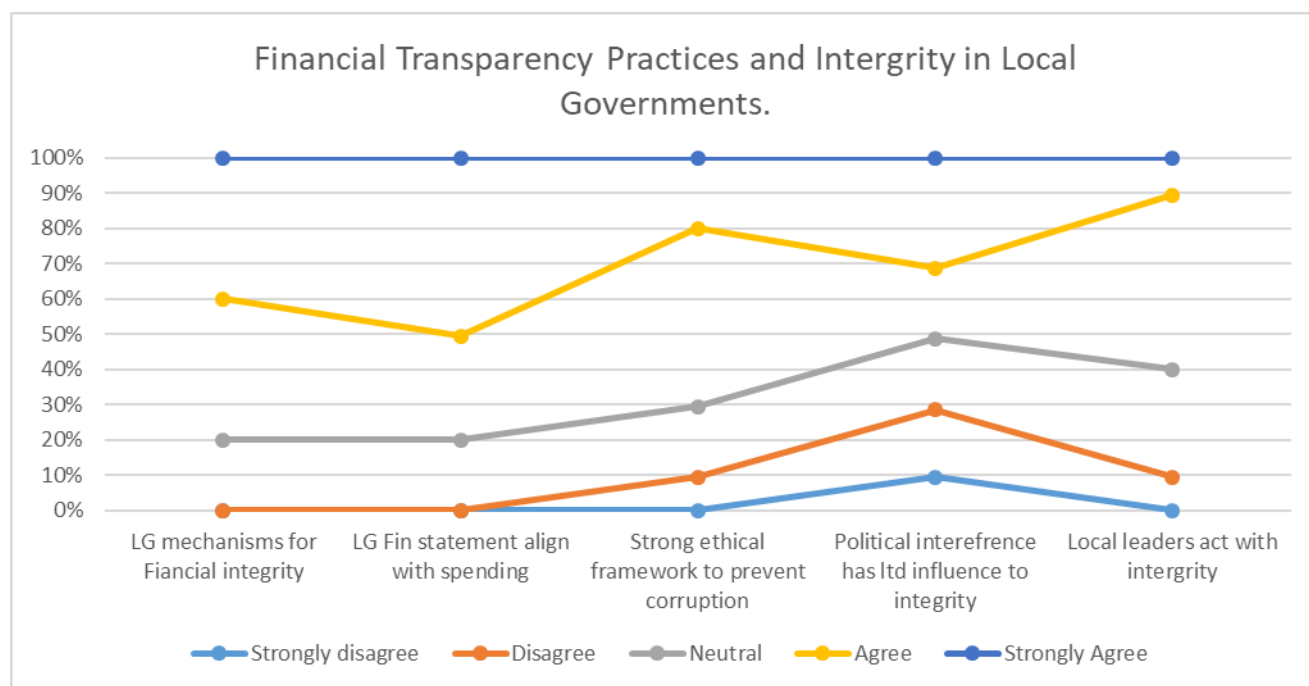
From figure 6 above, most responses indicated a strongly agree with 100% that financial transparency practices impact on fairness in financial management in local government manifested through fair distribution of funds, transparency in budget allocation, disclosure of financial information, fairness in budgeting and monitoring of budget execution by local communities. Similarly, responses in regard to agree were evident on all responses with 80%, 60%, 70%, 60%, and 80% respectively. Minimal occurrences were obtained on neutral with fewer cases on disagree while no response was obtained on strongly disagree.

Responses obtained from key informants indicated funds not equitably allocated across different sectors and this hinder fairness and one key respondent in his words said *“if people are not aware of the available finances, they cannot advocate for their own share for the funds and services. It should be noted that financial transparency acts as a motivating factor in paying revenue and there is a challenge in allocating funds fairly due to un equal collections and others have low tax base”*

4.9. Financial transparency practices and integrity in local governments

The study also rotated around areas of financial transparency practices and integrity in local governments with specific interest on areas of mechanisms for ensuring financial integrity, ethical framework availability to promote integrity, political influence on integrity and local leader's actions being manifested in integrity confines. The findings of the study are as below.

Figure 7: Shows responses of financial transparency practices and integrity in local governments.



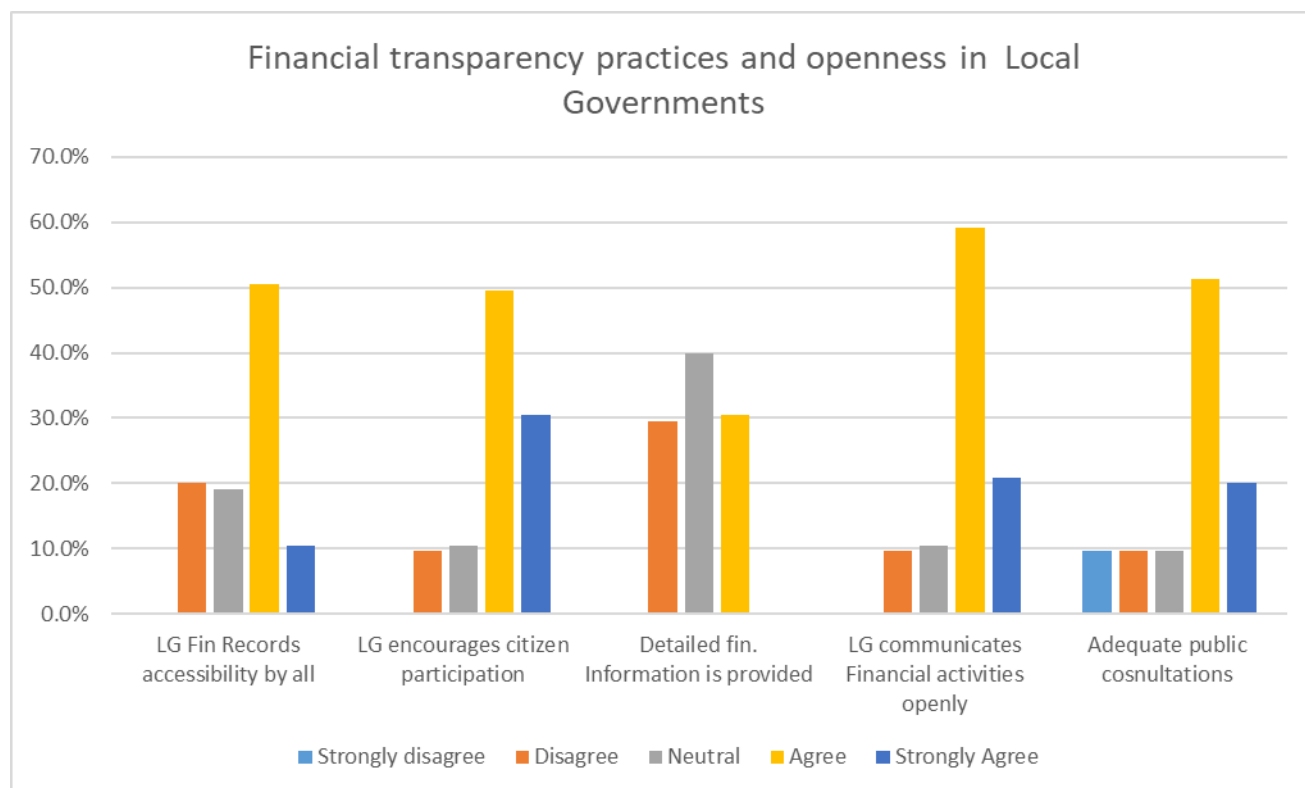
Source: Primary Data (2025).

From figure 7 above, most of the responses obtained reflected a strongly agree response with 100% that financial transparency practices such as mechanisms for financial integrity, financial statements align with spending requirements, availability of strong ethical framework to combat corruption, limited interference of political acts on integrity and local leaders act with integrity that influences and impacts on integrity in local governments. There were also responses obtained in regard to agree represented with 60%, 50%, 80%, 70% and 90% on the items under study. Other responses were insignificant ranging from neutral, disagree to strongly disagree.

4.10. Financial transparency practices and openness in local governments

The study undertook a survey on the area above with a focus on financial records accessibility by public, consideration of public feedback on financial records, detailed and understandable financial records and open communication of financial activities by local government. The findings to the same are as below.

Figure 8: Shows responses on financial transparency practices and openness in local governments



Source: Field data, 2025.

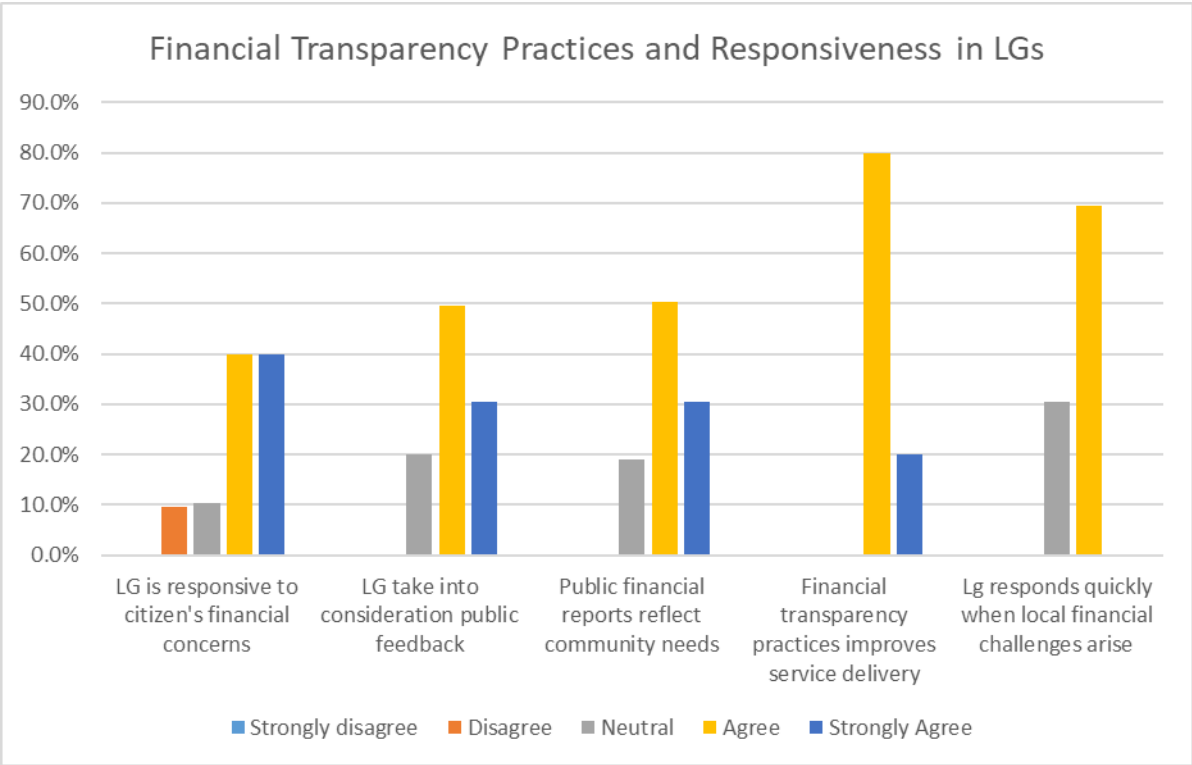
From the 8 above figure, responses on all areas of concerns as financial transparency practices that influence openness in financial management in local governments indicated agree with 50% on accessibility to LG financial records, 49% local government encourages citizens' participation, 30% on detailed financial information given, 59% on communication of financial activities openly by Local governments and adequate public consultations presented with 52%. Other responses comprised mainly strongly agree followed by neutral, disagree and less for strongly disagree. From key informants, responses obtained under thematic generalization indicated that the local governments follow procedures when publishing financial record and operate in a closed door policy as put forward by majority of the respondents. The major mechanisms available for financial decision making and openness by government to citizens is through barazas and budget conference and one key informant was quoted saying *"the budgeting process begins from the villages with planning meetings and priorities are pinned on notice boards and its through such meetings that there is citizen participation and openness in financial practices."*

4.11. Financial transparency practices and Responsiveness in Local governments

The study was envisaged about finding out the effect of financial transparency practices and responsiveness in local governments with key focus on rate at which local governments respond to citizens financial concerns, how feedback from citizens is take into consideration, do public

financial reports account for citizens needs, whether financial transparency practices help improve service delivery and whether government responds quickly with appropriate solutions when public financial challenges arise and the finding are as below.

Figure 9: Shows responses on Financial Transparency Practices and responsiveness in Local governments.



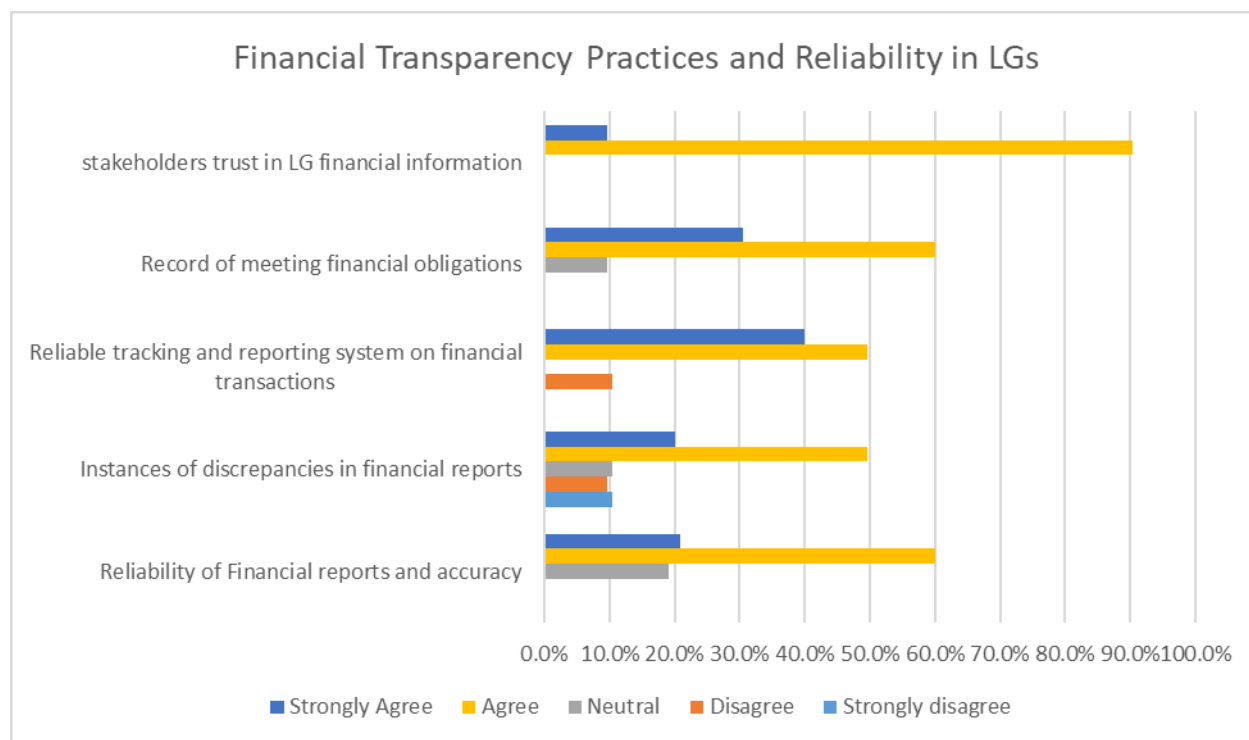
Source: Field data, 2025.

From the above figure 9, responses obtained indicated that majority of the respondents agree that the provided financial practices influence responsiveness reflected with 0%, 50%, 80% and 70% respectively on all. Other respondents’ responses rotated mainly around strongly agree and neutral on all areas of study. No observation was realized on strongly disagree with only 9% realized on disagree for Local governments responsiveness on citizens’ financial concerns.

4.12 Financial transparency practices and reliability in financial management in Local governments.

The study also investigated the extent to which financial transparency practices influences reliability as a construct under public trust and this was examined from areas reliability of financial reports produced, cases of discrepancies between reported financial data and actual expenditures, availability of a reliable system for tracking and reporting financial transactions, records of meeting financial obligations and how financial reliability is ensured in local governments. The findings of the study are as below.

Figure 10: shows responses on financial transparency practices and reliability on financial management in local governments.



Source: Primary data, 2025.

From the above figure 10, responses obtained from the field indicated that majority of the respondents agree that financial transparency practices influences reliability in financial management by local governments represented by 90% on stakeholders having trust in local government information being reliable, 60% on local government having a good track record of meeting its financial obligations, 50% on both financial reports provided by local governments being reliable and trust in few instances of discrepancies in financial data, and 60% for reliability of financial reports and accuracy of data provided by local governments. There were some cases of strongly agree on the same variables reflected by 10%, 30%, and 40% respectively. Few cases of disagree, neutral and strongly disagree were observed.

4.13 Challenges and recommendations.

The study also investigated the possible challenges and policy recommendations that can be put in place to address and improve on financial transparency and public trust in financial management in Mityana Municipality. This area of study was paramount in order to give an insight of what probable interventions can be put in place as suggested by the stakeholders that will bring about change in perception of financial transparency practices and its influence of public trust in financial management in Local governments of Uganda with a case of Mityana Municipality in Mityana District.

From key interviews, most of the responses rotated mainly failure to expose financial information to the general public, poor supervision, political interference, corruption tendencies, limited funds to disseminate the information through media and budget cuts and changes as major challenges that hinder achieving financial transparency in Mityana Municipality.

On the issue of policy improvement strategies, responses rotated mainly around continuous sensitization, timely release of funds, ensure stakeholder involvement and participation at all levels and public display of financial information and records to the public.

In summary, the findings presented by the study approve the considered nature of financial transparency practices and public trust in financial management in Local governments of Uganda with a case of Mityana Municipality in Mityana District notwithstanding the challenges. Above all, the results obtained in line with all the themes of the study clearly demonstrate that the current study objectives have been successfully achieved.

CHAPTER FIVE

DISCUSSION OF FINDINGS AND INTERPRETATION

5.1 Introduction

This chapter presents a critical discussion of the findings reported in Chapter Four. The analysis is structured around the four specific objectives of the study being the relationship between the quality and frequency of financial reporting and public trust, the effect of access to financial information on public trust, the influence of the quality of the audit process on public trust, and the relationship between citizen participation in the budgeting process and public trust in financial management in Mityana District Local Government. The discussion is framed within Principal Agent Theory, Social Trust Theory, and Transparency Theory, which provide theoretical insights into the role of transparency, accountability, and citizen engagement in strengthening trust in public financial management.

5.2 Relationship between Quality and Frequency of Financial Reporting and Public Trust

The findings in Chapter Four revealed that the majority of local citizens expressed strong disagreement regarding the timeliness, completeness, and reliability of financial reports in Mityana District. Specifically, 78% disagreed with the completeness and reliability of reports, while 60% disagreed that reports were released on time. However, political and civil servants indicated that the reports generally adhere to the reporting standards required under the Public Finance Management Act (2015).

According to the Principal–Agent Theory, citizens (principals) delegate authority to public officials (agents) to manage financial resources on their behalf. For this relationship to function effectively, agents must provide regular, accurate, and reliable reports. The observed dissatisfaction among citizens about financial reporting suggests an information asymmetry problem, where government agents have more information about finances than citizens, thereby weakening accountability. This asymmetry fosters suspicion and diminishes public trust, consistent with past studies (e.g., Bovens, 2007; Hood, 2010), which argue that timely and reliable reports are essential for reducing the agency gap.

From the perspective of Transparency Theory, transparency requires not only the provision of financial reports but also their timeliness, clarity, and accessibility. While compliance with reporting

standards was acknowledged by technical staff, the lack of perceived reliability and timeliness by citizens implies that transparency is more than formal adherence to rules. It must ensure practical usefulness for stakeholders. The gap between citizens' perceptions and officials' views reveals that formal compliance does not automatically translate into public trust.

5.3 Effect of Access to Financial Information on Public Trust

The study found that citizens had limited awareness of where to access reports, limited understanding of their content, and inadequate explanation of financial matters in community meetings. For example, 60.5% of citizens strongly disagreed that community meetings explained financial matters clearly. Conversely, technical and political staff indicated stronger agreement that financial information was accessible and adequately disseminated. Key informants such as the municipal treasurer noted that reports are displayed on public notice boards, while the mayor highlighted language barriers and high illiteracy levels as obstacles to meaningful access.

Transparency Theory posits that availability of information does not guarantee transparency unless it is accessible, understandable, and usable by the intended audience. This explains why civil servants perceive transparency (through formal dissemination) while citizens perceive opacity (due to literacy and comprehension challenges).

Social Trust Theory emphasizes that trust emerges from the perception of openness, fairness, and responsiveness. If financial reports are inaccessible to the majority of citizens due to technical jargon or language barriers, the process inadvertently excludes them, thereby diminishing trust. This finding aligns with prior research (Grimmelikhuijsen, 2012) which shows that transparency without usability may even erode trust.

The results therefore underscore the importance of capacity-building and simplification of financial information, such as translating reports into local languages and conducting financial literacy workshops, to bridge the gap between formal availability and actual citizen access.

5.4 Influence of the Quality of the Audit Process on Public Trust

The findings revealed strong agreement among respondents on the implementation of audit recommendations, dissemination of audit findings, and planning of audit activities. Notably, key

informants such as the Principal Internal Auditor emphasized that making audit findings public and independent (especially those of the Auditor General) increases public trust in government.

The Principal Agent Theory highlights the role of auditing as an external control mechanism to monitor agents and reduce information asymmetry. When audit findings are disseminated and acted upon, citizens gain assurance that mismanagement and corruption are being checked. This aligns with empirical studies (Power, 1997; Dye, 1993) which demonstrate that effective audits enhance accountability and trust in public institutions.

From the lens of Transparency Theory, dissemination of audit reports ensures that transparency is not only inward-facing (between auditors and officials) but also outward-facing (towards citizens). However, the effectiveness of audits depends on implementation of recommendations, as failure to act on audit findings may lead to distrust.

Additionally, Social Trust Theory supports the interpretation that transparency in the audit process fosters confidence in institutions by demonstrating honesty, independence, and responsiveness. The strong agreement among respondents in this study suggests that the audit function is perceived as a credible mechanism for enhancing public trust in Mityana District.

5.5 Relationship between Citizen Participation in the Budgeting Process and Public Trust

The findings showed that most citizens agreed that participation in budgeting processes enhances public trust. However, participation opportunities were found to be unequal and selective. Key informants reported that village planning meetings were often attended by women and non-working citizens, while elites and employed citizens were excluded. Furthermore, municipal budget conferences were primarily attended by politicians, with limited involvement of ordinary citizens.

According to Social Trust Theory, citizen participation fosters trust by enhancing perceptions of fairness, inclusiveness, and responsiveness in decision-making. However, when participation is selective or symbolic, it may undermine rather than build trust. This finding resonates with Fung (2006), who argues that participatory budgeting must be inclusive, deliberative, and representative to strengthen legitimacy and trust.

The Principal Agent Theory also applies here in that participation reduces the agency problem by directly involving principals (citizens) in decision-making rather than relying solely on agents (politicians and civil servants). However, the exclusion of certain groups reflects a persistence of information asymmetry and elite capture, which undermines accountability.

Through the lens of Transparency Theory, budget participation serves as a platform for openness and dialogue. The study findings confirm that while structures for participation exist (such as community barazas and council meetings), their limited inclusivity constrains the trust-building potential.

5.6 Financial Transparency Practices and Constructs of Public Trust

Beyond the four main objectives, the study explored transparency practices in relation to fairness, integrity, openness, responsiveness, and reliability. Across all dimensions, strong agreement was observed that financial transparency practices positively influence public trust. Respondents affirmed that fairness in resource allocation, integrity in financial management, openness in communication, responsiveness to citizens' concerns, and reliability of financial records are central to building trust in Mityana District.

These findings align with Transparency Theory, which emphasizes that transparency is multidimensional, encompassing not just disclosure of information but also fairness, responsiveness, and accountability. They also resonate with Social Trust Theory, which views trust as rooted in perceptions of ethical behavior, equity, and reliability in institutions.

5.7 Challenges and Recommendations in the Context of Theories

The challenges identified in Chapter Four, including political interference, corruption, budget cuts, limited dissemination, and citizen illiteracy, directly connect to the theoretical frameworks. From the Principal–Agent Theory, political interference and corruption reflect agents pursuing personal interests at the expense of principals, undermining accountability. Transparency Theory highlights how limited dissemination and technical reporting styles hinder effective transparency, while Social Trust Theory explains how such barriers erode interpersonal and institutional trust.

The suggested remedies such as continuous sensitization, timely release of funds, broader stakeholder participation, and public display of information align with the theories by promoting inclusivity, reducing asymmetry, and enhancing transparency and trust.

5.8 Conclusion

The discussion demonstrates that the quality and frequency of financial reporting, access to financial information, the audit process, and citizen participation in budgeting all have significant implications for public trust in financial management in Mityana District Local Government. While progress has been made in adhering to reporting standards and institutionalizing audit processes, gaps remain in accessibility, inclusiveness, and responsiveness, which weaken trust.

Guided by Principal Agent Theory, Social Trust Theory, and Transparency Theory, the findings emphasize that trust in public financial management is not achieved by formal compliance alone but through meaningful transparency, inclusiveness, and responsiveness to citizens' concerns. Addressing information asymmetry, enhancing citizen engagement, and fostering ethical integrity are therefore central to strengthening public trust in local government financial management in Uganda.

5.9 Summary of Chapter Five

This chapter has discussed the findings of the study in relation to the objectives, drawing insights from the Principal Agent Theory, Social Trust Theory, and Transparency Theory. The results revealed that while Mityana District Local Government has mechanisms for financial reporting, audits, and participatory budgeting, gaps in timeliness, accessibility, inclusiveness, and responsiveness continue to undermine public trust.

The discussion showed that:

The quality and frequency of financial reporting are critical for reducing information asymmetry between government and citizens, yet delays and perceived unreliability weaken trust.

Access to financial information is constrained by literacy barriers, lack of awareness, and technical reporting styles, which reduces the usability of reports for ordinary citizens.

The audit process plays a significant role in strengthening trust when findings are disseminated and acted upon, thereby enhancing perceptions of independence and accountability.

Citizen participation in the budgeting process is acknowledged as a trust-building mechanism, though its effectiveness is limited by selective involvement and elite dominance.

Broader financial transparency practices including fairness, integrity, openness, responsiveness, and reliability are strongly linked to building public trust when implemented effectively.

In summary, the chapter highlighted that formal compliance with reporting and auditing standards is not sufficient, rather, trust in financial management is achieved through meaningful transparency, inclusivity, and responsiveness in the management of public resources.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the conclusions and recommendations arising from the findings of the study on financial transparency practices and public trust in financial management in local governments of Uganda, a case of Mityana District Local Government (DLG). The conclusions are drawn in line with the four specific objectives of the study, namely:

1. To assess the relationship between the quality and frequency of financial reporting and public trust in financial management in Mityana District Local Government.
2. To examine the effect of access to financial information on public trust in financial management in Mityana District Local Government.
3. To assess the influence of the quality of the audit process on public trust in financial management in Mityana District Local Government.
4. To investigate the relationship between citizen participation in the budgeting process and public trust in financial management in Mityana District Local Government.

The discussion is guided by Principal Agent Theory, Social Trust Theory, and Transparency Theory, which provided the conceptual framework for interpreting how transparency practices affect trust in financial management. The chapter further presents recommendations aimed at addressing the identified gaps and enhancing financial transparency and public trust in local governments.

6.2 Conclusions

6.2.1 Quality and Frequency of Financial Reporting

The study concluded that while Mityana District complies with formal reporting standards under the Public Finance Management Act (2015), citizens perceive the reports as untimely, incomplete, and unreliable. This discrepancy illustrates the Principal Agent Theory problem of information asymmetry, where agents (local officials) hold more financial information than principals (citizens), thereby weakening accountability.

According to Transparency Theory, compliance with reporting rules is insufficient; reports must also be accessible, timely, and useful to citizens. The findings therefore confirm that limited frequency and reliability in financial reporting undermine public trust in financial management.

6.2.2 Access to Financial Information

The study established that financial information is formally available that is to say it is displayed on public notice boards and disseminated through community meetings but remains inaccessible to a large proportion of citizens due to language barriers, technical jargon, and low financial literacy levels. While technical staff perceive information as adequately disseminated, citizens find it difficult to locate, interpret, and use.

This finding confirms Transparency Theory's emphasis on usability in which transparency is meaningful only when information can be understood and acted upon by citizens. Furthermore, Social Trust Theory explains that exclusion from access diminishes perceptions of fairness and inclusivity, which in turn weakens trust in institutions.

6.2.3 Quality of the Audit Process

The study found that audits are perceived positively in Mityana DLG, particularly when audit findings are disseminated and recommendations implemented. The Principal Internal Auditor highlighted that transparency in audit dissemination increases taxpayer confidence.

In line with Principal Agent Theory, auditing serves as a monitoring tool that reduces information asymmetry and reassures citizens that mismanagement is being addressed. According to Transparency Theory, audits enhance openness when their findings are shared beyond internal actors to include citizens. Social Trust Theory further supports the conclusion that openness and responsiveness in audit processes foster institutional credibility and trust.

6.2.4 Citizen Participation in the Budgeting Process

The study concluded that citizen participation in budgeting contributes to enhanced public trust, but its effectiveness is constrained by selective participation and elite capture. While village planning meetings and community barazas exist, attendance is skewed towards women, the unemployed, and politicians, excluding other key groups such as elites and employed citizens.

This selective participation limits the inclusiveness and representativeness required to foster trust. Social Trust Theory highlights that participation must be equitable and meaningful to build legitimacy, while Principal Agent Theory indicates that broad-based participation reduces the agency gap by giving principals direct input into decision-making. The findings confirm that without inclusivity, participatory structures may reinforce mistrust instead of building it.

6.2.5 Financial Transparency Practices and Trust Constructs

The study further concluded that fairness, integrity, openness, responsiveness, and reliability are integral to building public trust in local government financial management. Respondents strongly agreed that these values enhance confidence when demonstrated in practice. However, political interference, corruption, and inequitable allocation of resources hinder these principles.

This aligns with Transparency Theory, which views transparency as multidimensional and dependent on fairness and accountability, and with Social Trust Theory, which identifies ethical conduct, equity, and reliability as the foundation of trust.

6.2.6 Overarching Conclusion

Overall, the study concludes that while formal structures for transparency exist in Mityana DLG such as reporting frameworks, audit mechanisms, and participatory budgeting, their effectiveness in building trust is undermined by timeliness gaps, limited accessibility, selective participation, and weak responsiveness to citizens' needs. Public trust in financial management requires not just compliance with rules but also meaningful transparency, inclusivity, and responsiveness, consistent with the guiding theories.

6.3 Recommendations

6.3.1 Enhancing Quality and Frequency of Financial Reporting

The district should strengthen mechanisms for timely production and dissemination of financial reports, ensuring that deadlines under the Public Finance Management Act (2015) are consistently met.

Reports should be simplified and presented in citizen-friendly formats, including summaries, infographics, and translations into local languages.

A feedback mechanism should be institutionalized, allowing citizens to question or seek clarifications on financial reports, thereby closing the information asymmetry gap.

6.3.2 Improving Access to Financial Information

Local governments should invest in financial literacy programs to empower citizens to interpret financial information.

Financial information should be disseminated through multiple channels including radio programs, community assemblies, and digital platforms to enhance reach.

District authorities should mandate translation of reports into the local language and present them in simplified versions to address literacy barriers.

6.3.3 Strengthening the Audit Process

Audit findings should be regularly published and publicly disseminated through council meetings, local radio, and community forums.

The implementation of audit recommendations should be monitored transparently, with periodic updates to citizens on progress made.

Independence of internal and external audit bodies should be safeguarded to ensure impartiality and credibility, consistent with the Principal Agent accountability framework.

6.3.4 Promoting Inclusive Citizen Participation in Budgeting

The district should broaden participation in budget conferences by adopting inclusive strategies that involve elites, youth, business groups, and marginalized citizens.

Village planning meetings should be better publicized and supported with logistical facilitation to improve attendance across diverse groups.

Mechanisms should be put in place to ensure that citizens' inputs are systematically incorporated into final budgets, with feedback provided on accepted and rejected proposals.

6.3.5 Embedding Fairness, Integrity, Openness, Responsiveness, and Reliability

The district should establish a transparent and equitable resource allocation framework, publicly justifying allocations across sectors and communities.

A code of ethics for financial management should be enforced, with strict sanctions against political interference and corruption.

Systems for quick response to citizens' financial concerns should be institutionalized, such as toll free hotlines or community accountability forums.

Investment in digital financial management systems should be prioritized to enhance reliability, minimize discrepancies, and provide real-time access to financial data.

6.3.6 Policy-Level Recommendations

The Ministry of Finance and the Office of the Auditor General should strengthen oversight mechanisms to ensure compliance with transparency standards across all local governments.

National policies should emphasize capacity-building for both local officials and citizens, ensuring that transparency reforms are matched with practical usability.

Development partners and civil society should support initiatives aimed at enhancing civic education and financial accountability at grassroots levels.

6.4 Areas for Further Research

While this study has examined financial transparency practices and public trust in Mityana District, further research could:

Compare different districts to assess variations in financial transparency practices across Uganda.

Investigate the role of digital technologies in promoting financial transparency and public trust.

Explore the gender dimensions of financial transparency, particularly how women and marginalized groups experience access and participation.

6.5 Conclusion

In conclusion, the study affirms that public trust in local government financial management is rooted not merely in formal compliance with transparency frameworks but in the lived experience of citizens in accessing, understanding, and influencing financial processes. Strengthening inclusivity, responsiveness, and ethical accountability in financial management will therefore remain central to consolidating trust in Uganda's local governments. The study concludes that financial transparency practices are a cornerstone of public trust in local governments. However, trust is only fostered when transparency is practical inclusive and responsive. For Uganda's decentralization framework to deliver on its promise of accountability, local governments must go beyond compliance and commit to genuine openness, inclusivity, and ethical financial stewardship.

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APPENDICES

A. QUESTIONNAIRE FOR LOCAL CITIZENS

Introduction

My name is Kalembe Olivia a Masters student of Business Administration at Uganda Christian University. I am conducting a study on the topic “financial transparency and public trust in local governments of Uganda: a case study of Mityana Municipality in Mityana District local government.” I wish to kindly request for your participation in this survey by providing information in response to the questions outlined in the questionnaire. All information given shall be treated with outmost confidentiality and shall strictly only be used for academic purposes. Participation in this research is completely voluntary, though your participation in the survey is of utmost importance.

Section 1: Demographic Information

1. Gender: ☐ Male ☐ Female ☐ Prefer not to say
2. Age: ☐ 18–30 ☐ 31–45 ☐ 46–60 ☐ 60+
3. Division/Ward: _____
4. Education Level: ☐ None ☐ Primary ☐ Secondary ☐ Tertiary
5. Occupation: _____

Section 2: Financial Reporting.

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
6	The district provides regular financial reports.					
7	The reports are released on time.					
8	The information in the reports is complete and reliable					

Section 3: Access and Understanding

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
9	I know where to find the district's financial information.					
10	The financial information is easy to understand.					
11	Community meetings explain financial matters clearly.					

Section 4: Audit Process

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
12	The district's audits are done by independent bodies.					
13	Audit reports are made available to the public.					
15	Audits help ensure that funds are used for the intended purposes.					

Section 5: Budget Participation

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
16	I am given an opportunity to contribute to the district budget process.					
17	My views are considered in final budget decisions.					
18	Participating in budget discussions increases my trust in the district government.					

Section 6: Overall Trust

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
19	I trust the district to manage public funds responsibly.					
20	Financial transparency improves my confidence in local leadership.					

END

B. QUESTIONNAIRE FOR POLITICAL AND TECHNICAL STAFF

Dear Respondent,

I am Kalembe Olivia a student of Uganda Christian University, Mukono pursuing a Master's Degree in Business Administration and am conducting a research study on the relationship between financial transparency and public trust in Mityana District Local Government. This questionnaire is designed to capture your perceptions and experiences. Your responses will remain confidential and will only be used for academic purposes. Please respond honestly. Thanks.

Section A: Demographic Information

1. Gender: ☐ Male ☐ Female ☐ Prefer not to say
2. Age: ☐ 18–30 ☐ 31–45 ☐ 46–60 ☐ 60+
3. Position: _____
4. Department: _____
5. Years of service in local government: ☐ <1 ☐ 1–3 ☐ 4–6 ☐ >6

Section B: Financial Reporting

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
6	The district's financial reports meet statutory standards.					
7	Reports are produced and published on schedule.					
8	Internal quality checks ensure accuracy of financial reports.					

Section C: Access and Understanding.

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
9	Mechanisms exist to make financial information accessible to all citizens.					

10	Reports are presented in formats that can be easily understood by non-technical audiences.					
11	Staff receive adequate training to communicate financial matters to the public.					

Section D: Audit Process

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
12	Audits are planned and conducted without political interference.					
13	Audit findings are communicated openly to stakeholders.					
14	Corrective actions are taken promptly after audit recommendations					

Section D: Budget Participation

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
15	The budgeting process provides real opportunities for citizen input					
16	Citizen feedback significantly influences budget allocations.					
17	Increased citizen involvement improves public trust in the district's financial management.					

Section E: Trust and Accountability

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
18	Transparency measures strengthen public trust in the district.					
19	Staff are held accountable for financial mismanagement.					

Section F: Financial Transparency Practices and Fairness in Local Governments

Please indicate the extent to which you agree with the following statements regarding financial transparency practices and fairness in local government operations:

No	Statement	5	4	3	2	1
20	The local government's financial practices ensure that public funds are distributed fairly across all regions.					
21	Transparency in budget allocation promotes equal access to resources among all community members.					
22	Financial information is regularly disclosed to the public in an understandable format.					
23	Local government officials prioritize fairness when deciding on the allocation of financial resources.					
24	There is a system in place that allows local communities to monitor and report on the fairness of financial transactions					

Section I: Financial Transparency Practices and Integrity in Local Governments

Please indicate your level of agreement with the following statements regarding financial transparency practices and integrity in local government operations:

No	Statement	5	4	3	2	1
25	The local government has clear mechanisms for ensuring financial integrity in its operations.					
26	Local government financial statements are accurately reported and align with actual spending					
27	There is a strong ethical framework within the local government to prevent corruption in financial matters.					
28	Political interference has minimal influence on the integrity of financial management within local government.					

29	Local leaders consistently act with integrity when managing public financial resources.					
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Section J: Financial Transparency Practices and Openness in Local Governments

Please indicate the extent to which you agree with the following statements regarding financial transparency practices and openness in local government operations:

No	Statement	5	4	3	2	1
30	Local government financial records are publicly accessible to citizens and civil society organizations					
31	The local government encourages citizen participation in financial decision-making, such as budgeting.					
32	Financial information provided by the local government is detailed and easily understood by the general public.					
33	The local government communicates its financial activities openly through public meetings and media.					
34	There is adequate consultation with the public before making significant financial decisions					

Section K: Financial Transparency Practices and Responsiveness in Local Governments

Please indicate the extent to which you agree with the following statements regarding financial transparency practices and responsiveness in local government operations:

No	Statement	5	4	3	2	1
35	The local government is responsive to citizens' financial concerns and questions.					
36	Local government officials take into consideration public feedback when making financial decisions.					
37	Public financial reports reflect the actual needs and priorities of the local communities					
38	Financial transparency practices have helped to improve service delivery in my local government area.					
39	When local financial challenges arise, the government responds quickly with appropriate solutions.					

Section L: Financial Transparency Practices and Reliability in Local Governments

Please indicate the extent to which you agree with the following statements regarding financial transparency practices and reliability in local government operations:

No	Statement	5	4	3	2	1
40	Financial reports provided by the local government are reliable and consistently accurate.					
41	There are few instances of discrepancies between reported financial data and actual expenditures.					
42	The local government has a reliable system in place for tracking and reporting financial transactions.					
43	The government has a good track record of meeting its financial obligations (e.g., paying suppliers and contractors on time).					
44	Citizens and stakeholders can trust the local government's financial information due to consistent and transparent reporting.					

END

C. INTERVIEW GUIDE FOR KEY INFORMANTS

Good day,

My name is Kalembe Olivia a student of master's degree in business administration of Uganda Christian university conducting academic research on financial transparency and public trust in Mityana District Local Government. This interview seeks to gather in-depth insights from key stakeholders. The information you provide will be treated with strict confidentiality and used solely for academic purposes. Your honesty and expertise are highly appreciated.

SECTION A: BIODATA OF THE KEY INFORMANT

1. Name (Optional): _____

2. Sex: ☐ Male ☐ Female

3. Age: _____

4. Position/Title: _____

5. Department/Organization: _____

6. Years of Experience in Current Position:

☐ Less than 2 years ☐ 2–5 years ☐ 6–10 years ☐ Over 10 years

7. How would you define "financial transparency" in the context of local government operations?

Section B: Financial Reporting Quality and Frequency

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
8	The financial reports produced by Mityana District Local Government are timely					
9	The content of financial reports is sufficiently detailed to inform decision-making					
10	Timeliness and Quality of Financial Reports: Local governments in Uganda are required to provide regular financial reports. How would you rate the timeliness of financial reporting in Mityana District Local Government					
11	Comprehensiveness of Financial Reports: How comprehensive do you think the financial reports of Mityana Municipality are in terms of providing detailed information on the use of public funds					

12	Reliability of Financial Reports: In your view, how reliable are the financial reports produced by Mityana District Local Government?					
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13. Impact of Reporting on Trust: In your opinion, how does the quality and frequency of financial reporting influence public trust in local government? (Open-ended).

14. How would you describe the consistency of financial reporting over the last 3 years? (open).

Section C: Access and Understanding of Financial Information

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
15	Citizens in Mityana Municipality can easily access financial information.					
16	The format and language of financial reports are easy for ordinary citizens to understand					
17	Availability of Financial Information: How accessible are financial reports to the citizens of Mityana Municipality?					
18	Citizens' Awareness of Financial Information: Do you think the citizens of Mityana are generally aware of where and how to access financial information about their local government?					
19	Public Understanding of Financial Information: How would you rate the understanding of financial information by the general public in Mityana?					

20. Barriers to Access and Understanding: What are the key challenges faced by citizens in accessing or understanding financial reports in Mityana Municipality?

21. Describe any barriers citizens face in interpreting financial data. (open)

Section D: Quality of the Audit Process

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
22	The audit process is conducted independently from political influence.					
23	Audit results are shared publicly and in a transparent manner					
24	Independence of the Audit Process: How independent is the audit process in Mityana District Local Government from political influence or interference?					
25	Transparency of Audit Results: How transparent is the dissemination of audit results to the public?					
26	Follow-up on Audit Findings: To what extent does the local government act on audit recommendations and findings?					
27	Audit Transparency: Do you think that making audit findings publicly available increases the level of trust that citizens place in the local government's financial management?					

28. Impact of Audit on Public Trust: From your perspective, how does the audit process influence public trust in the local government?

29. Please explain how audit findings have historically influenced public trust. (open).

Section E: Citizen Participation in Budgeting

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
30	Citizens are adequately consulted during the budgeting process.					
31	Feedback from citizens is incorporated into the final budget decisions.					
32	Opportunities for Citizen Participation: How would you rate the level of citizen participation in the budget process in Mityana Municipality?					
33	Effectiveness of Citizen Input: To what extent is citizen input incorporated into the final budget decisions in Mityana District Local					

	Government?					
34	Openness of the Budgeting Process: How open and inclusive is the budgeting process in Mityana Municipality for citizens, particularly marginalized groups?					

35. Impact of Participation on Trust: In your opinion, does active participation in the budgeting process increase public trust in the local government?

36. Barriers to Citizen Participation: What barriers do citizens face in participating effectively in the budget process in Mityana?

37. Give examples of recent instances where citizen input altered budget priorities. (open).

Section F: Overall Public Trust in Local Government

(Use the scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree)

No	Statement	5	4	3	2	1
38	Perception of Government Transparency: How would you rate the overall level of transparency in Mityana District Local Government?					
39	Public Trust in Local Government: How would you describe the general level of trust that the citizens of Mityana place in their local government?					
40	Transparency Measures and Trust: Do you believe that enhancing financial transparency would improve public trust in the local government of Mityana?					

Section G: Financial transparency practices and Fairness in local governments.

41) How do you perceive the impact of financial transparency on fairness in local government? Are there challenges in ensuring that funds are allocated equitably across different districts or areas?

42) Can you provide an example of how transparency in financial practices has enhanced or hindered fairness in your local government area?

Section H: Financial transparency practices and Integrity in local governments.

43) How would you describe the level of integrity in the financial management practices within your local government?

44) What measures are in place to ensure that local leaders and technical staff maintain high standards of integrity in managing public funds?

45) Have there been any instances where political influence has compromised financial integrity? How was it handled?

Section I: Financial transparency practices and Openness in Local Governments.

46) In your view, how open is the local government in disclosing financial information to the public?

47) What mechanisms exist for citizens to engage in financial decision-making processes?

48) Are there any barriers to financial openness, such as lack of technical skills or political resistance?

Section J: Financial Transparency practices and Responsiveness in Local Governments.

49) How does the local government use financial data to respond to the needs of the community?

50) In your experience, has financial transparency led to more responsive service delivery in your area? If so, can you provide examples?

51) How well does the local government respond to community feedback about financial issues?

Section K: Financial transparency practices and Reliability in Local Government.

52) To what extent do you trust the financial information provided by the local government? Are there mechanisms in place to ensure reliability and accuracy?

53) Have you observed any instances where financial reports did not reflect actual financial performance? How were these discrepancies addressed?

54) How does the local government ensure that its financial systems are reliable in terms of tracking and reporting public funds?

Section L: Challenges and Recommendations

55. Challenges in Financial Transparency: What do you consider to be the biggest challenges in achieving financial transparency in Mityana Municipality?

56. Improvement Strategies: In your opinion, what specific measures should be taken to improve transparency and increase public trust in Mityana District Local Government?

57. Is there anything else you would like to share regarding financial transparency or public trust in Mityana District Local Government that has not been covered in this interview?

END