

**AN ANALYSIS OF THE EFFECTS OF PUBLIC FINANCE MANAGEMENT  
REFORMS ON THE MANAGEMENT OF PUBLIC FUNDS IN UGANDA: A CASE  
OF THE MINISTRY OF FINANCE, PLANNING & ECONOMIC DEVELOPMENT**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF SOCIAL SCIENCES IN PARTIAL  
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**UGANDA CHRISTIAN  
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## ABSTRACT

This study analysed the effects of Public Financial Management (PFM) reforms on the management of public funds in Uganda, with a specific focus on the Ministry of Finance, Planning, and Economic Development (MFPED). It analysed the implementation of three key PFM reforms namely; the Integrated Financial Management System (IFMS), Program-based Budgeting System (PBS), and the Treasury Single Account (TSA). The focus was on establishing their effects on public finance management. Adopting a mixed-methods approach, the study integrated quantitative data from surveys (using self-administered questionnaires) with qualitative insights from interviews with Key informants in MFPED, using a sample size of 80 respondents and a response rate of 91.3%. Quantitative results revealed a significant positive effect between TSA and public finance management, with a beta coefficient of 0.692 for the IFMS, 0.532 for TSA, and 0.396 for PBS. All three reforms contributed to improved management of public funds, with the IFMS being the strongest predictor of the effects, followed by the TSA and lastly the PBS.

Qualitative findings underscored the challenges faced in implementing these reforms, such as resistance to change, and technical skill gaps. Despite these hurdles, the reforms were viewed as instrumental in promoting fiscal discipline, improving accountability, and reducing financial leakages. The study concludes that while PFM reforms have made significant progress, operational and institutional challenges remain. Recommendations include improving system integration, expanding capacity-building programs for public officials, and reinforcing political support for sustained reform efforts. This research contributes to the discourse on public finance management in Uganda and provides actionable insights for policymakers, practitioners, and researchers.

Keywords: Public Financial Management Reforms, Management of public funds, Uganda.

## DECLARATION

I, *Dennis Munyhirwa* hereby declare that this study titled “An Analysis of the Effects of Public Finance Management Reforms on the Management of Public Funds in Uganda; A Case of the Ministry of Finance, Planning & Economic Development” is my original work, is not plagiarised and has not been submitted in any other institution for any award.

Sign



Date.....17/July/2025

**Dennis Munyhirwa**

## APPROVAL

This is to certify that this study, titled “The effects of Public Finance Management (PFM) reforms on Management of Public Funds in Uganda” by Mr. Munyhirwa Dennis has been submitted with my approval as Uganda Christian University appointed Supervisor.

Signature; .....



Date: ..... 17/July/2025

**Dr Martin Kizito**

University Supervisor

## **DEDICATION**

To my parents Mr. and Mrs. V.T Wakabaka who raised me in the fear of God and sacrificed everything for me. Special dedication to my late brother Waibi Joseph George, my sister Immaculate Nakayima who encouraged me all the time. To all my brothers and sisters who have constantly supported me. To my Wife (Harriet Aritubera) and children who have worked with me day and night to see that this research is completed.

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## LIST OF ACRONYMS AND ABBREVIATIONS

<b>ACH</b>	Automated Clearing House
<b>BMAU</b>	Budget Monitoring and Accountability Unit
<b>BPED</b>	Budget Policy and Economic Department
<b>CABRI</b>	Collaborative Africa Budget Reform Initiative
<b>CPI</b>	Corruption Perceptions Index
<b>CSBAG</b>	Civil Society Budget Advocacy Group
<b>CSOs</b>	Civil Society Organisations
<b>CVI</b>	Content Validity Index
<b>DV</b>	Dependent Variable
<b>EFT</b>	Electronic Funds Transfer
<b>ERP</b>	Enterprise Resource Planning
<b>FDI</b>	Foreign Direct Investment
<b>FINMAP</b>	Financial Management and Accountability Programme
<b>FMS</b>	Financial Management Services
<b>FY</b>	Plan Financial Year
<b>GoU</b>	Government of Uganda
<b>IAM</b>	Internal Audit Management Department
<b>IBP</b>	International Budget Partnerships
<b>ICPAK</b>	Institute of Certified Public Accountants of Kenya
<b>IEG</b>	Independent Evaluation Group
<b>IFMS</b>	Integrated Financial Management System
<b>IGG</b>	Inspectorate of Government
<b>IMF</b>	International Monetary Fund
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IT</b>	Information Technology
<b>IV</b>	Independent Variable
<b>KII</b>	Key Informant Interview
<b>KPI</b>	Key Performance Indicator
<b>LG</b>	Local Government
<b>MDAs</b>	Ministries, Departments and Agencies
<b>MFPED</b>	Ministry of Finance Planning and Economic Development
<b>MTEF</b>	Medium Term Expenditure Framework
<b>NPM</b>	New Public Management
<b>OAG</b>	Office of the Auditor General
<b>OBT</b>	Output Budgeting Tool
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PBS</b>	Program-based Budgeting System
<b>PEFA</b>	Public Expenditure Finance Assessment
<b>PFM</b>	Public Financial Management

<b>PSR</b>	Public Sector Reforms
<b>PWC</b>	PricewaterhouseCoopers
<b>SAPs</b>	Structural Adjustment Programmes
<b>SPSS</b>	Statistical Package for Social Sciences
<b>STP</b>	Straight through Processing
<b>TDS</b>	Treasury Directory Services
<b>TSA</b>	Treasury Single Account
<b>UBOS</b>	Uganda Bureau of Statistics
<b>UCU</b>	Uganda Christian University
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>USAID</b>	United States Agency for International Development

# CHAPTER ONE

## GENERAL INTRODUCTION

### 1.0 Introduction

The management of public funds has been a challenging task in many developing countries. This has resulted into funds wastage and misuse, subsequently, Governments have adopted finance management systems to mitigate the misuse and wastage of public funds.

This study focused on analysing the effects of Public Finance Management (PFM) Reforms on the management of public funds in Uganda. These PFM reforms are both legal (Under the Public Finance Management Act 2015 as amended) and procedural in how public funds are managed. This introductory chapter delves into the background, problem statement, purpose, specific objectives, research questions, scope, justification, significance, and both theoretical and conceptual frameworks for the study.

### 1.1 Background to the study

The study's background is presented in three subsections of conceptual, historical, and contextual as indicated hereafter.

#### 1.1.1 *Conceptual Background*

This study's key concepts are; PFM reforms as the independent variable (IV) and management of public finances as the dependent variable (DV). Okundi (2017) describes PFM reforms as a assemblage of laws, rules, systems, and procedures employed by autonomous states to mobilise revenue, apportion public funds, execute spending, and account for public funds and audit outcomes. These

reform activities necessitate the preparation and execution of the budget cycle, budget oversight and control, taxation, debt management, procurement, resource allocation, and income distribution (World bank, 2017). Rather than isolated actions, these activities are progressively viewed as interconnected subsystems (Pretorius, 2009).

The organisation for Economic Co-operation and Development-OECD (2022), and Witt and Muller (2006) include oversight, control, and intergovernmental fiscal relations in their definition of PFM. From these definitions, it is clear that PFM encompasses resource generation, allocation, spending, and accounting, which are the fundamental areas of this research. For this study's purposes, the definition by Okundi (2017) is operationalised because it covers the entire cycle of funds management from revenue mobilisation, allocation/budgeting, expenditure and accountability which are core for this research. For this study, the focus will be on three reforms that directly relate to management of public funds from the point of resource mobilisation, allocation, expenditure, and accountability (Andrews, 2010; Lawson, 2015; and, Shah & Shen, 2007). The three PFM reforms are:

**Integrated Financial Management System (IFMS):** The IFMS tracks financial procedures, summarises financial data (Hashim & Allan, 2012; Kiilu & Ngugi, 2014; World Bank, 2018; and Rozner, 2008), supports management reporting, policy decisions, and the preparation of auditable financial statements.

**Program-based Budgeting System (PBS):** This budgeting system links government spending to programs and their activities, allowing for the measurement of results at the outcome level (Warren & Catanach, 2014).

Treasury Single Account (TSA): According to the International Monetary Fund (IMF, 2010), the TSA supports consolidation and management of government cash resources by establishing an amalgamated government bank accounts structure. As part of PFM reforms, it facilitates submission, approval and payment of invoice, plus the generation of bank statements.

Effective management of public finances is defined to mean the strategic planning, organising, and directing of financial activities within an organisation. This process ensures that resources are directed according to established policies and procedures, facilitating smooth operations (Brigham & Houston, 2019). The definitive intention is to minimise resource waste, ensure accountability, and optimise the use of limited resources for public benefit (Lawson, 2015).

Indicators of effective financial management include budgetary compliance, transparency, fiscal responsibility, cost efficiency, and the achievement of organisational objectives (Jones, 2020). Sources of effective management practices often stem from robust governance frameworks, well-defined financial policies, competent personnel, and the integration of modern financial management systems (Blondal, 2018). This research focused on public finance management reforms, partly outlined in the Public Finance Management Act (PFMA), 2015.

### ***1.1.2 Historical Background***

Over the past 30 years, Governments worldwide have strived to improve public service delivery by significantly reforming their financial management systems (OECD, 2015). Research indicates that traditional public finance systems were

often weak and lacked transparency. The implementation of public finance management reforms in developed states such as the United States, Australia, Denmark, New Zealand, and the United Kingdom aimed to boost an efficient, accountable, and effective public sector (Lapsley & Wright, 2004). Pflueger (2020), argue that the rising curiosity in the quality of public sector financial management was the driver of this shift.

The rise of New Public Management (NPM) in Britain during the 1990s was informed by the PFM reforms of the 1980s in developing countries that were linked to Structural Adjustment Policies (SAPs). The SAPs sought to address economic crises and promote development through measures such as privatisation aimed at transferring state-owned enterprises to private ownership; fiscal sternness aimed at cutting government spending to reduce deficits, and market liberalisation directed at removing trade barriers to encourage free markets (International Monetary Fund & World Bank, 2002).

The financial management reforms that the SAPs initiated eventually evolved into broader public sector management strategies like New Public Management, hence the connection between SAPs and NPM. To promote macroeconomic stability in developing countries, the World Bank and IMF advocated for the SAPs, in the 1980s with emphasis on financial discipline as a foundation for public sector efficiency (World Bank, 2001).

Building on this foundation, NPM emerged in the 1990s, particularly in developed countries like Britain, with a focus on improving public service performance and accountability through private-sector management techniques. While SAPs aimed

at stabilising economies, NPM took the concept further by emphasising outcomes, performance measurement, and customer-oriented services in the public sector (Hood, 1991). Thus, SAPs created the groundwork for the financial accountability and efficiency that NPM sought to refine.

In Britain, implementation of the SAPs, increased revenue for the government, reduced the fiscal burden of inefficient state enterprises, and encouraged competition and efficiency in key sectors and contributed to a shift towards a more market-oriented economy (Vickers & Yarrow, 1991)

International donors and development partners have for long required the adoption of financial management reforms as conditions for financial support (ICPAK, 2017). These conditions prompted the adoption of systems like IFMIS to enhance efficiency, transparency, and accountability in managing public finances. Globally, this led to more disciplined fiscal management, reduced opportunities for corruption, and increased donor confidence in the proper utilisation of funds (Diamond & Khemani, 2005).

In recent years, several African countries, have undertaken significant financial management reforms stemming from the SAPs and NPM to improve transparency, accountability, and efficiency in public finances (Kayanja, 2017). These reforms aim to enhance fiscal discipline, strengthen budget execution, and promote sustainable economic development (Bigsten & Danielson, 2001). Many African countries have transitioned to accrual accounting from cash-based accounting to provide a more accurate picture of their fiscal position.

Zambia and Ghana were some of the success stories for SAPs. These countries experienced improved macroeconomic stability, increased export growth, and enhanced foreign direct investment arising from the implementation of the SAPs (Herbst, 2013). However, critics point out that poverty, inequality, and unemployment remained persistent challenges (Rakner, 2003).

In the early 1990s, Uganda prioritised establishing macroeconomic stability after a period of fiscal indiscipline that led to high inflation (Williamson, 2003). The Ugandan government also introduced the Medium-Term Expenditure Framework (MTEF) to help reallocate resources toward poverty reduction, though its success remains unclear (Bevan & Palomba, 2000).

The SAP-related reforms led to improved public financial management (PFM) systems by adopting better budgetary practices and financial reporting mechanisms. Mutebile (2016) emphasises that the SAP reforms ensured that public funds were used for their intended purposes which resulted in greater accountability at both the national and Local Government levels.

To strengthen public financial management systems that were aimed at ensuring efficiency and effectiveness in budget execution, revenue collection, and expenditure management, Uganda enhanced the automation and integration of its financial management systems, such as the IFMIS, to improve fiscal discipline and control (Kayanja, 2017).

The adoption of International Public Sector Accounting Standards (IPSAS) as a substantial reform improved the accuracy and transparency aspects of financial reporting. Uganda's adoption of IPSAS as part of its commitment to improving

financial management practices has seen substantial progress (World Bank, 2019).

These reforms at MFPED have streamlined processes for budgeting, procurement, and reporting, thereby reducing bureaucracy and opportunities for fraud (World Bank, 2021). In order to direct resources toward priority areas like poverty reduction, the MFPED introduced the Medium-Term Expenditure Framework (MTEF). The MTEF also enhanced efficiency and transparency in public financial management (World Bank, 2021), although Bevan & Palomba (2000) highlighted that some challenges existed in its effective implementation. In spite of the challenges, the MFPED (2015), emphasised that the reforms improved compliance with financial regulations, leading to better service delivery, reduced corruption, and more effective use of public funds.

Despite the reforms' contribution to increased compliance with rules and regulations, transparency in the use of public funds, timely reporting, reduced opportunities for corruption, and improved service delivery (MFPED, 2015), assessments have identified some shortcomings in their functionality and treasury procedures.

### ***1.1.3 Contextual Background***

The Bank of Uganda (2023) hinted that public funds management in Uganda was a critical issue, specifically in terms of fiscal discipline in the implementation of various Public Financial Management reforms. A Transparency International Corruption Perceptions Index report of 2022 highlights challenges in ensuring the efficient and equitable management of public resources. In addition, reports

by the Auditor General have consistently highlighted cases of financial misappropriation and non-compliance with budgetary allocation, accounting procedures, and timelines. This points to effectiveness gaps in use of public funds (Office of the Auditor General, 2020).

Kayanja (2017) noted that the introduction of reforms such as the IFMIS and the adoption of International Public Sector Accounting Standards (IPSAS) by Uganda's Ministry of Finance, Planning, and Economic Development (MoFPED) aimed to address these issues and improve fiscal management.

Nevertheless, public funds management in Uganda has faced significant challenges, including but not limited to; persistent financial misappropriation, expenditure control inefficiencies, and transparency and accountability inadequacies. The Office of the Auditor General's 2020 report on misappropriation of funds by various government ministries and agencies during the fiscal year 2019/2020. The misappropriated funds, which approximated UGX 200 billion (approximately USD 55 million), illustrate the scale of the problem and the urgent need for effective PFM reforms.

As indicated by a 2021 MFPED report, only 45% of government agencies submitted their financial reports on time. This highlighted a significant decline from 68% in 2018 (MFPED, 2021). In addition to reflecting inefficiencies in financial reporting, this trend points to effective oversight and accountability mechanisms that exacerbate the mismanagement of public resources.

Although the PFM reforms by Uganda's MFPED were aimed at partly addressing these issues, a 2020 survey by the Uganda Bureau of Statistics (UBOS) revealed

that 62% of the public viewed government spending as inefficient. This pointed to a widespread perception of fiscal mismanagement by the Government.

Moreover, the performance of Ugandan public institutions remains suboptimal in terms of budget execution. For example, the budget performance rate was reported at only 73% in the fiscal year 2020/2021. This means that 27% of allocated funds were not effectively utilised for intended purposes (MFPED, 2021). This lack of prudent budget execution raises concerns about the efficiency of financial management processes within public institutions.

## **1.2 Statement of the Problem**

The Public Finance Management (PFM) reforms are crucial in ensuring fiscal discipline, efficiency, transparency, and accountability in the use of public resources (Kasapi, 2016). However, significant challenges such as delayed fund disbursement, inadequate capacity to absorb funds, and weak accountability practices for disbursed funds persist despite Uganda's numerous Public Financial Management reforms (Bank of Uganda, 2023).

The Budget Monitoring and Accountability Unit (BMAU, 2023) reported an average funds disbursement delay equating to 63 days above the acceptable 28 days, disrupting the timely implementation of government programs. Low absorption capacity in various government departments was also reported as low as 26.1% (BMAU, 2023). This persistence in funds underutilisation delays public service delivery and raises concerns about the government institutions' capacity to efficiently execute budgets and take advantage of the reforms.

Funds misappropriation and poor accountability were reported. For instance, UGX 200 billion (approximately USD 55 million) was misappropriated due to poor financial oversight and non-compliance with financial regulations (Office of the Auditor General, 2020). Delayed reporting was evidenced by 68% of government agencies unable to submit timely financial reports in 2018; this number decreased to 45% in 2021 (MFPED, 2021). The occurrences informed this study with a view to understanding the ineffectiveness and inefficiency in the management of public funds in Uganda despite the implementation of the numerous PFM reforms.

### **1.3 Objectives of the study**

#### ***1.3.1 General objective of the study***

The purpose of the study is to analyse the effects of the Public Finance Management (PFM) reforms on the management of public funds in Uganda, A case of Ministry of Finance, Planning, and Economic Development.

#### ***1.3.2 Specific objectives of the study***

- i. To analyse the effects of the Integrated Financial Management System on the management of public funds in Uganda
- ii. To examine the effects of the Program-based Budgeting System on the management of public funds in Uganda
- iii. To establish the effects of the Treasury Single Account on the management of public funds in Uganda

### **1.4 Research questions**

- i. What are the effects of Integrated Financial Management System on the management of public funds in Uganda

- ii. What are the effects of Program-based Budgeting System on the management of public funds in Uganda
- iii. What are the effects of Treasury Single Account on the management of public funds in Uganda

### **1.5 Justification of the study**

Studying the effects of PFM reforms on the management of public funds in Uganda is crucial for several reasons as expounded below:

Like many other developing countries, Uganda, has been pushing to achieve accountability and transparency in its systems of public finance management. Understanding the effect of reforms in this area can shed light on whether these efforts have been effective in curbing corruption and safeguarding the efficient utilisation of public funds for economic growth and development.

Uganda has been heavily reliant on foreign aid for its development programs. In the financial year 2021/2022, external financing accounted for 18.1% of Uganda's national budget (Ministry of Finance, Planning and Economic Development, 2022). Donor funding often supports Uganda's critical sectors such as health, education, and infrastructure.

However, donor agencies have raised concerns about the misuse of funds and poor financial accountability. For instance, in 2012, several donors, including the UK, suspended aid to Uganda due to reports of embezzlement of donor funds within the Office of the Prime Minister (The Guardian, 2012).

This also led to a deterioration in Uganda's Foreign Direct Investment (FDI) inflows to \$847 million in 2022, a slight decrease compared to previous years.

This was partly attributed to global economic challenges and local concerns about governance and transparency in financial management. Countries with sound financial management practices, transparent systems, and robust reforms that reduce risks of corruption and inefficiency attracted the interest of investors (UNCTAD, 2023).

In 2023, the Transparency International Corruption Perceptions Index (CPI) ranked Uganda 142nd out of 180 countries with a score of 26 out of 100. This low score shows that public funds mismanagement concerns in Uganda are widespread. It is imperative, therefore, to analyse the PFM reforms in order to appreciate the causes of the persistent mismanagement of funds in Uganda.

Analysing the effect of PFM reforms can offer policymakers the opportunity to identify gaps in existing systems and ensure that scarce resources are efficiently allocated and effectively utilised.

## **1.6 Significance of the study**

This study's substantial significance is in three key areas, namely, policy, practice, and research as presented hereafter.

*Policy contribution:* The study findings will be relevant in providing critical insights into the effectiveness of Public Financial Management (PFM) reforms, offering evidence-based recommendations for policymakers. This will arise from the examination of the persistent issues related to delayed fund disbursement, inadequate absorption capacity, and accountability gaps, hence highlighting the areas where current reforms are falling short.

The findings can support the MoFPED to reinforce financial policies and ensure that future reforms are better aligned with Uganda's public finance needs. Furthermore, the study's results can inform the enactment of more stringent regulatory frameworks to address systemic inefficiencies such as prompt fund disbursement and enhanced fiscal reporting standards.

*Relevance in practice:* From a practical standpoint, this study will provide actionable insights for public finance managers and practitioners. The identification of specific operational inefficiencies, such as the average 63-day delay in fund disbursement and the 26.1% absorption capacity in certain departments (BMAU, 2023), will help in developing more effective implementation strategies.

Public sector managers can use the findings to optimise the use of the financial management tools, ensuring faster release and efficient utilisation of allocated and disbursed funds. In this, PFM practitioners and other public servants will be aided to reduce the risks of financial mismanagement.

*Contribution to Research and the Academia:* In terms of research, this study will contribute to the growing body of literature on public financial management in developing countries. By providing a detailed analysis of the impact of PFM reforms within Uganda's Ministry of Finance, the study could serve as a reference for future research on fiscal management in other African nations. The study will also identify gaps in current research and by doing so, it will open avenues for further academic inquiry, including comparative studies across countries,

longitudinal assessments of reform outcomes, and the exploration of innovative solutions to public finance challenges.

In addition, researchers and academics can utilise findings from this study to further analyse the dynamics of public finance management and contribute to the knowledge stock in this field. This can lead to the development of better policies and practices for financial management.

## **1.7 Scope of the study**

This section presents the geographical, content and time scope of the research.

### **1.7.1 Geographical scope**

This study was carried out at the Ministry of Finance Planning and Economic Development (MFPED). Geographically, the MFPED is located at plot 2-12, Apollo Kaggwa Road, in the central division, Kampala district. Out of twenty-one (21) departments in the Ministry, six (6) departments were purposively selected because of the expertise they possess and roles they play in regard to the implementation of PFM reforms. The six departments were, Financial Management Services (FMS), Macro-economic Department, Budget Policy and Economic Department, Internal Audit Management Department, and Budget Monitoring and Accountability Unit.

### **1.7.2 Content Scope**

The study focused mainly on public finance management reforms which were operationalised through; Integrated Financial Management Systems (IFMS), Programme-based Budgeting System (PBS), and Treasury Single Account (TSA). These are some of the key PFM reform and formed the independent variable

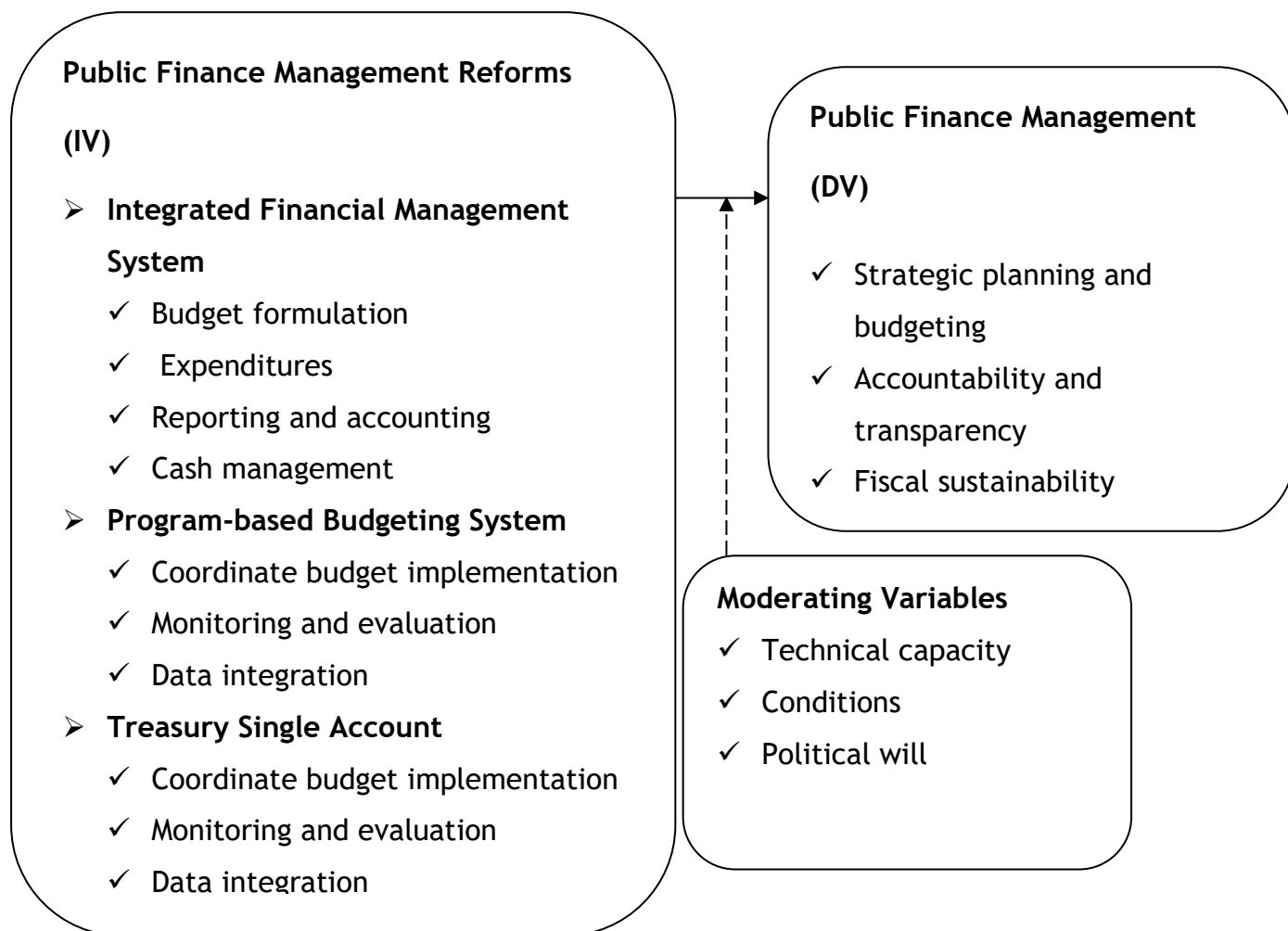
while effective management of public funds in Uganda as the dependent variable comprising of strategic planning and budgeting, accountability and transparency, and fiscal sustainability.

### ***1.7.3 Time scope***

The research was executed between 2022 and 2023 because by this time, these reforms had been rolled out and implemented for over two years. The researcher therefore strongly believed that this was a good period to provide fresh data for analysis to inform policy and action decisions by the MFPEd.

## 1.8 Conceptual Framework

This presents the relationship between public finance management reforms (Independent Variable) and effective management of public funds (Dependent Variable). It also highlights the intervening variables.



**Source:** *Munyambonera & Lwanga (2015) and modified by the researcher*

Basing on the conceptual representation above, public finance management reforms are measured in terms of IFMS, TSA and PBS while effective management of funds is operationalised as effective budget preparation, sound budget implementation, and good financial accountability and transparency.

The conceptual framework assumes that better implementation of the public finance management reforms will have an influence on; i) Effective budget preparation ii) sound budget implementation through resource allocation, utilisation and absorption, and iii) good financial accountability and transparency through timely reporting as per the set PFMA 2015 guidelines. This conceptual framework further assumes that other factors known as intervening variable like technical capacity, donor conditions and political may influence or affect both PFM reforms and effective management of funds.

## **1.9 Chapter conclusion**

In conclusion, this chapter provides a general introduction in studying the effects of PFM reforms on effective public funds management in Uganda. The focus was on three PFM reforms of IFMS, PBS, and TSA. This is informed by the persistent reports of Government shortcomings in managing public funds. The significance is to provide better ways of overcoming the shortcomings. This introduction chapter lays the foundation for the next chapter, which reviews the literature.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

Review of literature is the examination of accredited earlier researches related to the topic to make a case for further investigation. The chapter therefore, presented literature review concerning PFM reforms and effective management of public funds. The chapter presented information in sections. Section 2.2 presented a theoretical review while sections 2.3, 2.4 and 2.5 presented a systematic review of related literature following the study objectives and concludes with a synopsis of the reviews.

#### 2.2 Theoretical Literature review

This study was hinged on two theories namely; Stewardship theory and social exchange theory.

##### **2.2.1 *Stewardship theory (Davis, J. H., Schoorman, F. D, & Donaldson L,1997)***

This study was informed by the stewardship theory advanced by Davis et al., 1997. It emphasises the responsible and ethical management of resources by stewards on behalf of principals thereby providing a relevant framework for understanding the context of the study.

The theory postulates that instead of acting in quest of their own interest, the motivation of the managers' or stewards' actions are rather in the best interests of the organisation (Davis et al., 1997). Stewardship theory suggests that stewards derive intrinsic satisfaction from their work and prioritise long-term success over personal gains. Hernandez, 2012 argues that the stewards act as trustees of resources and are driven by trust, collaboration, and shared goals.

The key principles of stewardship theory include; Intrinsic motivation which reasons that stewards are inherently stirred to act in the public interest rather than personal gain (Davis et al., 1997). This is relevant for PFM reforms because it aims at aligning public expenditure with national development goals, ensuring that public funds are used to improve service delivery and address the country's needs (World Bank, 2017).

Another principle is Trust and accountability; this is relevant because building trust between the government and the public can lead to better compliance, transparency, and cooperation in managing public resources, and reduces wastage of resources (OECD, 2021, and Tangri & Mwenda, 2001).

Through IFMS, the Government can track expenditures more effectively, reduce fraud and mismanagement risks, and provide timely and accurate financial reports to the public. These efforts align with the Stewardship theory principles of encouraging accountable management of public funds on behalf of the citizens as highlighted by Kuteesa & Kyeyune (2020).

The Ugandan government can build trust with its citizens (Mugonola et al., 2020) through the implementation of public finance management reforms and the demonstration of a commitment to financial transparency and accountability. To foster cooperation and collaboration between the government and the public in ensuring the effective management of public funds, this trust is vital.

Another principle of the theory is long-term thinking, and it encourages a strategic approach to resource management. This is essential to the study

because it ensures that financial policies and reforms focus on sustainable fiscal health and long-term economic stability.

The principle of collaboration emphasises working towards shared goals rather than pursuing individual interests (Van Slyke, 2007). On the other hand, the principle of ethical responsibility underpins responsible and ethical resources management by stewards on behalf of principals. This provides a relevant framework for understanding the dynamics at play (Frempong, A., 2020).

However, one of the shortfalls of the Stewardship theory is its assumption that leaders will always prioritise the long-term interests of the organisation over their own short-term gains or personal interests (Torfing, J., & Bentzen, T. Ø., 2020). Realistically, at the expense of the organisation's long-term sustainability, leaders may succumb to the temptation of pursuing personal agendas or short-term gains, which may drive them to engage in financial malpractice.

Additionally, complexities of organisational dynamics, such as power struggles and conflicting interests among stakeholders, which the stewardship theory may overlook, can hinder effective stewardship according to Cunha, M. P. (2020). Consequently, the idealistic assumptions of the stewardship theory may not always align with the complexities of real-world organisational dynamics, although they offer pertinent insights into leadership behavior. This, therefore, stresses the relevance of social exchange theory.

### ***2.2.2 Social Exchange Theory (George Homans, 1958)***

The Social Exchange Theory overcomes the limitations of the stewardship theory. The social exchange theory coined initially by George Homans (1958) and later expounded on by Peter Blau and Richard Emerson (1964).

This theory emphasises the relationships between individuals and the exchanges of resources (tangible or intangible) within those relationships. It recognises the basis of relationships that individuals engage in (including those within organisations) as emanating from the expectation of receiving benefits and minimising costs. Whereas the stewardship theory assumes an inherent altruistic motivation in leaders, the Social exchange theory recognises that individuals' behavioural desire to serve their own interests.

In the organisational leadership context, leaders and followers engage in a reciprocal exchange relationship where both parties provide resources to each other according to the social exchange theory. Whereas the followers contribute their skills, effort, and loyalty, leaders provide direction, support, and opportunities for growth (Blau, 1964).

However, within these exchange relationships, Social exchange theory recognises the potential for imbalance and exploitation. For example, Emerson (1976) argues that followers, on one hand may withhold effort or engage in counterproductive behaviors if they perceive inequity in the exchange and on the other hand, the leaders may maximise their power for personal gain.

Social exchange theory proposes that organisations foster a culture of reciprocity and fairness to address these issues. By this the leaders and followers perceive

the exchange relationship as mutually beneficial. Cropanzano & Mitchell (2005), state that this relationship should ensure transparent communication, equitable distribution of rewards and recognition, and opportunities for participation in decision-making.

Social Exchange Theory provides a more nuanced understanding of leadership behaviour than stewardship theory by stressing the dynamics of exchange relationships and emphasizing fairness and reciprocity. It acknowledges the potential for self-interest and exploitation within organisations while offering strategies to promote positive exchange relationships and enhance organisational effectiveness. Relating to public financial management, the theory mirrors the connection between government institutions and the public. This connection is hinged on trust, reciprocity, and transparency as critical components for effective management of public funds.

Reciprocity, cost-benefit analysis, trust and commitment, equity, and social norms are some of the key principles of this theory. These principles propose that the government is expected to efficiently allocate and utilise public resources in a way that benefits citizens. Additionally, Governments ought to undertake a cost-benefit assessment of public expenditure decisions with an aim of maximising the return from the invested resources. And finally, the World Bank (2013), affirms that transparency and accountability strengthen the principle of trust and commitment.

By incorporating the core ideologies of the Stewardship theory and the Social Exchange Theory into public finance management, the policy makers are guided

in designing systems that foster trust, equity, and sustainability. Such systems ensure governments' prudent public funds management in the interest and for the benefit of the citizens.

### **2.3 The effects of the Integrated Financial Management System on the management of public funds in Uganda**

The Integrated Financial Management System (IFMS) is a comprehensive software solution designed to streamline financial processes, enhance transparency, and improve accountability in the public finance management. The intension of the IFMS as part of the broader PFM reforms is to improve budget preparation, accounting, reporting and auditing processes. It is envisaged that these concepts have a bearing on the effective public funds management (MFPED, 2018).

The IFMS was introduced in Uganda with a major intention of streamlining all fiscal and financial management processes. The reform began with the roll out of the IFMS- Tier 1 Oracle based Enterprise Resource Planning (ERP) solution to 12 Local Governments (LGs) by October 2008 (MFPED, 2021). By the end of December 2016, a total of 73 LGs (47 %) were on Tier 1 and as of end of 2021 all MDAs and LGs were using the IFMS (MFPED, 2021).

Nevertheless, the rollout of IFMS in Uganda illustrated significant progress in improving the efficiency and transparency of public financial management processes (MFPED, 2021). As noted by Kiilu and Ngugi (2014), the implementation of IFMS positively contributed to automation, enhanced reporting, and integration of government processes, which ultimately strengthens

accountability and reduces the risks of financial mismanagement. The effects of the IFMS on effective management of public funds is presented hereunder:

### ***2.3.1 Enhancement of transparency and accountability***

Government budgets are key areas of public action by which policy objectives are chosen and acted upon (Hedger & Renzio, 2010). By this, the necessary resources are collected, allocated, expended and reporting/accountability provided. This agrees with a study by Suresh and Tonny (2014), who emphasised governments' need for accountable and adequate systems that improve results and maintain the financial condition of the state.

In addition, Dorotinsky and Serrano (2013) indicate that by the IFMS providing stakeholders with access to accurate and timely financial information, it presents a potential to enhance fiscal transparency and accountability.

### ***2.3.2 Enhancement of financial reporting and accounting***

The IFMS can improve data accuracy, facilitate performance monitoring, reporting and accounting. According to Dorotinsky and Serrano, 2013, this enables better fiscal planning and resource allocation, and financial reporting thereby strengthening governance and public trust in government institutions. This relates to a research conducted by Tum & Ondabu (2023) which revealed a significantly improvement the quality of financial reporting in Kenyan government institutions resulting from resulting from the electronic budgeting and automated cash management through IFMIS. These enhancements led to more efficient accounting processes and better financial oversight.

Niyonizeye (2013) and Nafuye (2024) established that the adoption of IFMS improved financial reporting in Rwanda's Ministry of Finance and Economic Planning and also improved financial management by enhancing the accuracy and timeliness of financial reports by Uganda's district local governments, respectively. This resulted from ensuring consistency and accuracy in financial data, facilitating better tracking of expenditures and revenues, hence generating more reliable financial statements and strengthening accountability mechanisms.

### ***2.3.3 The IFMS Support robust internal controls***

Akroyd (2019) asserts that IFMS has the potential to greatly enhance effective public finance management. This is because of its ability to centralise financial data, automate processes, strengthen internal controls, and facilitate real-time tracking of financial transactions. Akroyd (2019) concurred with Oliveira and Martins (2018) that this was seen to enhance transparency by providing stakeholders with timely access to financial information and also enforce budgetary controls to reduce the risk of mismanagement or fraud through automated checks and balances.

Significant efficiency gains by the IFMS in public financial management were noted by Schick (2018) as denoted by reduced administrative burdens, streamlined processes, and minimised risk for errors and fraud. The possibility of the IFMS to automate routine tasks such as budget preparation, expenditure tracking, and financial reporting allows government officials to focus on strategic decision-making and policy implementation (Schick, 2018).

#### ***2.3.4 Supports Cash flow management***

Diamond and Khemani (2005) argued that management of cash flow ensures liquidity and operational efficiency resulting from tracking the inflow and outflow of funds. By consolidating financial data, IFMS allows decision-makers to monitor cash positions accurately, forecast cash requirements, and make informed financial decisions. Diamond and Khemani (2005) add that this integration reduces redundancy, enhances transparency, and minimises the risk of fund mismanagement.

Effective implementation of the IFMS makes a major contribution in achieving the PFM objectives (MFPED, 2016). Dorotinsky (2013) agrees with Rozner (2018) that the IFMS is an information system that supports cash flow management by tracking financial actions and the succinct presentation of financial data. This is through supporting decisions on policy, management reporting, and preparing auditable financial statements.

Pimenta and Pessoa (2015) avers that the IFMS supports cash flow management through automatic reconciliation of transactions and generating timely financial reports, which are crucial for decision making. They add that Governments and large institutions that adopted IFMS reported better fiscal discipline and improved capacity to respond to financial challenges.

#### ***2.3.5 enhances automation of Government processes***

A study by Kiilu and Ngugi (2014), revealed that to a great extent the PFM reforms (IFMS) enhance automation of government processes, reporting, accountability, and government processes' integration. The study also found out that the IFMS

enhanced effectiveness and transparency of financial management, reflecting a positive effect of the PFM reforms on accountability. By offering automated and timely access to financial information, Dorotinsky (2013) and Rozner (2018) pointed to the support that the IFMS offers in effective decision-making and reporting.

### ***2.3.6 Reduces transaction costs, minimising errors and freeing up human resources for more strategic needs***

One of the merits of IFMS, according to Chêne (2009), is its capacity to reduce transaction costs. This is achieved through the automation of previously manual processes. By doing this, organisations can decrease paperwork, reduce processing time, and lower administrative expenses. Hashim and Piatti-Fünfkirchen, (2018) argued that, in addition to cost reduction, the IFMS helps minimise human errors when workflows are standardised and data validation is automated. These capabilities augment data accuracy and compliance with financial regulations. This in turn, leads to more reliable financial reporting and decision-making

Furthermore, Diamond and Khemani (2005) argued that by automating routine financial tasks, IFMS allows organisations to redeploy human resources toward more strategic functions, such as financial planning, policy analysis, and performance evaluation. This change enhances resource allocation and contributes to the overall organisational performance and governance.

### ***2.3.7 Challenges in IFMS implementation***

The complexity and cost of implementing IFMS is one common concern in implementing the IFMS (Akroyd, 2019). This is common in developing countries where technological infrastructure and human resource capacity are limited. Dana (2017) and Chêne (2009) emphasised that where there is limited stakeholder engagement, inadequate institutional capacity, and lack of political will, the successful implementation of IFMS becomes challenging.

Andrews et al. (2017) hinged the successful implementation of IFMS to more than just technological solutions. They argue that institutional, organisational, and political challenges also affect the operationalisation of the IFMS (Andrews et al., 2017).

Schuster et al. (2019) emphasised the need to be sensitive to local norms, practices, and power dynamics to effectively address governance challenges and achieve sustainable outcomes from the IFMS implementation (Schuster et al., 2019).

Bozeman (2020) advocates for a holistic approach to IFMS implementation, combining technological solutions, institutional and organisational reforms to address these challenges. He emphasised the necessity for strong leadership, capacity building, and stakeholder engagement to ensure the successful adoption and utilisation of IFMS (Bozeman, 2020).

Additionally, Diamond and Khemani (2015) emphasised the essence of measuring the effectiveness of IFMS initiatives and recognising improvement areas through rigorous evaluation frameworks and performance indicators. A modular approach

to the implementation of the IFMS was emphasised by Diamond and Khemani (2015), commencing with the core function modules.

In conclusion, although bottlenecks remain, the IFMS supports management of public finances in a transparent, accountable, and efficient manner. To this extent, a holistic approach involving technology, institutional reforms, and continuous capacity development is essential to maximise the outcomes. continuous monitoring and evaluation is crucial to adapt to emerging needs.

#### **2.4 The effects of the Program-based Budgeting System on the management of public funds**

An insight into program-based budgeting and effective public finance management requires a comprehensive scrutiny of scholarly literature, offering agreements, disagreements, and comparative analyses about these concepts. Rubin (2012) postulates that the allocation of resources targeting specific programs or activities as opposed to targeting traditional line items is the backbone of Program-based budgeting.

Shah (2013) argues that effective public finance management covers a broad spectrum of practices targeting the optimal utilisation of public resources, budget formulation, execution, monitoring, and evaluation to achieve fiscal prudence and meet societal sustainability.

The PBS is the most predominant form of performance-based budgeting in its application to the government budget as a whole (Robinson, 2011). It is premised on budget funds allocation to results-based programs. The PBS supports the effective public funds management in the following ways;

#### ***2.4.1 Enhances effective allocation of funds***

Rubin (2017) and Joyce (2019) concur that program-based Budgeting System enhances efficiency and accountability in public finance management. By aligning budget allocations with specific programs and outcomes, it becomes easier to track the effectiveness of government spending.

According to Tommasi (2009), the PFM reforms are meant to enhance fiscal discipline, resources allocation in conformity with government policy, and fostering operational efficiency in public service delivery by “*doing more with less resources*”.

Pauw, Woods, Van der Linde, Fourie and Visser (2002), in their study to establish the role of budgeting on performance of organisations in United Kingdom concur with Tommasi (2009) that strong budgeting systems also contribute to better overall standards of public sector governance.

By aligning budgetary allocations with program objectives, PBS promotes more strategic decision-making, making it easier to measure the success of government programs and ensure that resources are directed towards priority areas (Hatry, 2018; MFPED, 2017).

#### ***2.4.2 supports the allocation of funds based on programs***

Hood and Peters (2019) compare program-based budgeting with performance-based budgeting. While both approaches emphasise accountability and outcomes, performance-based budgeting places greater emphasis on measuring program effectiveness and results. However, scholars like Rubin (2012) suggest that program-based budgeting can serve as a foundation for implementing

performance-based budgeting by providing a clear framework for allocating resources to specific programs.

Kaplan (2016) compares PBS with incremental budgeting. Incremental budgeting, based on historical spending patterns, often leads to budget inertia and may not effectively link resources to program priorities. On the contrary PBS allows for a more strategic allocation of resources based on program objectives and outcomes.

#### ***2.4.3 Enables linking funding to program outcomes***

Program-based budgeting serves as a methodology within the broader framework of public finance management, providing a systematic approach to allocate resources in alignment with government priorities and desired programme outcomes (Kaplan, 2016). Program-based budgeting links spending to programs and their activities allowing measuring of results. This linkage enables government officials to evaluate whether funds are spent wisely on a program that is meeting its goals or if the money should be spent on another program.

By linking budgetary allocations directly to program objectives and performance metrics, program-based budgeting facilitates more informed decision-making processes and enhances accountability by enabling stakeholders to track the effectiveness and efficiency of government expenditures (Joyce, 2010).

#### ***2.4.4 Improves transparency and reduction of corruption***

According to Hatry (2018), program-based budgeting promotes transparency by clearly linking budgetary allocations to program objectives. This transparency

supports the policymakers through the process of making decisions by providing clear appreciation of the costs and outcomes associated with each program.

A review of PBS in Mauritius by Collaborative Africa Budget Reform Initiative (CABRI) in 2010 highlighted the following as the benefits of PBS; increased flexibility and ownership of the budget by the stakeholders, better resource allocation, performance orientation by the government departments, and transparency in budgeting and resource allocation. However, Joyce (2011) on the other hand argued that budgeting involves a political process and therefore the availability of performance information does not automatically affect allocations. The researcher agrees with Joyce 2011 that effective PFM reforms work within a political environment that need to be assessed and understood by the implementer.

Rubin (2017) and Joyce (2019) agree that Program-based budgeting (PBS) enhances transparency, accountability, and efficiency by enabling policymakers and stakeholders to track the effectiveness of public spending and ultimately contributing to better fiscal management.

#### ***2.4.5 Support towards program Monitoring and evaluation***

Charoenkul, N., & Siribanpitak, P. (2012) in his study highlighted that the introduction of PBS in Thailand is said to have improved preparation and evaluation of budget expenditures by sectors. That the PBS emphasised program output, evaluation, planning, and economic analysis functions. It also enabled the creation of a stronger link between agency allocations and the government's

policy objectives than under traditional Line-item budgeting aiding the tracking and eventual evaluation of the processes and outcomes.

#### **2.4.6 Challenges in PBS implementation**

The integration of performance data into budget decisions often hinder the adoption and successful execution of these practices (Yang, 2014). According to Jones and Thompson (2019), program-based budgeting can potentially lead to micromanagement if not implemented carefully, to the extent that overly detailed program budgets may restrict managers' flexibility, innovation and discretion in resource re-allocation for better service delivery.

Furthermore, although PBS is affected by political interference especially that the budget is not only a planning tool but also a political tool. (Joyce, 2011; Zaltsman, 2009). To this extent, the policymakers ought to understand the political environment under which they operate to solicit the required political backing that supports the full potential of PBS as a public financial management reform.

In summary, the full effectiveness of the PBS is highly dependent on overcoming practical implementation challenges in addition to navigating the political factors at play within the budgeting processes.

#### **2.5 The effects of Treasury Single Account on the management of public funds**

The TSA is a centralised bank account system established by governments to consolidate and manage all their funds. It consolidates government cash resources into a single account held at the Central Bank with an aim of enhancing

accountability, transparency, and efficient public funds management (Abdul, 2018).

### ***2.5.1 Leads to effective funds management***

Kanu (2016) stresses the usefulness of the TSA as a instrument used to centralise the control over government revenue through effective cash management enabling government to ascertain its daily accounts accruals. According to Adeolu (2015), the TSA implementation in Nigeria led to improved fiscal discipline by reducing the number of idle or unmonitored accounts held by government ministries, departments, and agencies. The consolidation of these accounts enabled better oversight and minimised opportunities for corruption and misappropriation of public funds

### ***2.5.2 Enhances financial control***

Adelemu (2015) argued that TSA implementation helps lower financial leakages and embezzlement. The implementation of Single Treasury Account (TSA) aimed at blocking revenue leakages within the government parastatals. This was because the Ministry of Finance and the Central Bank are able to monitor the cash inflows and outflows. This was in agreements with the Central Bank of Nigeria (2015) research which discovered that the implementation of TSA enabled the Ministry of Finance to monitor financial flow because no agency of government was allowed to maintain any operational bank account outside the oversight of the Ministry of Finance.

### ***2.5.3 Improved transparency and accountability***

Okereke et al. (2020) avers that implementation of TSA leads to increased accountability and transparency in public financial management. This is in agreement with Ayodele and Adebayo (2019) who argue that the flow of funds can be easily tracked, reducing leakages and minimising the risk of financial mismanagement by consolidating government funds in a single account.

However, Adeyemi and Adebayo (2019) argue that while TSA may enhance transparency, it does not necessarily guarantee improved accountability. They contend that enforcement mechanisms to hold individuals accountable for financial mismanagement may still be lacking, potentially limiting its effectiveness in curbing corruption.

A study by Munyambonera and Lwanga (2015) found that Government ministries and departments reported that the TSA system ensured improved reporting mechanisms, efficient use of and accountability for public funds. Adesoji and Iyiola (2020) also argue that integrating various government entities and financial systems into the TSA framework requires robust technology infrastructure and capacity-building efforts.

Eme et al. (2015) argue that TSA has strengthened accountability mechanisms by centralising revenue collection and disbursement, thereby reducing delays and discrepancies in financial reporting. These improvements contribute to a more effective and streamlined approach to public fund management.

#### ***2.5.4 Reduction in government borrowing***

The World Bank (2016) noted that the TSA improved cash management practices by providing governments with better visibility and control over their cash resources. Olatunji et al. (2017) and the World Bank (2016) further argue that efficient cash flow forecasting, minimised idle funds, and reduced borrowing costs can easily be achieved as a result of centralising government funds management through the TSA.

The International Monetary Fund (IMF, 2011) and Adeolu (2015) agree that reduced unnecessary funds borrowing and efficient debt management can easily be achieved through the TSA. They argue that the TSA contributes to better fiscal discipline and more strategic allocation of public funds. Furthermore, it highlights that the TSA enables governments to identify funding needs, reduce unnecessary borrowing and eventually freeing up resources for other developmental projects.

#### ***2.5.5 Helps in better allocation of resources***

By directing funds toward essential services such as healthcare, education, and infrastructure, the IMF (2010), argued that governments can allocate resources more efficiently. This emanates from centralising government cash balances which eliminates the problem of fragmented bank accounts across various ministries and agencies. This consolidation helps to avoid idle balances, reduces the cost of borrowing, and ensures that government cash resources are available when needed for priority expenditures.

Olowookere and Adebayo (2017) in their study found out that TSA promotes efficiency in the allocation and utilisation of public resources by ensuring real-time access to government cash positions. This in itself aids in more informed financial planning and expenditure prioritisation.

#### ***2.5.6 Supports accurate account reconciliation***

Sailendra, P., & Israel, F. (2010) argument was that the TSA, when fully implemented, ensures that the banking arrangement for governments is unified ensuring easy traceability of transfers. This enables the Finance Ministries to track better the cash flows of autonomous governments and allows complete fundability of all cash resources. Pattanayak and Fainboim (2010) further argue that the TSA enables “accurate and timely reconciliation of cash balances,” which is critical for efficient cash management.

By allowing for better cash forecasting and expenditure control, the TSAs improves the quality of fiscal data (IMF, 2011) by eliminating fragmented bank accounts across various ministries and agencies. This centralisation allows for error reduction, minimising loss of funds, and real-time reconciliation of cash balances. This is because all government transactions are centrally captured and reported consistently.

In addition, Adebisi and Okike (2016) contend that implementing TSA reduces the incidence of transaction duplication and delayed reporting due to centralized receipts and payments recording. This makes discrepancies easier to detect and reconcile. Similarly, by all government financial activities passing through a

single, traceable system which simplifies reconciliation procedures, TSA promotes transparency and accountability (Nweze & Greg-Egu, 2019).

### ***2.5.7 Challenges in TSA implementation***

Adeolu and Olowe (2019) argue that the centralisation of funds may lead to delays in fund disbursement, affecting the timely delivery of essential services and adversely affect micro-level cash flow.

In conclusion, the TSA enhances the efficiency of public financial management but to fully realise its potential, there is need for infrastructure, technological integration, and strengthened mechanisms for accountability. Efforts to address operational inefficiencies and improve disbursement processes are necessary to ensure that TSA not only improves transparency and macro-level cash management but also supports the timely delivery of essential services at all levels of government.

## **2.6 Chapter conclusion**

The reviewed literature highlighted that PFM reforms were first carried out by the developed world. Africa and the less developing countries started implementing PFM reforms in the early 1980s. It has been further observed through the literature that the worldwide PFM reforms were triggered by multiple forces including but not limited to: the Paris Declaration on Aid Effectiveness, the NPM, governance, accountability, and anti-corruption issues.

Literature reviewed highlighted that PFM reforms greatly enhance the efficiency, accountability, savings, improved services to citizens, improved management of resources and effective budget allocation of public funds and decision making.

The PFM reforms have further established and enforced internal system controls, increased compliance with rules and regulations, transparency, timely reporting and reduced opportunities for corruption.

The reviewed literature also highlighted that successful budget utilisation and implementation depends on but not limited to; ability to deal with changes in the macroeconomic environment, and the implementation capacities of the agencies concerned, political will, and effectiveness of expenditure controls.

The literature, however, presented some challenges and gaps in the implementation of the PFM reforms, such as delays in fund disbursement, political interference, delayed implementation due to overly restricted system adherence, poor technological infrastructure, and human resource capacity limitations. These form part of the gaps that the study seeks to explore and use such insights to advise policymakers to improve financial governance and foster fiscal responsibility.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter presents the methodology employed to study the effects of public financial management (PFM) reforms on the management of public funds in Uganda. The section in this chapter include; research design, research approach, study population, sampling methods, techniques of data collection, data analysis methods, and the ethical considerations. Detailing the methodological approaches ensures that the study's findings are credible, valid, and reliable.

Kothari (2004) defines a research methodology as a systematic strategy used to address a research problem, encompassing the tools, techniques, and procedures applied to collect and analyse data. Creswell (2014) adds that it is a blueprint for the research process which ensures the achievement of the study objectives. This chapter describes the tailoring of these methodological choices to meet the specific objectives of the study.

#### 3.2 Research design

A cross-sectional research design was employed. Through this design, data is collected at a single point in time from a population or a sample representing that population, according to Smith and Jones (2018). A case<sup>1</sup> was selected to inform the broader appreciation of PFM reforms in Uganda. The cross-sectional research design was used to examine and describe characteristics, attitudes, and behaviours within a particular population at a specific moment.

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<sup>1</sup> Ministry of Finance, Planning and Economic Development

### 3.3 Research approach

A quantitative research approach was adopted but it was supplemented with qualitative approach. The collection, analysis, and integration of both numerical (quantitative) data and descriptive (qualitative) data was aimed at achieving a comprehensive appreciation of the research problem (Adams, 2020). The combination of quantitative and qualitative approaches was intended to allow the researcher to capitalise on the numerical precision of quantitative data and the rich, in-depth insights of qualitative data.

Whereas quantitative approach base on structured data collection methods, to test hypotheses and generalise findings (Johnson, 2020, and Brown et al., 2019), qualitative research bases itself on subjective experiences, perceptions, and meanings that support the depth appreciation of complex phenomena (Garcia & Martinez, 2021).

Therefore, this study employed questionnaire surveys and interview guides. Whereas the quantitative approach is well-suited for hypothesis testing, establishing relationships between variables, and generalising findings to broader populations (Smith & Johnson, 2018), the qualitative analysis involved coding, thematic analysis, or narrative analysis to identify patterns and themes within the data (Williams, 2016).

Whereas the quantitative methods alone may be limited in explaining the “why” behind certain trends, and the qualitative methods may lack the generalisability offered by quantitative data, a mixed approach offers a more balanced understanding of the research phenomena. This is why it was preferred over

other approaches, especially when addressing multifaceted issues that require both statistical evidence and contextual interpretation.

### **3.4 Area of study**

The study was conducted at the Ministry of Finance Planning and Economic Development located at Plot 2-12 Apollo Kagwa Road, central division, Kampala. The ministry was preferred because it has the mandate to mobilise financial resources, manage their usage and it initiates policies that enhance overall economic stability and development. The MFPED is also responsible for the PFM reforms.

### **3.5 Source of Information**

The study used both secondary and primary information sources.

#### **3.5.1 Primary data**

Questionnaires were employed to collect primary data. These were distributed to the sampled respondents to gather quantitative data on their perceptions of public financial management reforms. In addition, Semi-structured interviews were conducted with key informants to obtain in-depth qualitative data about specific experiences and challenges associated with the PFM reforms.

#### **3.5.2 Secondary Data**

Secondary information was obtained from extensive review of the relevant available literature in the area of PFM reforms in Uganda and beyond. The MFPED reports, BMAU reports, Inspectorate General of Government (IGG) reports, published researches, journal articles and Office of the Auditor General (OAG) reports among others were reviewed.

### 3.6 Population and sampling techniques

#### 3.6.1 Study Population

Mugenda and Mugenda (2005) define population as an entire set of individuals with common, distinct characteristics. The study population consisted of technical staff in the Ministry of Finance, Planning and Economic Development because this is the ministry in charge of initiating and enforcing reforms. The 96 (ninety-six) technical staff from these six (6) departments out of the 21 departments in the MFPED constituted the population from where the sample was selected. The six departments were Treasury Directory services (TDS), Financial Management Services (FMS), Macro-economic Department (Macro), Budget Policy and Economic Department (BPED), Internal Audit Management Department (IAM), Budget Monitoring and Accountability Unit (BMAU).

#### 3.6.2 Determining the sample size

Using the Krejcie and Morgan's (1970) table (appendix III) for determining appropriate sample size for a given known population, the overall sample size was determined. The sample was proportionately obtained from among the departments as indicated in table below;

**Table 1: Sample size determination**

Stratum	Target Population	Sample Size	Sampling Techniques	Data Collection Instruments
Treasury Directory services (TDS)	2	2	Purposive	Interviews Guide
Financial Management Services (FMS)	22	18	Simple random sampling	Questionnaires

Macro-economic Department (Macro)	16	13	Simple random sampling	Questionnaires
Budget Policy and Economic Department (BPED)	15	13	Simple random sampling	Questionnaires
Internal Audit Management Department (IAM)	11	9	Simple random sampling	Questionnaires
Budget Monitoring and Accountability Unit (BMAU)	30	25	Simple random sampling	Questionnaires
<b>Total</b>	<b>96</b>	<b>80</b>		

*Source: Author's compilation.*

### **3.6.3 Sampling techniques**

Sampling was done at two levels. The first level employed Purposive sampling to select the departments in the MFPED (which constituted the sample Population). Purposive sampling involves deliberately selecting participants who possess characteristics or experiences that are deemed important for the study (Smith & Johnson, 2018).

The researcher also employed purposive sampling to select two senior staff from the Treasury Services Directory with whom key informant interviews were conducted. The intent was to seek in-depth insights from knowledgeable persons with unique perspectives and experiences related to the research topic (Jones, 2017).

At the second level, simple random sampling was employed to carefully select the actual participants in the research from the remaining five purposively sampled departments (which constituted the sample size). The method was intended to ensure that the sample accurately reflects the larger population thereby avoiding bias (Creswell & Creswell, 2018).

### **3.7 Variable definitions and measurements**

**Public Finance Management (PFM)** are government-led initiatives intended to improve the efficiency, accountability, and transparency of public financial systems. On the other hand, **Management of public funds** refers to the processes and systems employed by governments to ensure effective, efficient, and transparent public resources allocation.

Measurement of variables as a critical component of research methodology allows researchers to collect data that can be analysed and interpreted to draw meaningful conclusions (Leedy & Ormrod, 2018).

Using nominal scales which assign values to the categories for identification purposes (Field, 2013), categorical variables that have distinct categories or levels, such as bio data of respondents were measured. On the other hand, Ordinal variables that have categories that can be ordered, but the differences between the categories are not necessarily equal for example Likert scale were measured using ordinal scale (Leedy & Ormrod, 2018).

### **3.8 Procedure for data collection**

Before fieldwork, the researcher obtained an introduction letter from Uganda Christian University (UCU). To pre-test the research instruments and ensuring their validity and reliability, a pilot study was conducted and the instrument was approved by the research and ethics committee. Research assistants were recruited and trained to acquaint them with the objectives of the study, ethical guidelines, and proper data collection procedures. In the field, permission was sought from relevant authorities, and appointments were scheduled. Data

collection methods included the use of questionnaires and interviews. After data collection, coding, analysis and interpretation was undertaken to generate a research report.

### **3.9 Data collection instruments**

The study employed two research instruments including the questionnaire and interview guide.

#### **3.9.1 Questionnaires**

A questionnaire refers to a set of items/questions to which respondents are expected to react to, usually in writing (Oso, 2009). The questionnaires (Appendix I) comprised of sections on the participants' demographic characteristics, public finance management reforms and effective management of funds. The constructs of public finance management reforms and effective management of funds were measured using both open and closed-ended questions and assessed using a five-point Likert scale ranging from 1=strongly disagree to 5= strongly agree.

Questionnaires were preferred because of their advantages, including their cost-effectiveness, ease of administration to large samples, and standardised data collection process (Palmer, 2012).

#### **3.9.2 Interview guides**

The interview guides are easily adaptable and effective in data collection. Open-ended items complemented data gathering. The construction of the interview guide (Appendix II) was guided by the recommendations of Amin (2005), who opines that open-ended questions allow respondents to give detailed

information. Therefore, helps the researcher to gain insight of the respondents into the issues under discussion. The precise and accurate nature of the method informed its selection because it involves the description of events in a carefully planned way (Babbie, 2014). The interview guides were administered to the key respondents under the Treasury Services Department because it is the originator of the reforms under review, and the researcher sought to appreciate the reasons behind the reforms and key challenges.

### 3.10 Quality control

#### 3.10.1 Validity

Validity refers to the capability of an instrument to measure what it is supposed to measure (Amin, 2005). To guarantee this, the questionnaire was pilot tested prior to its administration. This ensured that the items therein were clearly understood by the participants and they elicit the right responses. The validity index was tested using the formula below.

$$CVI = \frac{\text{Number of items regarded relevant by the judges}}{\text{Total number of items}}$$

Where; C = content; V = validity, and I = index

**Table 2: Validity statistics for the study variables**

Variables	No. of items	CVI
IFMS	13	0.861
PBS	15	0.923
TSA	15	0.879
Management of public funds	3	0.737
<b>Average</b>	<b>11</b>	<b>0.850</b>

Source: *Primary Data, (2023)*

An instrument which scores an index of 0.7 or above is accepted as being valid according to Sekaran (2003). Therefore, with a CVI of 0.85, the instrument passed the valid test.

### 3.10.2 Reliability

This was assessed using the Cronbach's alpha. It is a way of assessing reliability by comparing the amount of shared variance, or covariance, among the items making up an instrument to the amount of overall variance. The idea is that if the instrument is reliable, there should be a great deal of covariance among the items relative to the variance and 0.7 and above is considered acceptable.

**Table 3: Reliability statistics for the study variables**

Variables	No. of items	Cronbach's Alpha
IFMS	13	0.831
PBS	15	0.842
TSA	15	0.722
Management of public funds	3	0.704
<b>Average</b>	<b>11</b>	<b>0.775</b>

Source: Primary Data, (2023)

### 3.11 Strategy for data processing and analysis

Data analysis means the computation of certain indices or measures along with searching for patterns of relationship that exist among the data groups. The study employed both quantitative and qualitative techniques in analysing data. These are explained in the following subsections;

#### 3.11.1 Quantitative data analysis

Using the Statistical Package for Social Sciences (SPSS version 21), quantitative data was analysed with the help of frequencies to reveal how often a response was given, descriptive statistics to reveal the trends, measure of central

tendencies to reveal the distribution by various points, measures of dispersion to reveal the spread of scores from the mean, inferential statistics for example correlation analysis to examine the relationships and regression analysis to assess the effects among the variables hence making predictions about a larger population.

### **3.11.2 Qualitative data analysis**

The qualitative data was analysed using narrative analysis, a method that focuses on understanding and interpreting the stories and experiences shared by participants (Charmaz, 2014). To enhance rigor and consistency, the following steps were followed:

The data was imported into NVivo 12, a qualitative data analysis software. NVivo facilitated the systematic organisation and coding of the data. Codes were generated inductively (from the data) and deductively (based on the study variables). These codes captured recurring themes, patterns, and relationships relevant to public financial management reforms.

Patterns were identified by comparing themes across different participant groups (e.g., policymakers, auditors, and donor representatives). The themes were then contextualised within the framework of PFM reforms, allowing the researcher to link participants' experiences and perspectives to specific study objectives (Maxwell & Miller, 2018).

### **3.12 Ethical consideration**

Ethical principles are fundamental to all research endeavours as they ensure the protection, dignity, and rights of participants while upholding the integrity and

credibility of the research process (Smith & Johnson, 2018). This study adhered to key ethical principles as detailed below.

### ***3.12.1 Informed Consent***

To ensure voluntary participation in the study, the participants were fully informed of the study purpose, procedures, risks, and benefits (Brown et al., 2019) to obtain their consent. An information sheet explaining the purpose of the study was provided to the participants and they were notified of the anticipated duration of their involvement.

The participants were provided with the opportunity to ask questions and seek clarifications before their consent was sought. For participants who preferred oral agreements, verbal consent was obtained (Jones, 2017). In contrast, written consent forms were signed by participants who opted for that. This ensured voluntary participation with full knowledge of their rights, including the right to withdraw at any stage of the study.

### ***3.12.2 Confidentiality and Anonymity***

To safeguard the privacy of participants and their data (Garcia & Martinez, 2021), the confidentiality and anonymity principles were strictly adhered to. Secure storage of all collected data was ensured using password-protected digital files and locked physical storage with exclusive access. Unique identification codes were used to anonymise participants' identities and data reporting was in aggregate form. This was aimed at ensuring non-traceability of individual responses to specific individuals and safeguarding the confidentiality of sensitive information shared during the research process (Adams, 2020).

### ***3.12.3 Integrity and Transparency***

All findings were presented accurately, reflecting the reality of the data collected since the researcher refrained from falsification, fabrication, or selective reporting of data. To avoid plagiarism, ensure integrity, credibility and trustworthiness of the research findings, contributions from other scholars and other relevant literature were appropriately acknowledged (Smith & Johnson, 2018).

### **3.13 Methodological constraints**

Below are the study limitations;

#### ***3.13.1 Sampling limitations***

Whereas a small sample may have limited the generalisability and brought about potential shortcomings on the external validity of the findings, the researcher used appropriate sampling techniques to enhance representativeness. In addition, purposive sampling and increasing on the response rate enhanced the generalisability of the results.

#### ***3.13.2 Measurement limitations***

Measurement instruments that may have been potentially inaccurate or unreliable could have compromised the reliability and validity of the data. To address this challenge, the researcher conducted a pilot test to identify and address probable measurement-related issues.

#### ***3.13.3 Researcher bias***

There could have been influence of the researcher's own beliefs, assumptions, or perspectives on the study which could impact objectivity and introduce bias

into the research process. However, the researcher, maintained objectivity by double-blind study designs whenever possible.

#### **3.13.4 Data collection limitations**

Challenges in data collection, such as difficulties in accessing certain respondents could limit the completeness or comprehensiveness of the data. However, the researcher addressed the challenge by clearly defining and standardising data collection procedures, trained data collectors to ensure consistency and accuracy. The researcher also considered multiple sources or methods of data collection to enhance completeness and comprehensiveness.

#### **3.14 Chapter conclusion**

In conclusion, this chapter presents the methodology used to examine the effects of the Public Finance Management (PFM) reforms on public funds management in Uganda. To achieve this, the researcher employed a cross-sectional design using a case of MFPEP and participants were obtained at two stages of sampling. Firstly, purposive sampling to obtain the population and the secondly simple random sampling to obtain the sample size. Questionnaires and interview guides were employed to collect data. These were used because of their efficiency and ease of obtaining data. A pilot study was undertaken to ensure validity and reliability of the data. Overall, the methodology used in this study was robust enough to collect and analyses the data to answer the research questions. This chapter formed the basis for subsequent chapters of analysis, interpretation, presentation and discussion of findings.

## CHAPTER FOUR

### PRESENTATION OF DATA, ANALYSIS AND INTERPRETATION OF FINDINGS

#### 4.1 Introduction

This chapter explains presentation of data, analysis of data, and discussion of findings in line the three objectives of the study. The first section presents the response rate, the second presents the background information and the third section presents the interpretation of findings in relation to specific objectives.

#### 4.2 Response Rate

The study population consisted of 96 employees, and the sample size was 80. Out of the 80 questionnaires administered, a total of 73 completed questionnaires were received, presenting a rate of response of 91.3%. This indicates a good response rate since it is above average.

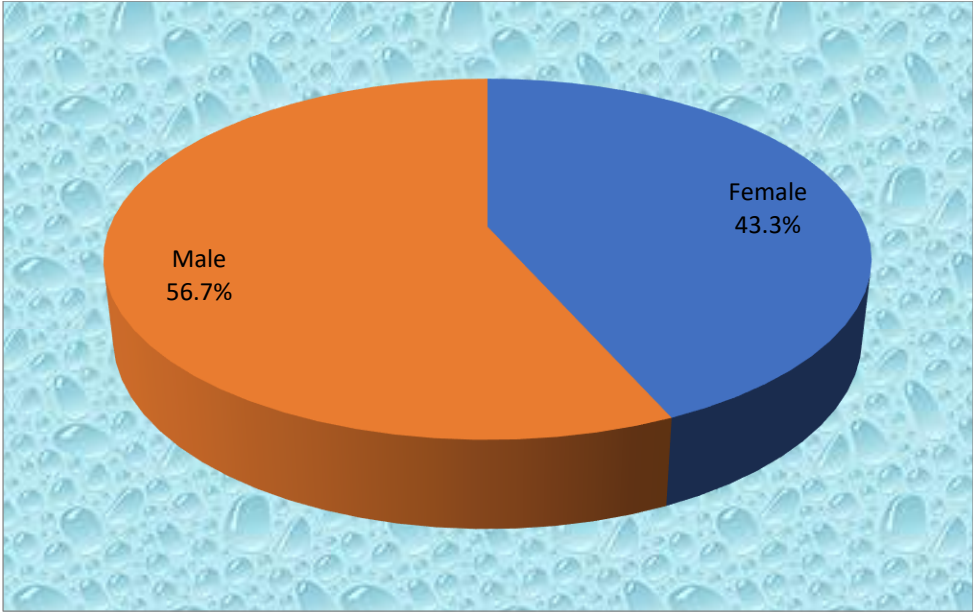
#### 4.3 Demographic characteristics of study respondents

This section presents the demographic characteristics of the 73 respondents who participated in the study. The characteristics of gender, age, duration at job, and highest level of education are detailed, providing an understanding of their background.

##### 4.3.1 *Gender of respondents*

The majority of respondents were male, with 56.7% of participants, while females made up 43.3% as shown in Figure 1.

**Figure 1: Gender of respondents**



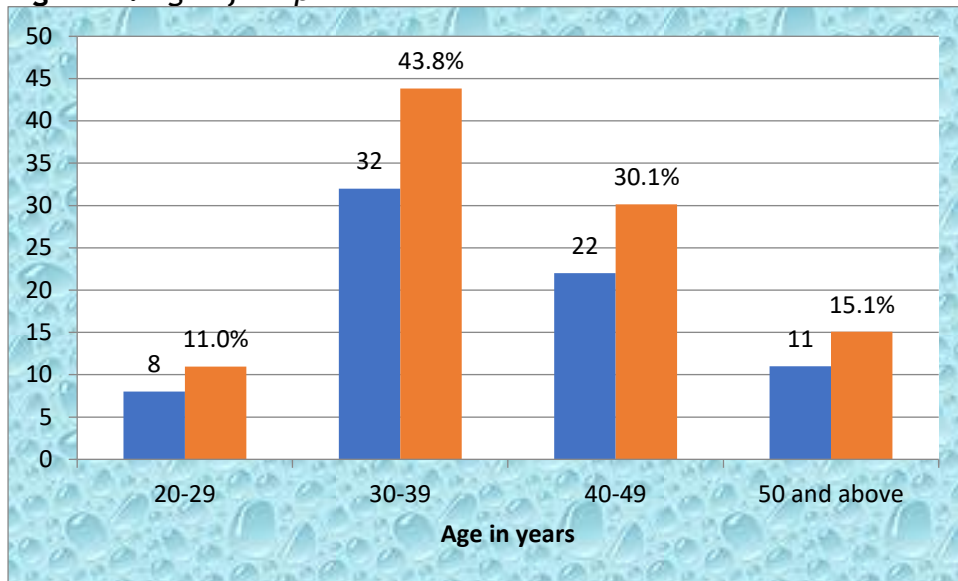
**Source:** *Primary Data (2023)*

The findings imply that the males are more involved in implementation of PFM reforms than the females. On the other hand, findings also imply that the Ministry of Finance Planning and Economic Development is comparatively gender sensitive.

**4.3.2 Respondents, age**

From the findings, majority of the respondents were 30-39 years (73.8%), followed by 40-49 years (30.1%), 50 and above years (15.1%) and lastly 20-29 years (11.0%)-Figure 2.

**Figure 2: Age of respondents**



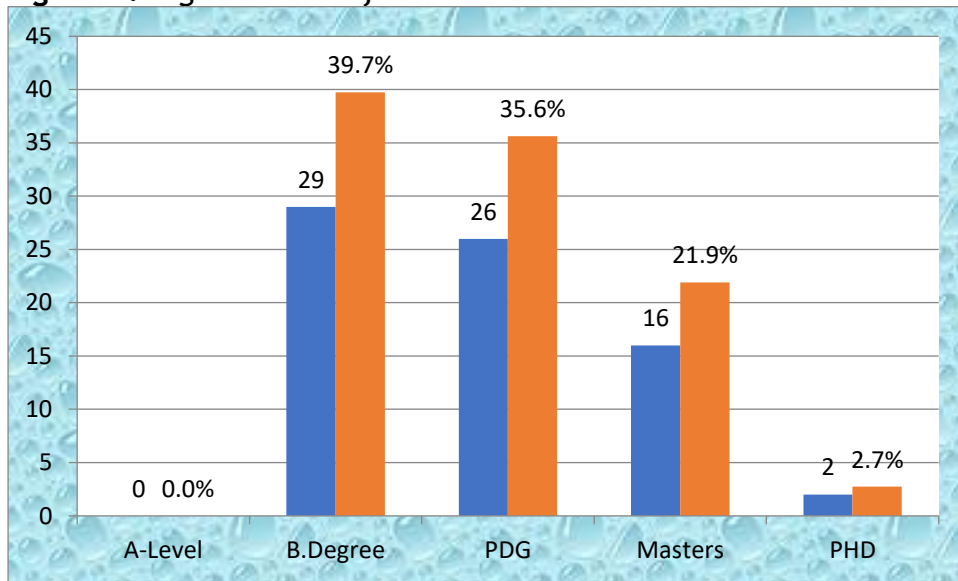
**Source:** *Primary Data (2023)*

This implies that the MFPED can attract and retain employees and in addition, majority of the respondents were mature enough to give reliable responses.

#### **4.3.3 Highest level of education**

Figure 3 illustrates that no respondents had education levels below a degree. The majority of respondents (39.7%) held a Bachelor's Degree. Additionally, 35.6% had post-graduate diplomas, 21.9% had Master's degrees, and 2.7% held a PhD.

**Figure 3: Highest level of education**



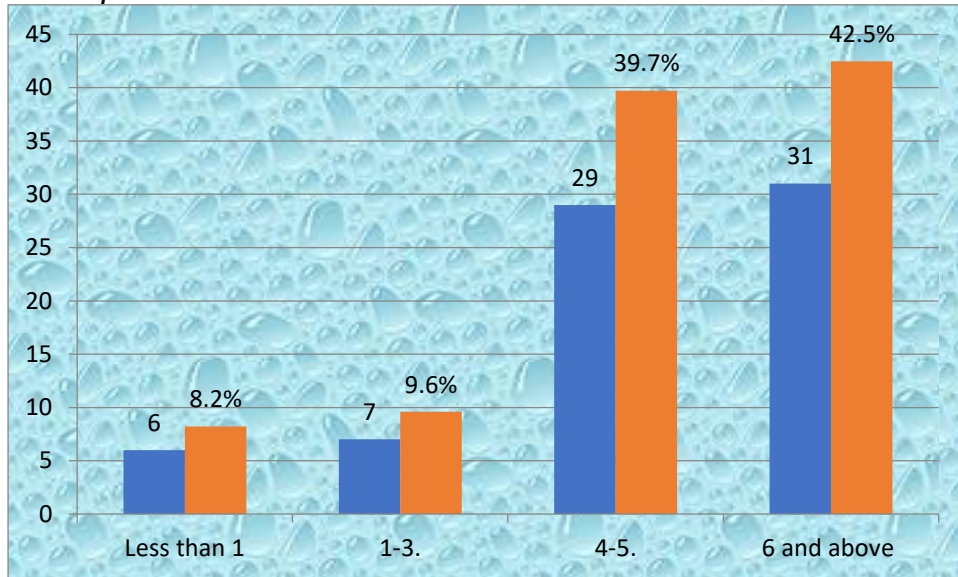
**Source:** *Primary Data (2023)*

This distribution implies that the respondents had adequate educational backgrounds to comprehend the questionnaire and provide useful and objective responses to the study.

#### **4.3.4 Experience with Ministry of Finance, Planning, and Economic Development**

Findings revealed that 42.5% (majority) of respondents had been with the Ministry of Finance, Planning and Economic Development for 6 years or more, followed by those with 4-5 years of experience (39.7%), 1-3 years (9.6%), and less than a year (8.2%).

**Figure 4: Experience with Ministry of Finance Planning and Economic Development**



**Source: Primary Data (2023)**

The implication is that most respondents had considerable experience with the Ministry, which enhances the reliability of the findings.

#### **4.4 Descriptive statistics from the study**

Based on the five-point Likert scale (1-5), descriptive statistics were collected with the help of the questionnaire. Descriptive statistics were interpreted basing on the Likert scale of strongly disagree (1.0 - 1.4), disagree (1.5 - 2.4), neutral (2.5 - 3.4), agree (3.5- 4.4), strongly agree (4.5 - 5.0).

##### **4.4.1 The Effects of Integrated Financial Management System on the management of public funds in Uganda**

The intention of collecting the descriptive statistics below was to address the first objective of; examining the effect of IFMS on Management of public funds.

**Table 4: Descriptive Statistics on Integrated Financial Management System (IFMS) and Public Funds Management**

Statement	N	Min	Max	Mean	Std. Deviation
I have knowledge on IFMS practices and operations	73	4	5	4.09	.984
The MFPED uses the IFMS in budget formulation	73	4	5	4.73	.533
The IFMS guides the Ministry on the expenditure of funds	73	3	5	3.96	.994
The MFPED uses the IFMS for financial reporting	73	4	5	4.81	.301
The MFPED uses the IFMS for financial accounting	73	4	5	4.69	.421
The IFMS has streamlined fiscal and financial management processes	73	3	5	4.38	.641
The financial reports on the IFMS are accurate	73	2	5	4.51	.501
Financial report from the IFMS are reliable	73	1	5	4.83	.459
The IFMS reports help in financial reconciliation at the end of the FY	73	1	5	4.49	.731
There is sufficient and reliable information on budget execution reports on the IFMS	73	1	5	4.32	.860
The IFMS enhances transparency in financial management in the Ministry	73	3	5	4.78	.442
The IFMS had controls at the different levels of approval by the users	73	4	5	4.62	.699
The IFMS can detect patterns of doubtful payments	73	1	5	4.73	.422
Valid N (listwise)	73				

Source: Primary Data (2023)

The Integrated Financial Management System (IFMS) revealed significant effects on the management of public funds by enhancing efficiency, transparency, and accountability in financial processes, budgeting, accounting, and reporting, among others as detailed below:

**4.4.1.1 Knowledge about IFMS.** According to the study findings, respondents generally agreed that they were knowledgeable about IFMS practices and operations. This was evidenced with 4.09 mean score and a relatively high standard deviation of 0.984, signifying some variability in responses. This implies that respondents were well-informed about the IFMS, with a minimum response 4, which supports the reliability of the findings.

**4.4.1.2 Enhanced transparency and accountability.** With a mean of 4.49 and a slightly high standard deviation of 0.731, the respondents agreed that IFMS reports assist in financial reconciliation at the end of the fiscal year which promotes transparency and accountability. The sufficiency and reliability of budget execution reports on IFMS were also supported, with a mean of 4.32 and a slightly high standard deviation of 0.860. This suggests that the IFMS supports budget preparation, review, approval, and monitoring, aligning budgets with government priorities and managing expenditures.

The high mean score of 4.9 suggests that respondents overwhelmingly perceive the Integrated Financial Management System as an effective tool for enhancing transparency in financial management within the MFPED. The relatively moderate standard deviation of 0.442 indicates some variability in responses, though opinions remain largely consistent. This suggests a strong consensus

among respondents that IFMS contributes significantly to improved transparency, reducing financial mismanagement, and promoting accountability within the Ministry's financial operations. In support of the above evidence, participant number 1 in a key informant interview maintained that: *“the IFMS maintains an audit trail of financial transactions, capturing details such as date, time, and user responsible, which helps deter fraudulent activities and supports transparency by allowing oversight bodies to trace transactions”* (KII-S1-2023).

**4.4.1.3 Enhancement of financial reporting and accounting.** Respondents also agreed, with a mean of 3.96 and a high standard deviation of 0.994, that IFMS guides the ministry on fund expenditure and reporting, indicating some variability in their views on this aspect.

The findings of the study indicate a strong consensus among respondents that the Ministry of Finance, Planning, and Economic Development (MFPED) effectively utilises the Integrated Financial Management System (IFMS) for financial reporting, as evidenced by a high mean score of 4.81. The standard deviation of 0.301, although slightly higher than typical, suggests some variability in responses. However, this variation is relatively minor, indicating that most respondents agree on the effective use of IFMS for financial reporting.

In survey research, a low standard deviation signifies that responses are closely clustered around the mean, reflecting a high agreement level among participants. Conversely, a higher standard deviation indicates more dispersed responses, suggesting varied opinions. The standard deviation of 0.301 in this

study is relatively low which reinforced the strong agreement indicated by the high mean score.

With a high mean score of 4.51, the study's findings revealed a strong confirmation of the accuracy of financial reports generated by the Integrated Financial Management System (IFMS). This is further substantiated with a moderate standard deviation of 0.501 (with some variability in responses), as most respondents perceived the reports as accurate. However, there was a slight divergence in opinions, suggesting that the system helps ensure accurate and timely transactions.

This strong agreement on the effectiveness of IFMS in enhancing financial reporting processes within MFPED was substantiated by A Key informant interview respondent number 2, who said: *“The IFMS enables the recording, tracking, and reporting of financial transactions, budget allocation, and expenditures. It also supports generating financial statements and reports to enhance transparency and accountability.”* (KII-S2-2023). This statement is in support of the quantitative findings about what the system can do.

**4.4.1.4 Supports robust internal controls.** The respondents strongly agreed that the IFMS has controls at different levels of user approval, with a mean of 4.62 and a high standard deviation of 0.699. This suggests that while IFMS can improve transparency, its effectiveness depends on governance and institutional arrangements, including clear policies and robust internal controls. The IFMS reduces the risk of fraud and corruption by centralising financial transactions. This is because all payments, revenues, and expenditures are electronically

recorded and easily traceable, ensuring that public funds are utilised as intended and that financial irregularities can be detected and addressed in real time.

**4.4.1.5 Enhances cash flow management.** The respondents also strongly agreed that IFMS can detect patterns of doubtful payments, improving data integrity and accessibility, with a mean of 4.73 and a low standard deviation of 0.422. The detection resulted from the centralisation of financial information from various departments, thus enhancing cash flow management. In addition, the system provided a clear overview of government revenues and expenditures. This enabled financial authorities to plan cash flows effectively and avoid unnecessary borrowing.

**4.4.1.6 Supports automation of Government financial processes.** A mean score of 4.73 and a low standard deviation of 0.533 reflects the respondents' strong agreement and consensus that the Ministry of Finance, Planning, and Economic Development (MFPED) effectively utilises the Integrated Financial Management System (IFMS) for Government financial processes. The enhanced automation of these system processes was further asserted by this consensus. By integrating the various financial functions such as budgeting, accounting, and cash management into a unified system, the IFMS facilitates the preparation, review, and approval of budgets, ensuring alignment with government priorities. Additionally, the system aids expenditure tracking and cash flow management by enabling continuous monitoring and reporting on budget execution.

The Uganda Budget Information (2023) report, noted that the system has led to "greater expenditure control and discipline in budget management as a result of

improved oversight and enforcement of internal controls." In line with the findings, participant 1 in a key informant interview asserted that: "*the IFMS facilitates the preparation, review, and approval of budgets, as well as the monitoring and reporting of budget execution, helping align budgets with government priorities, track expenditures, and manage cash flow*" (KII-S1-2023<sup>2</sup>). The automation of processes such as payments, procurement, and payroll management reduce paperwork, minimises delays, and enhances service delivery. Government agencies can process transactions faster and more accurately, reducing administrative costs and improving the overall management of public resources.

**4.4.1.7 Reducing transaction costs, minimising errors and free up human resources for more strategic needs.** With a mean of 4.69 and a low standard deviation of 0.421, the respondents strongly agreed that IFMS supports reduction in transaction costs and minimises errors. This confirms its role in recording transactions and producing financial reports. Respondents also agreed, with a mean of 4.38 and a moderate standard deviation of 0.641. The implication of this is that the IFMS has streamlined fiscal and financial management processes, addressing challenges such as manual processes that are prone to human error, inefficient, and may increase costs on humans since transaction processes are semi-automated.

Furthermore, IFMS improves financial reporting and decision-making. The system generates real-time financial reports, providing policymakers and financial

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<sup>2</sup> Key informant interview-staff 1-2023

managers with accurate and timely data and makes easier to detect possible errors. This enhances decision-making by enabling government officials to assess financial performance, identify potential risks, and make informed adjustments. The availability of reliable financial data also strengthens auditing processes, making it easier to detect errors or inefficiencies.

#### ***4.4.2 The effects of Program-based Budgeting System on the management of public funds in Uganda.***

The descriptive statistics below were collected to address the objective which sought; to assess the effects of Program-based Budgeting System (PBS) on public finance management. The Program-based Budgeting (PBS) System plays a critical role in improving public funds management by promoting efficiency and effectiveness in resource allocation.

**Table 5: Descriptive Statistics on Program-based Budgeting System and Public Funds Management**

<b>Statement</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>
The PBS supports effective budgeting	73	4	5	4.56	.509
I am involved in budget preparation process	73	1	5	4.24	.993
The PBS supports the planners to effectively allocate the funds	73	3	5	4.77	.731
The PBS supports the delegation of authority to departments to manage their plans	73	4	5	4.71	.498
The PBS supports the coordination of budget preparation	73	3	5	4.62	.505
The Information generated under the Program Budgeting System (PBS) is consistent with the IFMS budget information	73	4	5	4.74	.458
The PBS creates a stronger link between agency allocations and the government's policy objectives	73	4	5	4.79	.404

The PBS helps the government to spend on key priorities of the public (Expenditure prioritisation)	73	4	5	4.45	.563
The PBS helps the government to save on funds that would otherwise have been wasted	73	4	5	4.48	.544
The MFPED uses the performance information in the PBS to inform subsequent budget processes.	73	3	5	4.15	.619
The PBS supports MFPED to maximise value for money in service delivery	73	3	5	4.03	.514
The PBS creates transparency in budgeting and resource allocation	73	4	5	4.55	.359
The PBS enhances communication between budget actors and with the public	73		5	4.19	.618
Through the PBS, monitoring and evaluation of the budget is enhanced	73	4	5	4.66	.491
The PBS supports integration of budget data with other systems such as IFMS	73	4	5	4.59	.510
Valid N (listwise)	73				

Source: *Primary Data (2023)*

Furthermore, PBS strengthens financial discipline by ensuring that expenditures align with planned programs. From the findings, the PBS enhances effective allocation of funds, allocation of funds to programs, linking funding to program outcomes, Improved transparency and prevent corruption, and enabling monitoring and evaluation among others. Detailed findings are presented below.

**4.4.2.1 Aids the effective allocation of funds.** Findings indicated a strong agreement by most respondents, with a mean of 4.56 and a moderate standard deviation of 0.509, that Program-based Budgeting System (PBS) supports effective budgeting. In addition, a mean of 4.77 and a low standard deviation of 0.731 points to a strong agreement by respondents that PBS supports effective allocation of funds. This implies that PBS aids in estimating the costs associated with each program by identifying needed resources and conducting thorough cost analysis.

The study revealed an agreement, with a mean of 4.45 and a moderate standard deviation of 0.563, that the PBS helps the government prioritise public spending. This alignment ensures resources are allocated based on strategic goals and priorities. Respondents were also in strong agreement, with a mean of 4.62 and a moderate standard deviation of 0.505, that PBS facilitates coordination in budget preparation. This collaboration between program and departmental managers is essential for effective resource management and achieving program objectives.

**4.4.2.2. Supports the allocation of funds based on programs.** Strong agreement was noted with a mean of 4.74 and a moderate standard deviation of 0.458, indicating that the information generated by PBS is consistent with budget allocation against the government programmes. In addition, a mean of 4.79 and a moderate standard deviation of 0.458 indicated that respondents strongly agreed that PBS strengthens the linkage between agency allocations and the policy objectives of Government.

**4.4.2.3. Links funding to program outcomes.** This result highlights the PBS' emphasis on linking resources to outcomes, focusing on performance and results rather than merely funding inputs or activities. For example, a key informant interviewee number 2 argued that: *“the PBS links budget allocations to specific programs and expected outcomes, providing clear performance indicators that allow stakeholders to track how public funds are being utilised. Therefore, because funds are tied to specific objectives, it easier to assess the effectiveness of government spending which enhances accountability” (KII-S2-2023).*

Key informant interview respondent 2 added that: *“The PBS enables more informed budgetary decisions by provides policymakers with detailed information on program performance. Therefore, the government can identify underperforming programs and either reallocate funds or implement corrective measures by evaluating program results”* (KII-S1-2023). The statement by KII-S1-2023 underscores the role of the PBS in enhancing budgetary decision-making through performance evaluation.

Additionally, the statement highlights that by reallocating funds from underperforming programs to those that demonstrate better results, the PBS enables the government to address inefficiencies. This ensures that public resources are directed toward initiatives that generate the highest outcomes.

**4.4.2.4. Improved transparency and reduction in corruption.** Respondents agreed, with a mean of 4.48 and a moderate standard deviation of 0.544, that PBS helps save funds by reducing waste. The system streamlines and automates processes, improving transparency and preventing corruption through a clear audit trail.

The study found agreement, with a mean of 4.55 and a low standard deviation of 0.359, that PBS enhances transparency in budgeting and resource allocation. This transparency contributes to clearer budgeting processes.

Additionally, respondents agreed, with a mean of 4.19 and a moderate standard deviation of 0.618, that PBS improves communication between budget actors and the public. Effective communication channels between program managers and departmental managers are essential for aligning program objectives with budget execution and ensuring compliance with budgetary policies and procedures.

**4.4.2.5 Support towards program Monitoring and evaluation.** Strong agreement was noted with a mean of 4.15 and a moderate standard deviation of 0.619, that MFPEd uses performance information from PBS to monitor progress, evaluate performance and guide subsequent budget processes. This approach ensures that programs are designed and evaluated based on clear objectives and performance indicators. To emphasise the above observation, a key informant interviewee number 1 stated that: *“The PBS requires close coordination between various government ministries, departments, and agencies to align programs with national priorities. Enhancing interagency coordination can improve the consistency of program objectives and avoid duplication of efforts, thereby ensuring tracking and evaluation of progress” (KII-S1-2023).*

Another respondent also stated that: *“Complex budget structures can hinder the effective implementation of PBS. Simplifying budget formats and ensuring that program structures are clear and aligned with strategic priorities can help make PBS more manageable and easier to implement” (KII-S2-2023).* Overall, the statement underscores the importance of clarity and simplicity in budget design to enhance the successful implementation of PBS. By making budget structures more accessible and aligned with strategic objectives, governments can improve the monitoring and evaluation of public financial management.

Additionally, respondents agreed, with a mean of 4.03 and a moderate standard deviation of 0.514, that PBS supports MFPEd in maximising value for money in service delivery. This alignment focuses on achieving the best outcomes from public spending.

#### 4.4.2.6 Support towards stakeholder participation in budget preparation process.

The study also found a general agreement among the respondents evidenced with a mean of 4.24 and a high standard deviation of 0.993. This indicated significant variation in responses, that the respondents are involved in the budget preparation process. This suggests that the ministry values input from various stakeholders, reflecting a wide range of perspectives and priorities in the budget.

**4.4.2.7 Aids the delegation of authority.** Furthermore, respondents strongly agreed, with a mean of 4.71 and a low standard deviation of 0.498, that PBS supports the delegation of authority to departments for managing their plans. This delegation is crucial for effective budget implementation, granting decision-making powers to departmental managers and allocative efficiency.

#### 4.4.3 *The effects of Treasury Single Account on management of public funds in Uganda.*

The descriptive statistics below was collected in order to address the third objective which sought; to evaluate the effect of Treasury Single Account (TSA) on management of public funds.

**Table 6: Descriptive Statistics on Treasury Single Account and Public Funds Management**

Statement	N	Min	Max	Mean	Std. Deviation
There is submission of approved invoices through the TSA system	73	2	5	4.21	.117
There is amalgamation of approved invoices through the TSA system	73	1	5	4.40	.593
There is submission of bank statements through the TSA system by the MDAs	73	4	5	4.78	.385
There is submission of detailed payment files through the TSA system	73	1	5	4.32	.532

**Table 6: Descriptive Statistics on Treasury Single Account and Public Funds Management**

Statement	N	Min	Max	Mean	Std. Deviation
There is clearance of payment after submission of payment files through the TSA system	73	1	5	4.14	.412
An aggregated summary of invoices is created through the TSA system	73	1	5	4.13	.930
There is a limit to the amount of withdrawals made by accounting officers in the Ministry through the TSA system	73	4	5	4.84	.105
The TSA allows agencies of government to spend in line with duly approved budget provisions	73	3	5	4.10	.605
Unspent monies by the MFPEd are sent back to the treasury through the TSA system	73	3	5	4.51	.516
There is direct payment of service provider through the TSA system by the district	73	4	5	4.71	.283
The TSA reduces leakages and other irregularities in the MDAs	73	4	5	4.53	.502
The TSA enables easy tractability of transfer of funds	73	4	5	4.66	.498
The TSA ensures timely payment of government's expenditures	73	4	5	4.03	.917
The TSA has abolished idle cash balances in bank accounts	73	1	5	3.59	1.014
The TSA has helped the government to reduce on borrowing to cover the unnecessary cash shortages in government.	73	1	5	3.41	.879
Valid N (listwise)	73				

**Source:** Primary Data (2023)

Findings in table 6 above revealed that the Treasury Single Account has a profound impact on the management of public funds by helping government maximise the use of public resources, reduce financial leakages, and ensure that funds are allocated and utilised effectively.

**4.4.3.1 Supports better funds management.** The mean of 4.40 and a moderate standard deviation of 0.593 revealed the respondents' agreement on

amalgamation of approved invoices through the TSA system that id help to manage funds. This implies that the TSA system either automatically or manually verifies invoice data for accuracy and legitimacy, checking for duplicates, and verifying supplier details. The TSA system contributes to better cash flow management by providing real-time visibility into government expenditures. With centralised payment processing, financial planners can track cash outflows more effectively, leading to improved budget execution and resource allocation.

Respondents also strongly agreed, with a mean of 4.71 and a low standard deviation of 0.283, on the direct payment of service providers through the TSA system by districts. This indicates that electronic payment methods, such as EFT or ACH, are used to process payments efficiently and securely through the TSA system. Agreement was also indicated, with a mean of 4.14 and a moderate standard deviation of 0.412, regarding the clearance of payments after submission of payment files through the TSA system. This means that the TSA system processes payments according to file instructions once approved.

**4.4.3.2 The TSA improved financial control.** Respondents agreed, with a mean of 4.13 and a high standard deviation of 0.930, on the creation of an aggregated summary of invoices through the TSA system. This implies that the TSA system aggregates invoice data based on attributes like vendor name or department, and amounts providing a breakdown of total payments or expenses thereby aiding the management of funds.

The detailed submission process helps reduce payment errors and duplication. By standardising payment files, the TSA system minimises the likelihood of

duplicate payments or incorrect transactions. This leads to more accurate financial management and ensures that funds are disbursed correctly to intended recipients.

Additionally, the TSA system improves financial oversight and auditing. Since all payment information is centrally stored, government authorities can efficiently monitor transactions and verify that public funds are used appropriately. This structured approach also facilitates easier auditing, as financial records are readily available for review, reducing the time and effort that is essential to undertake financial reporting and compliance checks.

**4.4.3.3 Enhanced transparency and accountability.** Strong agreement was observed, with a mean of 4.51 and a moderate standard deviation of 0.516, regarding TSA's role in reducing financial leakages and irregularities in MDAs. This suggests that TSA significantly enhances financial governance, though its effectiveness depends on proper implementation and adherence to controls as one key informant interview respondent noted that: *“With all government transactions tracked through a single account, the TSA reduces opportunities for misappropriation of public funds. This results in more funds being available for public service delivery, improving the quality and efficiency of government services”* (KII-S1-2023).

Strong agreement was also noted with a 4.78 mean and a 0.385 low standard deviation with regard to submission of bank statements through the TSA system by MDAs. This ensures the integrity of uploaded bank statements, verifying account details and date ranges as the TSA system performs validations.

Strong agreement among respondents was evidenced with a mean of 4.32 and a low standard deviation of 0.532 that the submission of detailed payment files is done through the Treasury Single Account (TSA) system. This suggests that critical financial details such as amounts, payee information, invoice numbers, and references are consistently entered into the TSA system following a structured process when preparing and submitting payment files. The low standard deviation additionally points to the minimal variation in responses, hence, a shared understanding and acceptance of this practice among respondents.

Ensuring that all transactions are well-documented, making it easier to track expenditures and minimise the risk of financial mismanagement, was achieved by providing comprehensive payment details. By maintaining clear records, the TSA system reduces opportunities for fraud, unauthorised payments, and misallocation of funds, thereby strengthening financial integrity within public institutions.

**4.4.3.4 It led to better allocation and use of resources.** Respondents were in agreement that the TSA system allows government agencies to spend according to approved budget provisions. This was evidenced with a mean of 4.10 and a moderate standard deviation of 0.405. This implies that the funds are spent according to the set-out outputs and line items within the budget documents. This oversight of transactions helps user entities to adhere to the planned expenditure lines.

Strong agreement was noted with a mean of 4.84 and a high standard deviation of 0.930 regarding the limit on the number of withdrawals by accounting officers through the TSA system. This implies that accounting officers have predefined withdrawal limits based on their roles and responsibilities, with requests subjected to verification. This also supports the responsible government entities to spend according to plan which enhances aligned resource utilisation.

**4.4.3.5 Facilitated accurate account reconciliation.** With a mean of 4.21 and a low standard deviation of 0.117, the Findings revealed that the majority of respondents were in agreement regarding the submission of approved invoices through the TSA system. This suggests that most of the government funds are collected through one account held at the Bank of Uganda. To support this assertion, a key informant interviewee stated that: *“the Treasury Single Account (TSA) is implemented by consolidating all government financial resources into a single account held at the Bank of Uganda. This helps eliminate multiple bank accounts for different ministries, departments, and agencies (MDAs), thereby centralising the control of cash flows”* (KII-S2-2023). This implies that this system replaces the traditional practice where various ministries, departments, and agencies (MDAs) maintained separate multiple bank accounts, which often led to inefficiencies, lack of transparency, and difficulties in monitoring government cash flows.

By eliminating multiple accounts, TSA centralises the control of government finances, ensuring that all public funds are properly accounted for and managed under one unified system. This eases financial reconciliation by reducing financial fragmentation, making it easier for the government to track revenues and

expenditures in real time. Additionally, it helps to prevent financial mismanagement, such as unauthorised withdrawals, idle balances in different accounts, and leakage of public funds.

#### 4.4.4.5 Challenges in IFMS, PBS and TSA implementation

Despite the benefits of the IFMS, PBS and TSA some challenges were noted by the key informants such as delayed processing due to internet downtime as noted by one of the respondents that; *“one of the major challenges is the inadequacy of IT infrastructure to fully support the TSA framework. Issues like system downtimes can disrupt the efficient management of funds” (KII-S2-2023).*

#### 4.4.4 Management of Public Funds

The table 7 below shows the descriptive statistics on management of public funds and a discussion ensues thereafter.

**Table 7: Descriptive Statistics on Effective Management of Public Funds**

	N	Min	Max	Mean	Std. Deviation
Budgeting processes align well with the strategic goals and objectives of our organisation.	73	1	5	4.22	.923
I am satisfied with the transparency and communication surrounding the budgeting process within our organisation.	73	4	5	4.71	.505
Strategic planning and budgeting effectively contribute to achieving organisational goals and objectives.	73	3	5	4.62	.458
Our current financial practices promote fiscal sustainability	73	4	5	4.74	.404
Organisation manages its financial resources to ensure long-term sustainability	73	4	5	4.79	.563
The PBS has provided the desired result in the budget preparation	73	4	5	4.45	.567
The TSA has led to budget implementation with limited/ minimum wastage of resources	73	1	5	4.10	.974

**Table 7: Descriptive Statistics on Effective Management of Public Funds**

	N	Min	Max	Mean	Std. Deviation
The IFMS has resulted in prompt and satisfactory financial accountability	73	4	5	4.80	.334
Valid N (listwise)	73				

**Source:** *Primary Data (2023)*

### **Enhanced support towards budget preparation**

Findings revealed that the majority of respondents agreed, with a mean of 4.22 and a high standard deviation of 0.923, that Program-based Budgeting System (PBS) has yielded the desired results in budget preparation. Although responses varied significantly, it suggests that PBS demonstrated a notable impact on the effective public funds management.

Respondents agreed that the Single Treasury Account (STA) has contributed to budget implementation with minimal wastage of resources. This indicates some variability in responses but suggests that STA helps in reducing resource wastage. There was evidenced with a mean of 4.10 and a high standard deviation of 0.974.

Responses were also in agreement, with a mean of 4.30 and a high standard deviation of 0.834, that the Integrated Financial Management System (IFMS) led to prompt and satisfactory financial accountability. The high variation in responses indicates differing experiences or perceptions, but overall, IFMS is seen to enhance financial accountability.

To further ascertain the effects of the IFMS, PBS and TSA of the management of public funds, a correlation analysis was used to find out whether there is a relationship between the study variables and the finds are presented below.

#### 4.5 Correlation analysis

To determine whether a relationship exists between public finance management reforms and the effective management of public funds in Uganda, a correlation analysis was conducted. This was further to predict whether PFM reforms have an effect on public funds management in Uganda, as it may be impossible to have an effect without a relationship. Basing on Zakaria Zaadi (2009), the correlation results were interpreted as indicated in Table 8 below.

**Table 8: Correlation interpretation**

Correlation coefficient interval	Interpretation
0.000 - 0.199	Very weak
0.200 - 0.399	Weak
0.400 - 0.599	Moderate
0.600 - 0.799	Strong
0.800 - 1.000	Very strong

Source: Zakaria Zaadi (2009)

##### 4.5.1 Correlation Analysis between IFMS, PBS, and TSA and Management of Public Funds

The correlation results reveal statistically significant and positive relationships between all the independent variables (IFMS, Program-Based Budgeting, and Treasury Single Account) and the dependent variable (Management of Public Funds) at the 0.01 significance level.

**Table 9: Correlation Analysis between IFMS, PBS, and TSA and Management of Public Funds**

Variables	IFMS	Program-Based Budgeting	Treasury Single Account	Effective Management of Public Funds
IFMS	1	—	—	.792**
Program-Based Budgeting	—	1	—	.589**
Treasury Single Account	—	—	1	.693**

<b>Effective Management of Public Funds</b>	.792**	.589**	.693**	1
<b>N</b>	73	73	73	73
<b>Sig. (2-tailed)</b>	.000	.000	.000	—
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: *Primary Data (2023)*

The IFMS and Management of Public Funds ( $r = .792$ ,  $p < .01$ ) indicates a strong positive correlation, implying that improvements in the Integrated Financial Management System are strongly associated with better management of public funds. The closer the correlation is to 1, the stronger the relationship, suggesting that IFMS plays a crucial role in enhancing transparency, accuracy, and accountability in financial management.

The Program-based Budgeting System and Management of Public Funds ( $r = .589$ ,  $p < .01$ ) shows a moderate positive correlation, suggesting that adopting program-based budgeting significantly contributes to improved management of public resources. It implies that when budgeting focuses on programs and outcomes rather than mere line items and outputs, it enhances efficiency and effectiveness in resource utilization.

The Treasury Single Account and Management of Public Funds results ( $r = .693$ ,  $p < .01$ ). indicate a strong positive correlation. This means that the consolidation of government accounts onto a single treasury account held at the Central Bank improves the control and monitoring of public expenditures. This reduces leakages and ensures timely access to financial information for decision-making.

#### 4.6 Regression analysis of the study variables

To further appreciate and establish the effect of the IFMS, PBS, and TSA, a regression analysis was conducted and the findings are presented hereunder.

##### 4.6.1 Model summary

The three factors—Integrated Financial Management Systems (IFMS), Program-based Budgeting System (PBS), and Treasury Single Account (TSA) were analysed using linear regression to assess their effect on the dependent variable, Management of Public Funds. The aim of the linear regression analysis was to evaluate the success of the conceptual model and to predict the causal relationships between the independent variables and public funds management.

**Table 10:** Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792 <sup>a</sup>	.637	.625	.87344

a. Predictor: (Constant), IFMS, PBS, TSA)

The findings from Table 10 indicate that the IFMS, Program-based Budgeting System (PBS), and Treasury Single Account (TSA) collectively account for 62.5% of the variance in the Management of Public Funds (Adjusted  $R^2 = 0.625$ ). This suggests that these three factors collectively explain a significant portion of the variations in public funds management. The remaining 37.5% of the variation is attributable to other factors that were not included in this model.

#### 4.6.2 Multiple regression of the study variables

To determine the effect of each variable on the management of public funds, a multiple regression analysis was conducted as indicated in Table 11.

Table 11: Multiple regression analysis of the study variables

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.101	.233		4.992	.000
IFMS	.681	.144	.692	1.812	.001
PBS	.334	.160	.396	2.016	.000
TSA	.449	.134	.532		.004

a. Dependent Variable: Effective Management of Public Funds

Findings in table 11 indicated that the management of public funds was 1.101 times taking all factors (IFMS, PBS and TSA) constant at zero. The findings also revealed that a unit increase in IFMS will lead to 0.692 times (69.2%) increase in effective management of public funds taking all other independent variables at zero. It was also observed that the IFMS is the greatest contributor to effective management of public funds since the findings were significant with  $p < 0.001$ . Also, a unit increase in PBS will lead to 0.396 times (39.6%) increase in effective management of public funds significant at  $p < 0.000$ . Finally, a unit increase in TSA will lead to 0.532 times (53.2%) increase in effective management of public funds significant at  $p < 0.004$ .

The implication of the findings is that all three study variables revealed a positive effect of management of public funds. The IFMS was the best predictor of

effective management of public funds at the MFPED. The Treasury Single Account followed the IFMS and the least predictor was the Program-based Budgeting System.

#### **4.7 Chapter conclusion**

In a nutshell, an analysis of the PFM reforms and effective public financial management in this chapter underpins the critical usefulness of the reforms in promoting transparent, efficient and responsible fiscal governmental structures with several key insights emerging for the analysis.

In the first place, PFM reforms presented a pivotal role in enhancing the performance and accountability of public sector entities. The government can streamline processes, mitigate risks, and optimise resource allocation by adopting up-to-date technological solutions and employing vigorous regulatory frameworks.

In addition, the analysis reveals that effective PFM reform implementation relied on strategic budgeting, expenditure control mechanisms, and performance evaluation agendas. This fosters prudent financial decision-making leading to the attainment of broader national socioeconomic outcomes

Furthermore, the findings pointed out that despite the benefits owing to the implementation of the PFM reforms, there were some implementation challenges encountered such as institutional capacity constraints, political economy considerations, and resistance to change. While these challenges exist, they are not insurmountable and can be addressed through collaborative efforts and constant stakeholder engagement.

## CHAPTER FIVE

### DISCUSSION OF RESULTS

#### 5.1 Introduction

Under this chapter, the study presents a comprehensive analysis and discussion of the findings in comparison with the broader context of existing research. The section highlights consistencies, disagreements, and the overall contribution of the study findings to the existing body of knowledge. This comparison seeks to uncover patterns, discuss potential reasons for discrepancies but also present the implications of findings for practice, theory, and future research. This comparison strengthens the validity of the study results and enhances understanding of the subject matter whilst providing a robust basis for drawing meaningful conclusions and recommendations.

This section addresses the key findings of the study systematically, contrasting them with the literature relevant to this study. An exploration of the convergence or divergence of results with established theories was explored. This was intended to identify gaps that this research might fill, but also put forward possible explanations for any inconsistencies. The aim of this was to contribute to the scholarly discussion by offering insights that could possibly inform future research in the field of PFM reforms.

#### 5.2 The effects of Integrated Financial management System on management of public funds

With a Beta coefficient of 0.692, the study findings revealed that the Integrated Financial Management System (IFMS) is the strongest predictor of effective of Public Financial Management (PFM) reforms on the management of public funds.

### ***5.2.1. Enhanced transparency and accountability.***

The IFMS has a significant effect on enhancing transparency in financial operations within the Government, as evidenced by a relatively high Beta value and the high mean score of 4.9. Particularly important is the fact that transparency in public financial management supports efficient allocation and use of public funds, thereby lowering funds misappropriation and corruption risks.

The study findings concur with Dorotinsky and Serrano (2013), who reported that the IFMS presents a potential to enhance fiscal transparency and accountability through the provision of access to accurate and timely financial information to stakeholders. Dorotinsky and Serrano (2013) further agree that the government is able to record, and track financial transactions in real time. This provides clear documentation that makes it easier to detect discrepancies and aid auditing by relevant authorities.

### ***5.2.2 Enhancement of financial reporting and accounting.***

Broadly, the central role of IFMS in modernising and streamlining financial reporting and accounting is supported by the high Beta coefficient of 0.692. As part of these reforms, IFMS has contributed to automating financial processes such as budgeting, accounting, reporting, and payments, thereby improving efficiency, reducing delays, and enhancing the overall accuracy of financial management evidenced by a high mean score of 4.81. This is in agreement with a study by Niyonizweye (2013) which established that the adoption of IFMS improved financial reporting in Rwanda's Ministry of Finance and Economic Planning. The therefore points to the finding that the use of IFMS, acts as a key

enabler for these reforms, supporting the government in achieving more effective and sustainable management of public funds. However, Allen Schick (2016), found out that while the IFMS was intended to improve control and transparency, in some contexts (especially where capacity, governance and procurement controls are weak), it enabled new forms of fraud, procurement manipulation, or simply failed to reduce leakage because corrupt actors adapted.

### **5.2.3 Supports robust internal controls.**

All financial transactions are captured and processed consistently due to the systematic and automated nature of IFMS. This reduced human errors and administrative inefficiencies that could lead to mismanagement or waste of public resources. A mean of 4.62 and a high standard deviation of 0.699 were indicative of the IFMS's ability to reduce the risk of fraud and corruption. This was due to the electronic recording and easy traceability of all payments, revenues and expenditures.

The provision of real-time tracking of financial transactions by the IFMS enabled the stakeholders to monitor government expenditure more closely, which mitigated the risk of mismanagement and corruption. Oliveira and Martins (2018) and Akroyd (2019) agreed with this finding with an emphasis that the digitalisation of financial processes enhanced the traceability of funds as one of the internal controls. However, in a study by the International Monetary Fund (2019), titled "*Reflections on Two Decades of Public Financial Management Reforms*", they argued that excessively prescriptive rules (budget controls, cash-management procedures) can prevent managers from responding to real-time needs, hence constraining emergency management.

#### ***5.2.4 Reducing transaction costs, minimising errors and freeing up human resources for more strategic.***

With a mean of 4.81, it was asserted that the IFMS streamlined several financial processes such as budgeting, accounting, accurate reporting, and minimisation of administrative delays. These processes previously relied on manual interventions that were prone to errors. Particularly, the quantitative results from the study demonstrated a positive association between the implementing the IFMS and operational efficiency. This reduced occurrence of duplicated entries, and on the other hand, it enhanced consistency across financial records. The findings here are consistent with those of Diamond and Khemani (2005) and Schick's (2018) whose study reported that automated financial system could reduce transaction costs, minimise errors, and free up human resources for other tasks.

#### ***5.2.5 Enhanced cash flow management.***

By centralising data on all revenue sources and expenditure channels, this study highlights that IFMS supports better cash flow management represented with a mean of 4.38. The MFPED could use centralised financial information to forecast cash flows accurately, which supported timely fund disbursements to various departments. The reduced time lag in financial reporting due to IFMS implementation facilitated effective budget monitoring and ensured public funds' utilisation in conformity with government priorities.

This finding agrees with Akroyd's (2019) study on PFM reforms. He noted an improvement in financial planning and reduced the idle funds due to the centralised financial management system. The study also agrees with Pimenta

and Pessoa (2015) who reported that through automatic reconciliation of transactions and generating timely financial reports, the IFMS supported cash flow management which was crucial for financial decision making.

#### **5.2.6 Challenges in IFMS implementation**

The study identifies some challenges in the implementation of IFMS that affect its potential influence on public fund management. The limited integration across various government entities, the inadequate technical skills among staff, and high maintenance costs were of the highlighted obstacles as stressed by *KII-S1-2023* in the interview. Just like Dana (2017) noted, these challenges were more prevalent in developing countries was often constrained by limited IT infrastructure, resistance to change, and insufficient training. This was consistent with key informant interview with *KII-S1-2023* who noted that dependency on IT infrastructure made financial processes vulnerable to system downtimes causing delays to critical financial operations.

### **5.3 The effects of Program-based Budgeting System on the management of public funds**

The findings on the effect of the Program-based Budgeting System on public funds management reveal substantial contributions in enhancing resource allocation and fiscal discipline according to participants like (*KII-S2-2023*). The PBS emerged as the least predictor (Beta = 0.396) of the effect of PFM reforms on public funds management among the variable under study. However, the study also highlights some challenges and limitations that need to be addressed for PBS to achieve its full potential in effective public fund management.

### ***5.3.1 Support to effective allocation of funds.***

The PBS provides policymakers with detailed insights into how different programs are performing, allowing them to make more informed financial decisions. By assessing program outcomes, the government can identify areas where resources are being used effectively and where improvements are needed. This is supported by the mean of 4.77 implying that the PBS supports effective allocation of funds. This assertion concurs with Tommasi (2009) and Joyce (2019), who observed the role of PFM reforms in augmenting fiscal discipline, fostering operational efficiency in public service delivery, and allocation of resources in conformity with government policy.

### ***5.3.2 Aided allocation of funds based on programs.***

The study revealed that the adoption of PBS has positively influenced how funds are allocated to government programs, improving alignment with strategic goals and sector-specific objectives as reported by KII-S1-2023. This agrees with Rubin (2017) and Joyce (2019) who concur that program-based Budgeting System enhances efficiency and accountability in public finance management by aligning budget allocations with specific programs and outcomes.

### ***5.3.3 supported the linking funding to program outcomes.***

The PBS enabled departments to prioritise spending on key projects, rather than on line-item expenses by linking funding directly to programs and their anticipated outcomes, as pointed out by *KII-S1-2023* from the qualitative data. This approach aligns with findings of Joyce (2010) and Hatry (2018), who pointed to the PBS allowing for focused allocation of resources based on program goals and performance outcomes which promoted efficient use of public funds. On the

other hand, the World Bank (2021), in their study, “*Public Financial Management Reforms in Post-Conflict Countries: Synthesis Report*” pointed out that reforms imposed without sustained political commitment or local capacity can be partial or can create parallel systems which may result in unintended outcomes (Fritz et al., 2017).

#### **5.3.4 Improved transparency and reduction in corruption**

By clearly linking budget allocations to measurable outcomes, the PBS has significantly improved transparency in public fund management (KII-S2-2023). The assessment of how funds are utilised across different programs enhanced accountability within government departments. The qualitative feedback from respondent (KII-S2-2023) emphasised that the PBS has reduced opportunities for mismanagement and improved trust in government spending due to the visibility of program objectives and expenditures. This was consistent with Hatry (2018) and Rubin (2017), who argue that linking budgets to program-specific outcomes improved transparency and accountability which mitigated the risks for corruption.

#### **5.3.5 Support towards program Monitoring and evaluation**

Implementation of the PBS was discovered to have improved the monitoring and evaluation (M&E) processes of government programs. This emanated from the establishment of clear performance metrics that were aligned to each budget allocation substantiated with a mean of 4.15. The PBS helps decision-makers identify effective programs by tracking program outcomes relative to budgets, allowing for informed reallocations or adjustments. This finding concurs with Charoenkul, N., & Siribanpitak, P. (2012) in his study on the PBS in Thailand. He

highlighted that the introduction of PBS in Thailand improved preparation and evaluation of budget expenditures by sectors. This was because the emphasis was on program output, planning, economic analysis, and evaluation functions.

### ***5.3.6 Challenges of PBS implementation***

Despite the positives of implementing the PBS, the study also revealed some implementation challenges such as inadequate training and limited expertise in program budgeting, and political and institutional resistance to change. Rubin (2017) pointed out the challenges but also included technical complexities and resistance from stakeholders as hindrances to the full realisation of PBS benefits.

Some expressed concern that PBS can overly emphasise quantifiable outcomes, potentially neglecting qualitative aspects of program success that are harder to measure. Just like Jones and Thompson (2019), key informant interview respondents (KII-S1,2&3-2023) cautioned that excessive reliance on rigid budget frameworks could limit program managers' ability to adapt to changing circumstances.

## **5.4 The effects of the Treasury Single Account (TSA) on the management of public funds**

This section discusses the effects of the TSA and effective management of public funds. The details are provided hereunder;

### ***5.4.1 Support for better management of funds***

The study on the effect of the Treasury Single Account (TSA) on the management of public funds reveals that TSA is the moderate predictor (Beta = 0.532) of the effect of PFM reforms on management of public funds. The TSA had a significant

effect on improving public fund management, particularly in areas of financial control, transparency, accountability, and efficiency (KII-S2-2023). However, the findings also indicate challenges and areas for improvement to optimise TSA's impact on effective fund management.

#### ***5.4.2 Improved financial control***

The TSA system was reported to centralise all government revenue and payments under a single account, which has strengthened financial control and improved cash management across ministries and departments. This was complemented with a mean of 4.13 and a high standard deviation of 0.930, and Regression analysis indicates a positive effect of TSA implementation on reduced leakages and fund mismanagement. To this extent, the centralisation helps the MFPED to monitor and achieve effective cash flows management, reducing idle balances and enabling better allocation of resources.

This finding aligned with previous studies like Dorotinsky (2013) and Adelemu (2015), which emphasise TSA's role in minimising opportunities for unauthorised transactions, fund diversions and helps lower financial leakages and embezzlement. The system has also allowed government institutions to maintain tighter budgetary controls and execute timely payments, enhancing fiscal discipline. On the other hand, an evaluation of the Liberia PFM reforms by the World Bank Independent Evaluation Group (2020) highlighted the need for holistic reforms but also exhibited how piecemeal implementation of the reforms undermined fund controls.

### ***5.4.3 Enhanced transparency and accountability***

The implementation of TSA has contributed to significant improvements in accountability and transparency within public financial management indicated by a mean of 4.8 and a standard deviation of 0.334. By consolidating revenue and payments, the TSA provides a single, real-time view of all government transactions, which reduces the likelihood of opaque or unauthorised fund flows.

The regression analysis highlight that TSA facilitates tracking of all government inflows and outflows, enabling real-time oversight by regulatory bodies and enhancing public trust in government spending. Oliveira and Martins (2018) support this finding, noting that TSA improves transparency by enabling stakeholders to access up-to-date financial information, thus reinforcing accountability across all levels of government.

### ***5.4.4 supported better allocation and use of resources***

The study respondents noted that the government agencies spent according to approved budget provisions but also experienced savings due to reduced interest expenses on loans. The research also found out with a mean of 4.84 that the TSA enabled the Government to limit on withdrawals by accounting officers through the TSA system. Schick (2018) concurs with this finding, observing that TSA has the potential to significantly reduce borrowing costs by optimising cash flows and limiting the accumulation of idle funds in multiple accounts. Olowookere and Adebayo (2017) also agreed that the TSA promotes efficiency in the allocation and utilisation of public resources

#### **5.4.5 facilitated accurate reconciliation**

The study's regression findings showed that the TSA has led to faster and more accurate reconciliations, thereby improving the efficiency of financial reporting and audits. A key respondent KII-S2-2023 affirmed that the consolidation of all government financial resources into a single account held at the Bank of Uganda helped eliminate multiple bank accounts in eased account reconciliation. Another positive impact of TSA is its facilitation of more straightforward reconciliation and auditing of government accounts.

The consolidation of financial data into a single account made it easier for auditors and financial controllers to verify transactions, identify discrepancies, and detect instances of potential fraud. This finding aligns with Pattanayak and Fainboim (2010), and Nweze and Greg-Egu (2019).

#### **5.4.6 Challenges of TSA implementation**

Despite its benefits, the study reveals some challenges associated with TSA implementation. A key interview respondent (KII-S2-2023) revealed that one key issue is the limited technological infrastructure in some regions, which can hinder effective integration of financial transactions into a centralised system. Respondents noted that training and capacity-building efforts were often insufficient, leading to operational inefficiencies and occasional delays in payment processing. Additionally, institutional resistance to change and the complexity of fully implementing TSA across decentralised government units were common concerns, reflecting findings by Dana (2017), who highlights the challenges of institutional buy-in and technological adaptation in TSA rollout.

## 5.5 Chapter conclusion

In conclusion, this chapter highlights that all the variable measured indicated the IFMS, the PBS and the TSA have a positive effect on the management of public funds.

The regression model findings demonstrate that the combined use of IFMS, PBS, and TSA significantly enhances the effective management of public funds. This holistic approach to financial management not only improves operational efficiencies but also fosters greater public trust in government financial stewardship

Most of the study findings were consistent with prior studies on the subject matter hence the need to further intensify the implementation of the reforms with the public sector. This has informed the subsequent chapter on conclusion and recommendations.

## CHAPTER SIX

### CONCLUSION AND RECOMMENDATIONS

#### 6.1 Introduction

Based on the study objectives, this chapter presents the conclusion and recommendations of the findings as presented below:

Based on the findings, PFM reforms significantly impact positively the Effective Management of Public Funds at the MFPEd. Collectively, the three variables of Integrated Financial Management Systems (IFMS), Program-based Budgeting System (PBS), and the Treasury Single Account (TSA) each contribute to the effective management of public funds. The conclusions, aligned with the specific objectives of the study, are presented as follows.

#### 6.2 The effect of IFMS on the Management of Public Funds

1. The study of the Integrated Financial Management System (IFMS) reveals that its implementation has had a significant effect (Beta = 0.692) on public financial management, especially in areas of accountability, transparency, and efficiency. Both quantitative and qualitative findings indicate that IFMS is a crucial tool for improving the management of public funds and enhancing fiscal discipline.
2. Findings revealed that IFMS has contributed positively to improving the financial reporting processes and the overall management of government resources especially in terms of enhanced Budget Execution, Improved Financial Transparency, reduction in errors and fraud. Additionally, IFMS emerged as the strongest predictor of Effective Management of Public Funds among the variables studied at the MFPEd.

3. The study findings also pointed to the limited integration of IFMS with other systems across various government entities, the inadequate technical skills among staff, and system downtime and high maintenance costs. These were of the highlighted obstacles as stressed by KII-S1-2023 in the interview.

### **6.3 The effect of Program-Based Budgeting System on the Management of Public Funds**

1. The findings on Program-based-Budgeting System (PBS) highlights its significant role in enhancing budget implementation and improving public financial management outcomes. Findings revealed that the implementation of PBS had improved budgetary outcomes.
2. The regression analysis revealed a Beta coefficient ( $\beta$ ) of 0.396, indicating that for every unit increase in the effectiveness of the PBS, there is a 39.6% improvement in budget performance. This suggests a substantial positive effect of PBS on resource allocation, program performance, and fiscal discipline.
3. The study findings also pointed to inadequate training and limited expertise in program budgeting by some staff, and political and institutional resistance to change. And KII-S1,2&3-2023 cautioned that excessive reliance on rigid budget frameworks could limit program managers' ability to adapt to changing circumstances.

### **6.4 The effective of Treasury Single Account on the Management of Public Funds**

1. The Treasury Single Account (TSA) has been identified as a critical reform in improving the management of public funds by centralising and consolidating government funds into a single account. The study's findings, affirm that TSA

plays a significant role in enhancing cash management accountability, and transparency in the operations of government.

2. The Beta coefficient ( $\beta = 0.532$ ) suggests that TSA implementation contributes to a 53.2% improvement in financial management outcomes for every unit increase in TSA's operational efficiency.
3. On the other hand, institutional resistance to change was one of the challenges, as some MDAs still preferred to maintain the fragmented accounts rather than have all funds consolidated into a single account, as reported by *KII-S2-2023*.

## **6.5 Recommendation to the study**

### ***6.5.1 The effect of IFMS on the Management of Public Funds***

Based on the findings of study, several recommendations have been provided to the MFPED and other government agencies to enhance the operationalisation of all the IFMS module.

1. **Integrate the IFMS with existing systems:** Assess the compatibility and integration capabilities of the IFMS with other existing systems within the ministry and outside. Ensure seamless data flow and information exchange between the IFMS and other relevant systems, such as payroll, procurement, and budgeting systems. This integration will improve efficiency and accuracy in financial management processes.
2. **Provide refresher training and support to IFMS users:** with the evolving technology, the MFPED should offer refresher training among IFMS users to build their skills and knowledge. Training should be quickly arranged for newly recruited staff to ensure continuity of system use.

3. Monitor and evaluate system performance: as one of the sustainability measures, the MFPED should continuously monitor the performance and effectiveness of the IFMS. This should inform continuous improvement plans and support the review of KPIs to optimise system performance and the effectiveness.

#### ***6.5.2 The effect of Program-based Budgeting System on the Management of Public Funds***

The researcher recommends based on the study findings that, the Ministry of Finance Planning and Economic Development, along with other government agencies, should consider the following actions:

1. The MFPED should ensure continued observance and implementation of the PBS to maximise the gains and sustain the benefits of using the PBS in managing public funds.
2. Progressively track alignment of ministry's plans to the programs and program indicators and continuously assess performance for improvement, ensuring clarity and coherence in the program structure.
3. Communicate and engage stakeholders: Communicate the benefits and objectives of PBS to program managers, staff, and other relevant stakeholders. Seek their input and feedback throughout the process, promoting transparency and ownership. Regularly communicate the progress and outcomes of the PBS system to continually build trust and support.

#### ***6.5.3 The effects of Treasury Single Account on the Management of Public Funds***

Basing on the findings, the researcher recommends that Ministry of Finance Planning and Economic Development and entire government agencies should;

1. Continuous training of personnel, particularly those in finance and accounting departments. Training should focus on improving staff's understanding of TSA processes, reporting requirements, and monitoring tools. Furthermore, addressing change management through specialised training can help reduce resistance from government agencies unfamiliar with the system's procedures and increase adoption rates.
2. Discourage use of other funds collection systems and management of multiple accounts by the Ministries departments and agencies (MDAs). This will ensure the centralisation of financial collection and disbursements to enable the MFPED track revenues and disbursement to the MDAs.

#### **6.6 Areas for further research**

The study focus was primarily on the national level, neglecting regional or local variations in the implementation and effects of public finance management reforms. Hence the need to explore the regional or local-level dynamics to understand how reforms are perceived and implemented differently across diverse contexts within Uganda.

The study focused solely on Uganda, limiting the generalisability of findings. Hence need to conduct comparative studies with other countries that have implemented similar public finance management reforms to identify lessons learned, best practices, and areas for improvement.

The study did not adequately address how improvements in public finance management translate into tangible outcomes in terms of service delivery and public welfare. Hence the need to explore the linkages between efficient

management of public funds and the quality and accessibility of essential public services.

The study did not sufficiently look at the role of the political economy in the implementation and success of PFM reforms. This therefore creates the need to further research on how the political economy supports or hinders the implementation of the PFM reforms to cause an effect on management of public funds

## **6.7 Chapter Conclusion**

This chapter infers that PFM reforms significantly impact positively the Effective Management of Public Funds at the MFPEd with the IFMS being the strongest predictor followed by PBS. This is in areas of enhanced budget execution, improved financial transparency, reduction in errors and fraud.

The study proposes recommendations to enhance the effectiveness of the PFM reforms on management of public funds such as system integration, data security prioritisation, continuous refresher trainings to the users and continuous monitoring and evaluation of system performance to sustain the gains achieved.

In a nutshell, this chapter underscores the transformative potential of financial management reforms as catalysts for enhancing governance effectiveness, promoting fiscal sustainability, and driving socioeconomic development. By heeding the insights gleaned from our analysis and embracing a spirit of innovation and adaptability, policymakers can chart a course towards a more resilient, transparent, and accountable public financial management landscape, thereby unlocking new pathways for inclusive growth and prosperity.

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## APPENDICES

### APPENDIX 1: Questionnaire for the Technical Staff in the Ministry of Finance, Planning and Economic Development.

#### Introduction

Dear .....

The researcher is a student of Master's degree in Research and Public Policy at Uganda Christian University (UCU), Mukono. He is conducting research to generate data and information on public finance management reforms and management of public funds in the Ministry of Finance, Planning and Economic Development. You have been selected to take part because of your significant contributions in the processes and, possess that special knowledge relevant to this study. This therefore, is to request that you spare some of your valuable time to respond to the following questions by ticking one of the alternatives given and write in the spaces provided. The information you provide is strictly for academic purposes and was treated with utmost confidentiality. For that reason, your name need not appear on the questionnaire.

God bless you.

#### SECTION A: BACKGROUND DATA

1. Gender:  Male  Female

2. Age Bracket:  20-29  30-39  40-49  50 and above

3. Highest Level of Education:

Post Graduate Diploma  Bachelor's Degree  Masters  Doctorate (PhD)

A-Level  others (please specify).....

4) Name of your department/section (optional) .....

5) Period of time working at Ministry of Finance Planning and Economic Development?

(a) Less than 1 year , (b) 1-3 years , (c) 4-5 years , (d) 6 years and above

**SECTION B: INDEPENDENT VARIABLE- PUBLIC FINANCE MANAGEMENT REFORMS**

**i Integrated financial management system (IFMS) and good financial accountability**

IFMS refers to the computerisation of public financial management processes, from budget preparation and execution to accounting and reporting

In this section, please tick in the appropriate box that corresponds with your view/opinion to the statements on a scale of 1-5.

Where: **1**=strongly Disagree **2**=Disagree **3**=Not sure **4**=Agree **5**=Strongly Agree

No	Statement	1	2	3	4	5
1	I have knowledge on IFMS practices and operations					
2	The MFPED uses the IFMS in budget formulation					
3	The IFMS guides the Ministry on expenditure of funds					
4	The MFPED uses the IFMS for financial reporting					
5	The MFPED uses the IFMS for financial accounting					
6	The IFMS has streamlined fiscal and financial management processes					
7	The financial reports on the IFMS are accurate					
8	Financial report from the IFMS are reliable					
9	The IFMS reports help in financial reconciliation at the end of the FY					
10	There is sufficient and reliable information on budget execution reports on the IFMS					
11	The IFMS enhances transparency in financial management in the Ministry					
12	The IFMS had controls at the different levels of approval by the users					
13	The IFMS can detect patterns of doubtful payments					

**ii) Program-based Budgeting System (PBS) and effective budget preparation**

Where: **1**=strongly disagree **2**=Disagree **3**=Not sure **4**=Agree **5**=Strongly Agree

No	Statement	1	2	3	4	5
1	The PBS supports effective budgeting					
2	I am involved in budget preparation process					
3	The PBS supports the planners to effectively allocate the funds					
4	The PBS supports the delegation of authority to departments to manage their plans					
5	The PBS supports the coordination of budget preparation					

- 6 The Information generated under the Program-based Budgeting System (PBS) is consistent with the IFMS budget information
- 7 The PBS creates a stronger link between agency allocations and the government's policy objectives
- 8 The PBS helps the government to spend key priorities of the public (Expenditure prioritisation)
- 9 The PBS helps the government to save on funds that would otherwise been wasted
- 10 The MFPED uses the performance information in the PBS to inform subsequent budget processes.
- 11 The PBS supports MFPED to maximise value for money in service delivery
- 12 The PBS creates transparency in budgeting and resource allocation
- 13 The PBS enhances communication between budget actors and with the public
- 14 Through the PBS, monitoring and evaluation of the budget is enhanced
- 15 The PBS supports integration of budget data with other systems such as IFMS

**iii) Treasury Single Account (TSA) and sound budget implementation**

Where: **1**=strongly disagree **2**=Disagree **3**=Not sure **4**=Agree **5**=Strongly Agree

No	Statement	1	2	3	4	5
1	There is submission of approved invoices through the TSA system					
2	There is amalgamation of approved invoices through the TSA system					
3	There is submission of bank statements through the TSA system by the MDAs					
4	There is submission of detailed payment files through the TSA system					
5	There is clearance of payment after submission of payment files through the TSA system					
6	An aggregated summary of invoices is created through the TSA system					
7	There is a limit to the amount of withdrawals made by accounting officers in the Ministry through the TSA system					
8	The TSA allows agencies of government to spend in line with duly approved budget provisions					
9	Unspent monies by the MFPED are sent back to the treasury through the TSA system					

10	There is direct payment of service provider through the TSA system by the district					
11	The TSA reduces leakages and other irregularities in the MDAs					
12	The TSA enables easy tractability of transfer of funds					
13	The TSA ensures timely payment of government's expenditures					
14	The TSA has abolished idle cash balances in bank accounts					
15	The TSA has helped the government to reduce on borrowing cover the unnecessary cash shortages in government.					

**SECTION C: DEPENDENT VARIABLE - MANAGEMENT OF PUBLIC FUNDS**

In this section, please tick in the appropriate box that corresponds with your view/opinion to the statements on a scale of 1-5.

Where: **1=Strongly Disagree 2=Disagree 3=Not Sure 4=Agree 5=Strongly Agree**

No	Statement	1	2	3	4	5
1	The PBS has provided the desired result in the budget preparation					
2	The TA has led to budget implementation with limited/ minimum wastage of resources?					
3	The IFMS has resulted in prompt and satisfactory financial accountability					

*Thank you for your time and cooperation*

## **APPENDIX II: Interview Guide for Key Informants in the Ministry of Finance, Planning and Economic Development.**

Dear respondent, I am a student at Uganda Christian University undertaking a study on the effect of public finance management reforms on management of public funds in Uganda taking a case study of MFPED. The study is in partial fulfillment of the requirements for the award of a master's degree in Research and Public Policy (MRPP). You have been identified as one of the people who can provide important information. I kindly request you to answer the questions sincerely and accurately. The information will only be used for academic purposes and it was treated with maximum confidentiality. Thank you for your kind cooperation. Yours faithfully,

Dennis Munyhirwa

### **A) Effective Management of Public Funds**

1. To what extent can you describe the financial standards applied in ensuring accountability of finances in your organisation?
2. Are the budgeting systems in place sufficient to ensure effective allocation of public resources?
3. Suggest possible ways to ensure efficient use of resource
4. Propose ways that the government can take to ensure timely use of and accountability for the public resources
5. In your opinion, are funds well spent on the priorities?

### **B) IFMS**

1. How is IFMS implemented in the MFPED?
2. What are the challenges of implementing IFMS in the MFPED?
3. How does IFMS affect service delivery in MFPED?
4. How can IFMS be improved?

### **C) Treasury Single Account (TSA)**

1. How is TSA implemented in the MFPED?
2. What are the challenges of implementing TSA in the MFPED?
3. How does TSA affect service delivery in MFPED?
4. How can TSA be improved?

**D)Program-based Budgeting System (PBS)**

1. Is the PBS a relevant and useful tool in budget implementations?
2. Propose possible ways of improving the performance of the PBS in budget implementation

**APPENDIX III: The Morgan table for sample size determination**

Table 3.1									
<i>Table for Determining Sample Size of a Known Population</i>									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384
<i>Note: N is Population Size; S is Sample Size</i>					<i>Source: Krejcie &amp; Morgan, 1970</i>				

# Dennis Munyhirwa Dennis Munyhirwa

## AN ANALYSIS OF THE EFFECTS OF PUBLIC FINANCE MANAGEMENT REFORMS ON THE MANAGEMENT OF PUBLIC ...

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A Centre of Excellence in the Heart of Africa

UGANDA CHRISTIAN UNIVERSITY

SCHOOL OF RESEARCH & POSTGRADUATE STUDIES

## DISSERTATION CORRECTION COMPLIANCE REPORT BY THE CANDIDATE (POST VIVA FORM)

Date: 10<sup>th</sup> October 2025

Name of Candidate: MUNYHIRWA DENNIS Reg. No: M17M07/009

Title of Dissertation: An Analysis of The Effects of Public Finance Management Reforms on the Management of Public Funds in Uganda: A Case of The Ministry of Finance, Planning & Economic Development.

SN	COMMENTS BY EXTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	The Dissertation should be written in the recommended font type of the UCU	The dissertation maintained the Trebuchet MS font type as indicated in the UCU postgraduate handbook, page 40 and Times New Roman for the Appendix (Page 84 of the UCU research hand book August 2023)	The entire dissertation
2	All titles and headings should be descriptive and in title case	All titles and headings were changed to title case	The entire document aligned
3	The APA guidelines should be adhered to in citations and references	All the citation and references were updated to APA referencing and citation style	The entire document

4	The abstract should be a one-block paragraph and should not exceed one page	Abstract revised and summarised into one block paragraph	Page ii
5	The approval by the supervisor should come immediately after the declaration by the candidate.	This was changed as guided	Page iii and iv
6	The list of appendices should be the last part of the TOC.	Not changed because it is the last part of the table of contents, but it should also appear in the preliminary pages after the list of tables, as per the UCU research guidelines- page 44	Page xii
7	Remove short paragraphs and do not have paragraphs without citations	The short paragraphs were either combined or revised	The entire document
8	The statement of the problem is a bit lengthy; consider sharpening it.	The problem statement was shortened to slightly below one page	Page 9
9	The conceptual framework should go to the end of chapter two, so it is informed by the literature	The conceptual framework was maintained in Chapter 1 before the chapter conclusion according to the UCU research manual guide (Page 51/55).	Page 16
10	The chapter should have a limitations and delimitations section as well as operational definition of terms	The UCU guidelines do not provide for limitations and delimitations in this chapter. The operational definitions are embedded in the conceptual background.	Pages 1,2, and 3
11	Update any reference that is more than a decade old	The old references have been updated	The entire document
12	Move the theories to the end of the chapter just before the conceptual framework.	Not changed- Maintained the theories in Chapter 2. Theories should be at the start of Chapter 2 (literature review) according to the UCU guidelines- page 56	Pages 18 to 22
13	The literature fails to show what is the situation globally, in Africa, in the region, nationally, and locally. Is this study in	The literature was reviewed under themes and the global, Africa, and national perspectives were presented under the different themes/headings. The	Page 23-39

  
10/12/2021

	isolation? What has happened to the rest of the world? Are there places Uganda can benchmark	thematic review was followed through to chapters four and five, as guided by the supervisor	
14	The population is not fully explained, and the size is not given. This should be tabulated too.	No action taken because the table showing the target population and sample size existed in the document.	Section 3.6 on pages 43 and 44
15	There should be a better utilization of demographic data to show trends, patterns, and relationships	Demographic data was recast to show the relationships and implications	Page 53-57
16	Arrange the chapter by objectives and show how they have been achieved.	The chapter was arranged by the objectives, only that the introductory section provided some background information about the respondents (4.2-4.3)	Page 57- 82
17	Show clearly what relationships have been established	The correlation analysis was strengthened to highlight the relationships that the study established.  A strong positive, significant relationship between PFM reforms and Management of Public Funds (IFMS-0.792**, PBS-.589**, and TSA-0.693**)	Page 76-78
18	Do more comparisons with studies done elsewhere in the world. Show where there are similarities as well as contrasts and explain why (Chapter 5)	The comparison with other studies elsewhere was strengthened with additional citations and examples elsewhere	Page 82-90
19	Rewrite this chapter.	The chapter was rewritten as guided and addressed the comments below:	Page 94-99
	Section 6.1 should be a summary and it should be followed by a clear summary of findings	A brief summary was inserted at the start of the chapter (6.1) and the summary of findings followed	Page 94
	Conclusions should be listed, brief, and	The conclusions were revisited based on the findings	Page 94-96



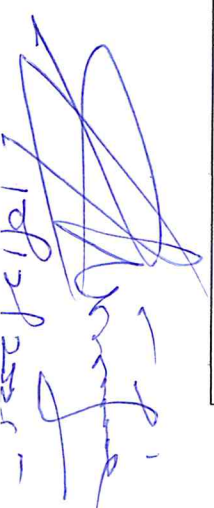
	based on the findings.	and clearly listed	
	Recommendations should be brief and based on the conclusions.	The recommendations were summarised and re-aligned to the conclusions	Page 96-98
	Suggestions for further research should be based on gaps identified in the study	The areas for further research were revisited to relate to the gaps identified in the study	Page 98-99
	Findings, conclusions, and recommendations should be listed and numbered and should emanate from the stated objectives.	These were numbered and were presented under the study objectives.	Page 95-99
20	Ensure APA format is followed in references and that all cited sources are referenced	The references were revised to the APA (7 <sup>th</sup> . Edi.) referencing style.	Page 100-104

Handwritten signature and date: 10/12/2021

SN	COMMENTS BY INTERNAL EXAMINER	ACTION TAKEN	INDICATOR
1	<p>The title is clear and unambiguous. It specifies both the independent variable (PFM reforms) and the dependent variable (management of public funds), while also delimiting the study context to Uganda and, more specifically, to the Ministry of Finance, Planning &amp; Economic Development (MoFPED).</p> <p>However, the phrase "effects of public finance management reforms" requires clarification. PFM reforms cover a broad spectrum-legal, institutional, technological, and procedural changes. The candidate should clearly delimit which reforms will be studied to avoid an overly broad or superficial analysis.</p>	<p>A statement has been added under the general introduction to clarify that the reforms are both legal (based on the PFM Act of 2015 as amended) and procedural in how public funds are managed.</p>	Page 1
2	<p>Dividing the background into conceptual, historical, and contextual perspectives is methodologically sound. It enables the reader to trace the evolution of PFM reforms globally and link them to Uganda's experiences.</p> <p>While the operationalization of concepts is appreciated, the section is somewhat descriptive. The candidate should move beyond definitions and demonstrate how these concepts relate to one another and to the study problem. For instance, how exactly will IFMS, PBS, and TSA be evaluated in terms of their effects on</p>	<p>The Conceptual Framework subsection describes the relationship and how the concepts were evaluated (Page 15)</p>	Pages 16 and 17



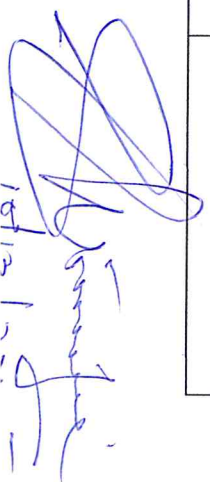
<p>3</p> <p>fund management? (Background)</p>	<p>The problem is supported with recent and concrete data, such as delays in fund disbursement, low absorption rates, misappropriation figures, and declining compliance with reporting standards. This strengthens the case for the study.</p> <p>The final sentence, "This study therefore sought to analyse why the reoccurrence of the ineffectiveness and inefficiency ...", is somewhat vague. The statement would be stronger if it clearly specified the central problem in one concise sentence</p> <p>3. The problem statement is too long, and the reader gets lost along the way. Consider reducing it to at most half a page. (Problem statement)</p>	<p>Page 9</p>
<p>4</p> <p>The objectives are consistent with the conceptual background, which already introduced the three reforms, ensuring alignment across sections.</p> <p>The phrasing of the specific objectives is somewhat repetitive and generic. For example, each begins with "to examine/assess the effects ...". While this is acceptable, more precise action verbs (e.g., determine, evaluate, analyses, establish) could add academic depth and better guide methodology. (Objectives of the study)</p>	<p>The statement "This study therefore sought to analyse why the reoccurrence of the ineffectiveness and inefficiency" was deleted from the problem statement and it was sharpened to point to the central problem.</p> <p>The problem statement was reduced to less than a page</p> <p>The paraphrasing of the objectives was improved to avoid the monotony of the word 'examine' and replaced with "analyse" and "establish"</p>	<p>Page 10</p>



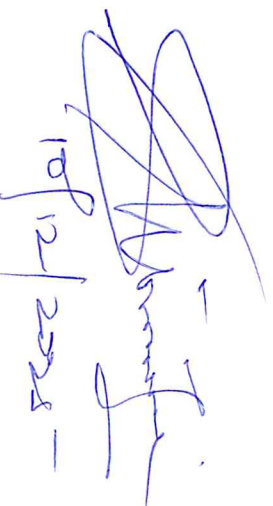
<p>5</p> <p>The candidate clearly outlines the purpose of the chapter and follows a systematic arrangement (theoretical review, effects of IFMS, PBS, TSA, and conclusion). This makes the chapter easy to follow.</p> <p>Theoretical foundation - The use of both Stewardship Theory and Social Exchange Theory provides a strong theoretical lens through which the research is anchored. This dual perspective helps to address the limitations of relying on a single theoretical framework.</p> <p>The conclusion of the chapter is overly general and does not sufficiently link back to the specific objectives of the study. The candidate should summarise what is known from the literature, identify what is unknown, and highlight the specific research gap this study will address. (Literature review)</p>	<p>The conclusion under the literature review section was reviewed to focus on what is known from the literature, identify what is unknown, and highlight the specific research gap this study was to address.</p>	<p>Pages 38 and 39</p>
<p>6</p> <p>Logical flow-The chapter is organised systematically from research design through to ethical considerations and limitations, making it easy to follow.</p> <p>Mixed methods justification - The combination of quantitative and qualitative approaches is well explained, showing awareness of the strengths and weaknesses of each.</p> <p>Sampling clarity - The use of Krejcie &amp;</p>	<p>The data collection instruments have been referenced in section 3.9 (questionnaire page 41, and interview guides page 42).</p> <p>The data collection instruments were already annexed (Appendix I - Questionnaire, and Appendix II - Interview guide)</p> <p>The rationale for assigning only interviews to the Treasury</p>	<p>Referenced (page 46 and 47)</p> <p>Annexed (Pages 105 to 110)</p> <p>Pages 43 and 44</p>



<p>Morgan's (1970) table, alongside stratification by departments, provides methodological rigor. The presentation of a sampling table enhances transparency.</p> <p>Data collection instruments: The questionnaire and the interview guide are described in general terms, but no sample items or structure are provided. It would be helpful to append them in an annex and reference them here. The rationale for assigning only interviews to the Treasury Services Department while others use questionnaires could be questioned; this risks data imbalance. (Methodology)</p>	<p>Services Department was that it is the originator of the reforms under review, and the researchers sought to appreciate the reasons behind the reforms and key challenges. A statement was included to explain this rationale.</p>	
<p>7 The chapter demonstrates a good balance of statistical data and interpretative discussion, which reflects effort and understanding of both quantitative and qualitative analysis.</p> <p>However, some interpretations (e.g., "low employee turnover rate" under experience) may require caution, as such conclusions cannot be fully drawn from cross-sectional data without longitudinal evidence.</p>	<p>The conclusion on employee turnover that seemed to be drawn from a longitudinal study was removed to reflect the cross-sectional nature of this research.</p>	Page 54
<p>8 The findings have strong applied implications for Uganda's Ministry of Finance and broader public sector reforms, which makes the study valuable in practice.</p>	<p>Diverging views from past studies have been added to the discussion, where applicable, and reasons provided</p>	Pages: 84, 85, 88, and 91.



<p>Critical Depth: While the chapter makes strong comparisons with literature, it is more confirmatory than critical. The candidate should interrogate why certain findings converge or diverge from past studies in more detail, especially in the Ugandan context. (Discussion of Results)</p>		
<p>9 The references demonstrate commendable breadth, drawing on both local (Uganda-specific) and international literature. This enriches the study's theoretical and empirical grounding. However, the list claims to follow APA (6th edition), but there are frequent deviations:</p>	<p>The references were updated to match the APA (7th edition) referencing style</p>	<p>Pages 100 to 104</p>

  
10/12/2024

SN	COMMENTS BY VIVA VOCE PANNEL	ACTION TAKEN	INDICATOR
1	Delete the word effective from your questionnaire- it's biased	The word effective was deleted from the topic as it was deemed subjective	Pages 104-110
2	Also, the student was advised to add more questions in the questionnaire, where he had only written three questions in the questionnaire	The Questions under the dependent variables in the questionnaire were customized to the three PFM reforms	Pages 105-108
3	The student was also advised to have picked well pre-determined questionnaire from developed countries and contextualize it with the Ministry of Finance, Planning, and Economic Development (Uganda)	Some of the questions in the questionnaire were benchmarked on existing tools on the subject matter and customised to the topic of study.	Pages 105-110
4	Please put your correlation tables together	Table 9 was inserted, which presents the correlation of all three independent variables in one table, and the interpretation followed	Pages 77-78
5	Please include the level of significance in your Beta values	The table that combines the beta values and the significance is presented (Table 13)	Pages 79-80
6	Qualitative data has not been presented at all, yet the study had some element of qualitative	The qualitative data were concurrently presented and discussed mainly to supplement the quantitative findings, especially the quotes from the key informant interviews.	Pages: 60, 61, 63, 66, 64, 68,72, and 74, among others.

**MUNYHIRWA DENNIS**

Candidate's Name

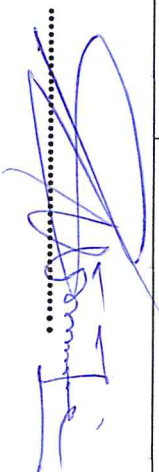
Signature



**DR. KIZITO MARTIN**

Supervisor's Name

Signature



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