The Legal and Institutional Frameworks and Management of Public Finances in Uganda: The Moderating Effect of Oversight Role of Parliament

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Abstract

The purpose of this study is to test the effect of the legal and institutional frameworks on the management of public finances. The moderating effect of the oversight role of parliament on the relationship between the legal and institutional frameworks and management of public finances was also investigated. The study adopted a cross sectional research design where a triangulation of quantitative and qualitative approaches was adopted to investigate the problem. Hierarchical regressions were used to test the hypothesized relationships. The results indicate three legal and institutional frameworks, practices, policies, systems and processes that significantly and positively affect management of public finances in Uganda. Lack of transparency, accountability and consistency, as well as institutional weaknesses in the legislative, audit institutions and judicial systems provides fertile ground for growth of corruption. The paper fills an identified need to digress from the neo-liberal approach to mismanagement of public finances and adopt policy-based means of combating corruption. While the paper recognizes that corruption wastes and misallocates resources from the most socially useful projects towards those that are beneficial to bribers and corrupt public officials, it nonetheless asserts that the misguided legal approaches to mismanagement of public finances only create more bottlenecks that stifle developing and transiting economies. The study suggests the need to strengthen support to the existing legal and institutional systems in Uganda.

Key words: Legal Framework, Financial Management, Public Finances, Transparency, Accountability

Introduction

Public financial mismanagement today is a complex social phenomenon. The motivations to engage in corrupt behavior are multifaceted and result from interactions at micro, meso, and macro level (Killick, 2013). Public financial mismanagement demoralizes government, weakens the endeavor of policy formulation and implementation, diminishes service delivery, causes fiscal stress, undermines trust and corrodes legitimate community expectations (Bjuremalm, 2012). Surprisingly, public financial mismanagement has rarely been the focus of attention and has been analyzed in a broader context of crime. Until the 1980s, public financial mismanagement was mainly a topic of political, sociological, historical, and criminal law research and just recently came to the fore in the fields of economics. With the increasing quality and availability of data, empirical research on public financial mismanagement has taken off since the late 1990s, whose insights help us to generate better targeted and more effective anticorruption policy measures (Lonti and Woods, 2008). However the magnitude of attitudinal decay, corruption and lack of accountability in the public service of developing nations in the contemporary times is shocking and dismaying.

Conceptual Explanations

Public Financial Management:

Public financial management refers to the procedures, established by law or regulation, for management of public monies through budget process which includes formulation, execution, reporting, and analysis (Chandan-Kumar, 2015). One of the most important objectives of a public financial management system is management of the budget that includes management of revenue as well as expenditure (Erasto, 2015). What is important for public financial management is that different jurisdictions sustain very different policies towards the role of government, the functions and services on which governments spend money and the overall level of public spending (Gibbins, 2014). Public financial management is a vast field of endeavor which encompasses the whole process of formulating and implementing decisions made on government services, expenditures, taxes, public debt and other revenue. Andrews (2006) notes that public financial management encompasses government's management and control of its income and expenditure. This presupposes that the management and control involves governments' budget usually prepared annually or through developmental plans for a specified period depending on the government's needs (Drummond, 2007). Thus public financial management deals with judicious use of funds and also ensures accountability and financial control (Bjuremalm, 2012). Public finance and particularly the financial management and accounting of government institutions have become fundamentally important. This matter has received global attention and substantial innovation and fiscal reforms have been introduced (Brooke, 2013). Ordinarily, management of the resources of any economy should lead to poverty reduction, improvement in the standard of living of its citizens, mitigation of inequalities in income distribution and improve the general wellbeing and economic development of the economy. However, in spite of the visible attempts by the various governments of sub-Saharan Africa to manage their vast financial and other resources, there exists what has been referred to as the paradox of plenty (Berke, and Kartez, 1995). The main concern of public financial management is how to efficiently and effectively utilise public resources to meet the needs of the community in an equitable manner.

Rebecca (2011) defines Management of Public Finance as the collection of sufficient resources from the economy in an appropriate manner along with allocating and use of these resources efficiently and effectively to constitute good financial management (Kivumbi, 2010:70-72 and Okello, 2012). Public Financial Management covers the processes and institutional arrangements (stakeholder roles and responsibilities) involved in the planning, budgeting, management and reporting of public sector resources, both financial and non-financial (Public Expenditure and Financial Management Handbook, 2012). Managing public finances refers to collecting sufficient resources from the economy in a proper manner, along with allocating and using these resources efficiently and effectively to constitute good financial management (Kivumbi, 2013 and Okello, 2012).

In this study, management of public finances is measured in terms of the budget formulation, budget execution, accountability and reporting. For the purposes of this study, an understanding of the concept 'accountability' is necessary. Accountability can be seen as a key concept in financial management and is central to managing finances within the public sphere. Traditionally, accountability meant “being answerable for one’s behaviour or actions” (Kivumbi, 2013). Okello (2012) explains the concept of accountability as, “relating to the obligation to account for responsibilities conferred to an individual, and covering the full range of resources under the control of institutions and includes performance accountability”. Therefore, accountability refers to an administrative authority’s legal obligation to report to other organs that have the right to give effect to its responsibilities (Muzaale, 2015). For purposes of this study management of public finances is measured in terms of budget formulation, budget execution, accountability, transparency and reporting.

Parliament plays the oversight role in the management of public finances in Uganda. The oversight role of Parliament refers to the legislative duty of monitoring how finances are planned for, spent and accounted for by public entities (Killick, 2013). A legal framework is a set of laws that have been put in place to regulate an activity, institution or society (Velasco, 2010). The legal framework in this study refers to set of policies, regulations and laws that regulate the control of public finances. Uganda has many laws that regulate public financial management for example the Uganda Constitution, Public finance management Act, Anti-Corruption Act, Inspectorate of Government Act, Local Government Act, Public Procurement Disposal of Public Assets Act, Leadership code Act etc. A number of institutions have been created to enforce the existing laws for example Inspectorate of Government (IGG), Public Procurement and Disposal of Public Assets Authority Act among others. An institution is any structure or mechanism of social order governing the behaviour of a set of individuals within a given community (Gibbins, 2014). Institutions are identified with a social purpose, transcending individuals and intentions by mediating the rules that govern living behavior (Brooke, 2010). According to Velasco (2010), institutional framework refers to the way institutions regulate the operations of an institution. According to Sharma (2009), institutional framework refers to the systems of formal laws, regulations, and procedures, and informal conventions, customs, norms, that shape socio-economic activity and behavior in the management of public finances in Uganda (Velasco, 2010). For purposes of this study, institutional framework refers to the systems, structures, processes and standards used in public finance management (Public Expenditure and Financial Management Handbook, 2012).

Rationale of the Study

Increasing public interest and concern over corruption have resulted in a large amount of scholarly research on the subject although much more remains to be done. Nevertheless, theoretical and empirical research that has been conducted thus far has yielded fresh insights into the problem. Corruption is considered a severe and growing problem by citizens amidst deficient political will and capacity which presents a barrier to implementation of the proposed reforms (Kasozi, 2010). Challenges to address corruption are exacerbated by weak law enforcement, which fuels impunity by corrupt officials (Kivumbi, 2013). Resultantly, there are growing cases of financial irregularities in many public institutions in Uganda (Auditor General’s Report, 2017) and inadequate social services (Mugambwa, 2014).

Several other cases involving financial malpractices in the public sector have been reported in the press (World Bank Report, 2010). The cases of financial malpractices have rotated mainly around fund embezzlement and misappropriation (World Bank Report, 2009). This paper aims at enriching existing information on the subject by presenting emerging issues from the ongoing debate on alternative approaches to improvement of public finance management in developing economies using data from Uganda.

Conceptual Framework

The proposed framework for this research is illustrated in Figure 1. The framework shows the impact of the legal and institutional frameworks on the management of public finances. To reflect more accurate analysis between legal and institutional frameworks on the management of public finances, the function of the oversight role of parliament is moderated.

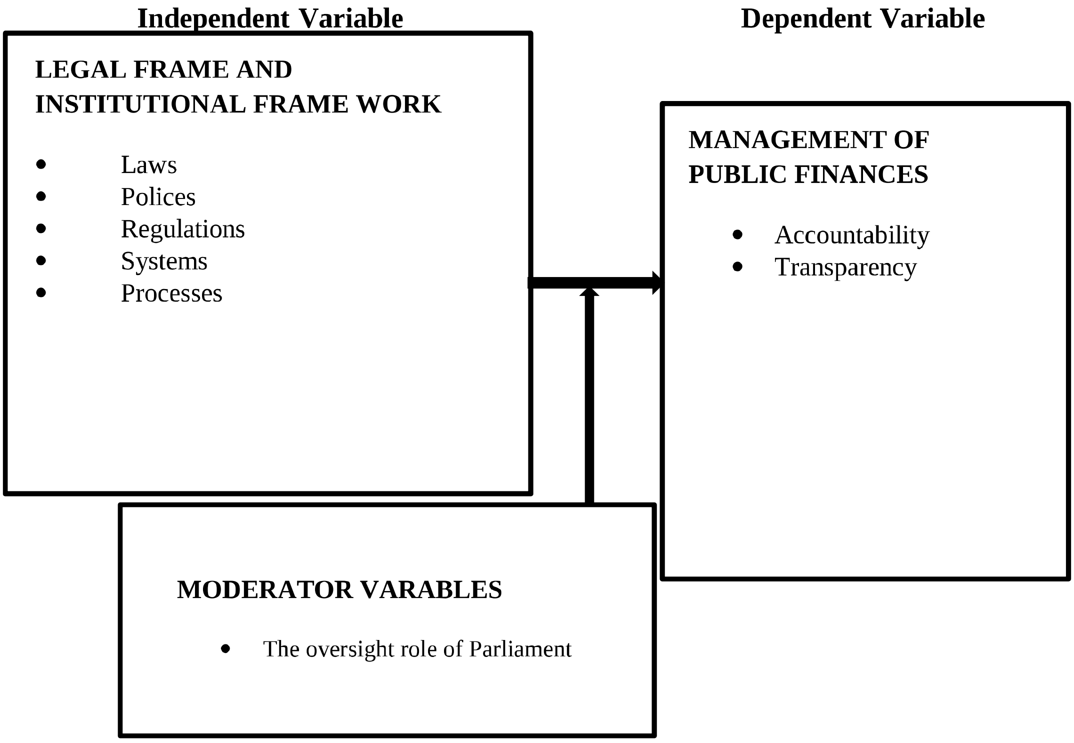


Figure 1.1 A conceptual framework illustrating the relationship between the study variables

Source: Adapted from: Allen, Schiavo-Campo, and Garrity (2014) with modifications by the researcher

The model shows legal framework and institutional frameworks as the predicator/cause variable and management of public finances as the predicted/effect variable. The researcher is cognizant that moderator variables influence the relationship between the independent and the dependent variable. For purposes of this study, the moderator variable was conceived as the oversight role of parliament

Literature Review

Accountability

The concept of accountability connotes a sense of responsibility. It enjoins a given expectation out of a stewardship from time to time. Hence, accountability informs a state of answerability, and entreats a fellow entrusted with certain official responsibilities to always make clean records for the day of reckoning (Allen, Schiavo-Campo, and Garrity, 2014). That is, being able to make an unambiguous explanation at any time so demanded to render the details of stewardship. Four important criteria are regarded as basic to accountability. These are fiscal, managerial, programme and individual accountability (Andrews, 2006). Fiscal or financial accountability is concerned with adherence to applicable laws, rules and regulations, consistency with appropriate principles, concepts and conventions, accuracy and fairness of reports and legitimacy of expenditure. Managerial accountability deals with the generation of essential information for decision-making and the need for economy, efficiency and effectiveness of operations (Kasozi, 2010). Programme accountability is primarily concerned with the overall evaluation of programme impact and the extent to which intended goals and aspirations are attained. Individual accountability is related to personal qualities and conduct demonstrated by accountable officers. It involves such attributes as commitment, honesty, trust, probity and integrity. According to Brooke (2013), public accountability rests both on giving an account and on being held to account‖ (Beder, 2006). Primarily, accountability is the fundamental prerequisite for preventing the abuse of power and for ensuring that power is directed towards the achievement of efficiency, effectiveness, responsiveness and transparency in the business of the government. Open, transparent and accountable government is an imperative prerequisite for community-oriented public service delivery because in its absence, covert unethical behaviour is likely to result.

Transparency

Transparency on the other hand is variously defined as; the openness of government activity to the members of the public (Rebecca, 2011:45), the negation of corruption and unwholesome practices in the public service (Velasco, 2010) and, an ethical concept implying openness, honesty and forthrightness in official dealings and relationships. According to Kasozi (2010), it is impossible to be transparent without being accountable and it is impossible to be accountable when one is not transparent. In the field of public financial management, transparency implies that procedures and methods of decision making and the disbursement of public funds are visible to all. Transparency is a moral virtue, which stresses sincerity, truthfulness and openness. Kivumbi (2013) noted that transparency is a moral issue in society. The issue of transparency and accountability has become a global concern.

Official misconduct and unethical practices by public officers have assumed disturbing dimensions in political and administrative spheres manifesting in form of corruption, bribery, money laundering, contract fixing among other malpractices that continue to expose official misdemeanor and present an urgent need for attitudinal, moral and spiritual change (Hodges, Tibana, & Roberto, 2010) to demolish all forms of corruption and promote altruism, devotion, and justice for all (Moak & Hillhouse, 2014). A diagnostic tool to identify principles and practices for management of public finances is required to address the above iniquities and set a code of good practices for fiscal transparency based on four key principles: (i) clarity of roles and responsibilities across government departments; (ii) provision of information on government activities to the public; (iii) transparent process for budget preparation and execution; and (iv) established standards for data quality, fiscal information to ensure high data quality and integrity.

Laws

Naluwairo (2013) noted that local governments have the highest number of cases of civil servants who do not abide by the finance and accounting laws. This creates what Kivumbi (2013) describes as 'concentric circles of legal flaws and lacunas in respect to the law. Muzzara (2006), noted that the local governments have laws but some of the local governments do not conform to the laws. Thus development calls for observation of the main laws relating to public financial management.

H1a: Laws is positively related to accountability

H2a: Laws is positively related to transparency

Policy

According to Mwale (2007), rules should distinguish between (a) transfers that may be made freely by spending unit managers; (b) transfers that require the approval of the line ministry's headquarters; (c) transfers submitted for the approval of the ministry of finance; and (d) transfers that require legislative authorization, which should be defined in the organic finance policy. However, in a number of countries that have adopted the latter approach, the scope of legislative authorization is either not clearly defined or not well understood. The scope of the legislature's authorization to spend should be defined to ensure that the budget is implemented according to the government's policy objectives.

H1b: Policies are positively related to accountability

H2b: Policies are positively related to transparency

Regulations

Rules and regulations are required to maintain a sense of fair play; to prevent disastrous conflicts; keep greed, predatory and other unsavoury human instincts in check; minimize socially undesirable consequences; and generally to ensure that players and referees abide by certain accepted standards of moral conduct and good behavior(Rebecca, 2011). Naturally, for rules to be properly observed, they must be transparent, that is, must be set out clearly and made known in advance to all concerned, so that they can be understood and obeyed by participants in the game. Aside from being clear, rules must also be applied in an impartial manner with respect to all players and must be consistent and not be subject to frequent and arbitrary changes. Magezi (2016) opines excessive number of appropriations tends to impede efficient implementation of the government's expenditure programs. The procedures involved in regulating finances in public ministries are time consuming and absorb large amounts of administrative resources (Killick, 2013). To implement policies and programs in the most efficient and cost- effective way, line ministries and agencies should flexibly manage their resources within the policy framework of the budget (Okello, 2012). On the other hand, there has been less empirical investigation of the phenomenon of integration between deliberate and emergent perspectives of public finance management. Therefore, exploring the altitudes that people hold concerning factors that motivate them to manage public finances well is important to creating an environment that encourages public financial management. However, the literature is silent on the effective enforcement of regulations yet public financial management would be more effective if laws are properly enforced than implementing policies.

H1c: Regulations are positively related to accountability

H2c: Regulations are positively related to transparency

Systems

Empirical studies question whether public financial performance-based incentives have had any impact at all on the individuals' contribution to institutions (Velasco, 2010 and Reuben, 2011). Recent studies of some Public Finance Management (PFM) in UK have concluded that laws in particular have had no impact on PFM (Rasheed and Olowu, 2013). Furthermore, empirical studies show that in practice, much of the dissatisfaction with PFM comes from the ineffectiveness of the system in achieving some of the purposes for which the schemes are established (Campbell, 2013; Bititci, 2011). An interesting issue which arises here and remains unattended is, "does the achievement of the purpose of financial management have an inclination on the law?" Studies also indicate that some of the problems with laws are attributed to the flaws in the design and implementation of the existing laws in Uganda.

H1d: Systems are positively related to accountability

H2d: Systems are positively related to transparency

Processes

Mugambwa (2014) examined how the budget process affects fiscal deficits and borrowing. He divided budget rules and regulations into three kinds: procedural rules; rules on transparency; and numerical targets such as balanced budget laws. He focused on numerical targets and argued that such targets encourage creative accounting, and are not optimal and flexible from an economic point of view. A well-functioning public financial management system is a prerequisite for the sustainable implementation of governments' policies aimed at promoting economic growth and social development. Sound public financial management policies and practices provide responses to the challenges of greater economic openness and the resultant globalization of public goods, equity in development, fair access to public service and poverty reduction (Moak & Hillhouse, 2014). In addition, effective public financial management is important for decision making. Good financial management is responsible for not only protecting, developing, using resources, pushing and maintaining economic growth and increasing income, but also managing effectively and efficiently all national resources (Beder, 2006).

H1e: Processes are positively related to accountability

H2e: Processes are positively related to transparency

New Public Management and Public Financial Management Systems

Due to environmental changes, new developments in the public sector emerged inter alia the introduction of the term New Public Management (NPM). The NPM represents the culmination of a revolution in public management that emerged in the 1980s (Kivumbi, 2013). The NPM is related to the notion of re-engineering the public sector or the reinventing of government. Re-engineering is a management philosophy that seeks to revamp the process through which public organizations operate in order to increase efficiency, effectiveness, and competitive ability. It calls for changes in the structure of public organizations, their culture, management systems, and other aspects in support of the new initiative (Brooke, 2013). In addition, it encompasses client-oriented, mission-driven, quality-enhanced, and participatory management, using resources in new ways to heighten efficiency and effectiveness (Kasekende, & Naluwairo, 2013). Perhaps the most influential factor has been the fiscal crises that the African states have had to endure since the mid-1970s.

Rather than focusing on controlling bureaucracies and delivering services, public managers are now responding to the desires of ordinary citizens and politicians to be "the entrepreneurs of a new, leaner, and increasingly privatized government (Lonti, & Woods, 2008). Nevertheless, the current trend in governmental sector reforms suggests a preference toward the New Public Management (NPM) approach (Larbi, 1999). NPM assumes that the traditional long-standing bureaucratic model of public administration is malfunctional and inefficient (Olson, Guthrie, & Humphrey, 2011). It needs to be fixed by reinventing government operations through the adoption of efficient private sector solutions such as market-like competition and the fulfilment of public needs through a customer driven policy development model being integrated into public sector operations (Olson, Guthrie, & Humphrey, 2011). It is contended that the global and widespread PFM reform also displays a preference for the NPM principles of adopting private sector practices (Andrews, 2006). The Public Financial Management (PFM) reform has reconstructed the overall PFM framework and processes of government budget management, from its formulation stage to its ultimate stage of public service delivery (Pagano, & Hoene, 2006). Generally, the NPM-based PFM reform shifts the line-item input-based budgeting towards a more output- and outcome-focused budgeting, and allows the implementation of a results based performance measurement system. It discontinues the application of a cash basis accounting method and progresses to an accrual basis accounting system that can provide more accurate financial information essential for improving the transparency, accountability and efficiency of public resource allocation. NPM-based PFM reform also introduces a market-oriented approach in the provision of public services to promote efficiency in government operations. The reform also heightens the monitoring process by establishing an internal control system and an external audit mechanism. Nevertheless, Andrews (2006) suggest that other factors, such as local politics, history, culture, previous reforms and advice from international organizations, may be accommodated within this reform, resulting in diversities in the application of NPM principles in different countries.

As such, the NPM is clearly linked to the notion of trust in economic rationalism through the creation of public value for public money. The NPM movement is driven to maximize productive and allocative efficiencies that are hampered by public agencies that are unresponsive to the demands of citizens and led by bureaucrats with the power and incentives to expand their administrative empires. In addition, the NPM makes a rigid formal separation between policy-making and service delivery (Lledo, Schneider, & Moore, 2014). NPM challenges the classical administrative considerations about the structure and function of public services. The Wilsonian dichotomy between politics and administration, the Weberian ideal type bureaucracy and the Taylorian idea of one best way, have been supplanted by the goals of financial efficiency and effective service delivery (Kasekende, & Naluwairo, 2013). Generally speaking, this trend could be described as a transformation from public bureaucracy to one model of administration that is business like, but is not like a business (Newberry, & Pallot, 2014). New Public Management highlights the adoption of a business outlook and this is manifested by a set of techniques and methods related to performance evaluation and measurement and by a set of values such as productivity, competitiveness and quality.

Business logic is dominant and underlines the core values of administrative culture (efficiency, effectiveness and economy) without replacing the traditional values of legality, impartiality and equality (McGee, 2012). NPM introduced not just a different way of managing public services, but also the need for different financial management tools and techniques. Introduced initially in response to widespread public criticism of the public service, the overall ethos of the reforms is greater public sector efficiency and, as Kasekende, & Naluwairo (2013) explains, has two key tenets: allowing managers to manage and making managers accountable. The demand for new public management, therefore, aims not only to improve administrative output technically, but also to develop public relations techniques based on communication skills, simplified administrative formalities and procedures, cooperation in public affairs, safeguarding the public interest, developing partnership practices, transparency, fighting corruption, promoting a code of ethics, citizen participation in public affairs and consultation. Many of the countries have now started to grow economically again. However, for the majority, poverty and economic stagnation still loom large and there is still ongoing concern about balance of payments problems, the heavy burden of debt, the size of public expenditure relative to the declining sources of public revenue, and the increasing cost of delivering public services (Newton, 2002). These concerns about economic and fiscal matters have led, in turn, to NPM reforms encompassing an assault on the active role played by the state in managing the economy and in the direct provision of services (Brooke, 2013). Since the early 1980s, significant efforts have been made in Uganda toward the reform and transformation of public sector management. Those efforts have been driven primarily by the fact that state bureaucracies in Uganda underperform; are invariably too large and corrupt; and lack a sense of responsibility and accountability (Gibbins, 2014). As noted by Beder (2006), all societies need a capable public management structure to keep order, collect revenue, and carry out programs. Uganda, for the most part, lacks these public management endowments. Reforming the civil service in Uganda through NPM-style strategies is, ultimately, intended to make the civil service accountable, transparent, and responsive to the public in the delivery of public goods and services. The lessons of experience of civil service reform in Uganda, suggests some mixed results with the application of strategies from the NPM menu (Kivumbi, 2013).

The financial management measures associated with the introduction of the NPM is often referred to as New Public Financial Management (NPFM), a term that can also not be explained by a single definition or application. Indeed Broke(2013) describe it more as a reforming spirit aimed at increasing financial awareness in public sector decision making and therefore an integral part of the broader public service reforms. Deininger and Jevir (2014) identify five key dimensions to NPFM as; changes to financial reporting systems (cash to accrual); devolution of budgets; market based costing and pricing systems; a performance measurement approach; and performance based (internal and external) auditing. New Public Management and financial management are therefore in harmony as the improvement of administration techniques and the safeguarding of public interest are common grounds.

While the NPM model is conceptually promising, the implementation of NPM principles into government operations has not necessarily resulted in the expected outcomes. Empirical studies on the implementation of NPM have exhibited, to some extent, the failure of NPM-based public sector management to implant its characteristics into the traditional bureaucratic model of public administration (Andrews, 2006). Such failure is also evident in some Organisation for Economic Co-operation and Development (OECD) countries which are regarded as the native habitat of NPM practices (Newton, 2002). Specifically, in the PFM area, the NPM-based PFM reforms also have not significantly changed the PFM practices that have been established under the traditional bureaucratic public administration model of government. In Australia, for example, the reform to move towards outcomes-based budgeting and an accrual-based accounting system have not changed the underlying orientation of the actual budgeting and accounting practices, which remain focused on traditional cash-based inputs (Newberry, and Pallot, 2014). Further, Newton (2002) also mentioned that the reform was largely superficial and failed to provide a better quality of performance information required to improve management and control of budgeting processes.

H3a: The relationship between laws and accountability is moderated by oversight role of parliament.

H3b: The relationship between policies and accountability is moderated by oversight role of parliament

H3c: The relationship between regulations and accountability is moderated by oversight role of parliament.

H3d: The relationship between systems and accountability is moderated by oversight role of parliament.

H3e: The relationship between processes and accountability is moderated by oversight role of parliament.

H4a: The relationship between laws and transparency is moderated by oversight role of parliament.

H4b: The relationship between policies and transparency is moderated by oversight role of parliament.

H4c: The relationship between regulations and transparency is moderated by oversight role of parliament.

H4d: The relationship between systems and transparency is moderated by oversight role of parliament.

H4e: The relationship between processes and transparency is moderated by oversight role of parliament

Methodology

A cross-sectional survey research design was adopted. The study adopted a triangulation of both quantitative and qualitative approaches. A sample of respondents was drawn composed of 30 members of the Public Accounts Committee of Parliament, 10 Officials from the Auditor General's Office, 10 Officials from the Inspectorate of Government, 20 Officials from Civil Society Organizations and 108 members of the Public (Opinion leaders). Quantitative data was generated from the surveys. An interview guide was developed, piloted, refined and updated throughout the course of the empirical work as part of the deductive process. Interviews were conducted in the style of a guided conversation. The majority of interviews were carried out face-to-face although a few interviews were also carried out by telephone, largely depending on the choice of busy respondents who were more prepared to find time for telephone interviews in their schedule. Quantitative data was analyzed using the Statistical Package for Social Sciences (SPSS) method. The researchers applied the regression analysis to test the degree of relationship between the study variables. Qualitative data was analyzed using content thematic analysis.

Empirical Findings and Discussions

The study examines the relationship between the legal and institutional frameworks and management of Public Finances in Uganda as well as moderating effect of oversight role of Parliament.

Table 1: Descriptive statistics

Items	SA	A	N	D	SD	Mean
The public participates in the enforcement of laws on public financial management	5	11.6	-	41.6	40	1.968
The public effectively participates in the management of public finances	16.4	64	9.1	1.6	8.3	4.04
There is good evaluation of the policy implementation process in relation to public financial management	38.3	32.7	5.0	14.1	14.1	4.01
The parliament plays its oversight role effectively	45	15.8	12.5	16.6	10	3.88
The general audits standards being followed in most public institutions are satisfactory	32.5	35	6.6	15.8	10.8	3.80
The Audit institutions carry out their audit functions on time in all public entities.	8.3	12.5	4.1	10	65	1.50
Audits carried out follow the set guidelines	37.5	37.5	1.0	9.1	14.6	4.20
The Public Accounts Committee has effectively worked hand in hand with Auditor General to bring the corrupt to book	20.8	16.6	4.1	28..3	30	2.38
Parliament examines the reports sent by the various public entities on time	23.3	18.3	6.6	35.8	22.5	2.34
Parliament consults during the examination of the audit reports	29.1	37.5	4.16	12.5	16.6	3.96
Parliament follows up on the audit recommendations to ensure they are implemented	34.1	30.8	-	17.5	17.5	3.70

Source: Primary Data (2018)

SD = Strongly Disagree, D = Disagree, N = Neutral, SA = Strongly Agree and A = Agree.

Study results revealed that Uganda has enacted a number of laws to curb corruption. The most recent public financial management law enacted is the public finance management Act that became operational in March 2015. Every time Parliament passes laws, the laws are gazetted. The survey findings are supported by the reports of the Public Accounts Committee and the Auditor General's Office. According to the PAC report (2017), many laws regulate public finances such as the Uganda Constitution, Anti-Corruption Act, Inspectorate of Government Act, Local Government Act, and the Public Procurement Disposal of Public Assets Act and the corresponding regulations. Although Uganda has these laws in place, often these are not complied with, which undermines the effective and transparent implementation of public financial management systems. To make sense of the differences between what at the time was simplistically described good enforcement, Kivumbi (2013) noted that laws are in place but the enforcement of the laws has been very poor. The victims who have been implicated and tried under the Anti-Corruption Act are always released early.

Study findings from interviews further revealed that most of the public institutions rarely follow the regulations that have been enacted by the state. This is evident from the increasing cases of financial mismanagement in public institutions. The few laws that are observed, are those that are known to the public like the internal financial management policies in institutions. This limits the enforcement of the financial management laws in many public agencies.

Unfortunately, the sound and robust legal framework of PFM operations in local governments have not necessarily been manifested in the actual practices. Study findings further revealed that local governments have the highest number of cases of violators of the finance and accounting regulations. Audit reports on local governments have disclosed a significant number of audit findings that display compliance gaps in the actual PFM operational practices. Uganda has 133 District local governments as of the year 2019 but this number keeps on increasing every year following the creation of new Districts in Uganda. Each local government has an accounting officer called Chief Administrative Officer and the internal Audit Units headed by the internal auditor. The accounts of all District local governments are audited by the OAG annually who produces a report to Parliament to be examined the local government Public Accounts Committee. The local government PFM framework holds multiple objectives. The framework aims to establish an orderly management of local finance through compliance with relevant rules and regulations while also maintaining its economy, efficiency and effectiveness. In addition, the framework ensures the transparency and accountability of local government financial management by providing access to financial information for the public, the expectation of ethical behavior, a balanced distribution of authority and resources, and personal or working unit responsibilities in regard to resources management and program implementation for achieving the intended objectives that will support the attainment of the broader goals of local government.

The opinion leaders interviewed confirmed that there is gross violation of the finance and accounting regulations in local governments in Uganda. At the same time, four members of PAC interviewed feared that in case the violation of the regulations continues, they will be overwhelmed by cases of fund embezzlement and many local governments civil servants will be victimised once they appear before the local government Public Accounts Committee of the Parliament of Uganda. The implementation of internal control systems in some local governments lacks proper standards, procedures and guidelines of action for employees. This has led to some problems in budget execution, financial accounting and reporting process (OAG Report, 2014). In budget execution, local governments struggle to optimize their local revenue collection efforts; while on the disbursement side, overpayment of expenses has contributed to inefficiencies in the management of local government budgets. Uncollected revenue and delays in revenue collection processes have been reported in most local governments as the most frequent audit finding items covered in this study. In such cases, local governments have failed to optimally collect potential revenue or may have to bear unnecessary expenses. Hence, this problem has the potential to threaten the efficiency and effectiveness of the overall PFM operations of the local government. Budget misallocation is quite common in spending activities, highlighting another systemic problem in the local government internal control system (OAG Report, 2013). Other systemic problems identified in the budget execution processes included: a lack of assets safeguarding, volume shortages in construction work, improper cash handling, fictitious activities, improper procurement processes and the direct use of revenue to fund operational expenses without proper allotment in the budget. There were 126 reported cases on budget misallocations during the period of the study. This involved, for example, the allocation of social assistance funding to inappropriate recipients. While this type of problem did not deal with any alteration to expenditure items in the budget, it did impact upon the overall outcomes of the disbursement of funds. Another systemic problem in the internal control system component is the inability of local government to properly implement and execute government policies (OAG Report, 2014).

As to whether the public participates in the enforcement of the laws on public financial management, 85.6% disagreed. Many who embezzle funds are not prosecuted. Some investigations and inspections result into arrests, prosecutions, reprimands and recovery of public resources but delay in prosecution of suspects remains.

The OAG Report (2014) noted that there has been laxity in the management of public finances given the weak enforcement of the existing laws on public financial management. The majority of the respondents agreed that there are barriers that hinder the public financial management institutions to enforce the law as designated. Key informants attributed laxity in enforcement of the law to the inadequate budget allocation that cannot fully finance the law enforcement activities.

Findings from interviews revealed that there are numerous examples of unvouched expenditure; illegal payments, missing payments vouchers; unsupported payment; under-banking of receipts, and funding of non-existent projects; misapplication of funds and various irregularities in procurement. This is supported by the various reports by IGG, PAC and OAG that have been published in the last four years (2014-2017). Similarly, the IGG Annual Report (2015) pointed out that deficiencies in the field of procurement deserve special mentioning in respect of the present regulatory system. From among them, the greatest deficiency may be that many have taken advantage of the loopholes within the system to steal money.

Whether Public Accounts Committee (PAC) and the Office of the Auditor General has executed its mandate diligently, responses showed that cumulatively the majority percentage (66.6%) of the respondents disagreed. This follows incidents where the culprits found liable by PAC are never sent to courts of law for prosecution. The majority of the respondents (62%) interviewed noted that during the auditing exercise many authorities conceal information and in other cases, there are many instances of audit collusions. It is a paradox that despite the efforts, corruption is on increase. There are a number of reasons for increasing corruption among them inadequate political resolve as emphasized by the Committee on Commissions, Statutory Authorities and State Enterprises (COSASE) report (2019) that investigated corruption in the Bank of Uganda. Ugandans and many legislators punched holes in the much awaited COSASE Report (2019). COSASE is one of the four accountability committees of the Ugandan parliament mandated to examine the audited accounts by the auditor general detailing the appropriation of government funds to different commissions, authorities and enterprises. COSASE Report (2019) observed that the central bank committed a number of irregularities in the closure of the six banks between 1999 and 2017 including the absence of inventory reports, minutes, lapse in the security that could have led to the theft of vital documents, sale of assets at a discount and lack of liquidation reports among others. But despite unmasking the irregularities, the committee came short of naming those responsible for the irregularities but went ahead to recommend that those culpable should be held to account. Legislators across the political divide questioned why the report fell short of singling out the culprits - with some calling for separate investigations into the report writing process.

The government is blamed for using the existing institutions selectively mainly when the reports produced by these institutions are not in line with the main stream political system and ideology. This has resulted into patronage and impunity which make some individuals in government go beyond the arm of the law hence at liberty to misuse public funds without being held responsible. Selective prosecution of culprits has set a bad precedent leaving the anti-corruption institutions powerless to act on the big shots, making them concentrate on small public officers who are within their reach. It is plausible to conclude that those identified problems disaffirm the achievement of the PFM objectives to establish efficiency and effectiveness as well as to ensure the accountability of public entities operations in public goods and services provisions.

Similarly, to summarize the push and pull nature of the institutions that manage public finances, Okello (2012) noted that Uganda anti-corruption institutions work in isolation which is a stumbling block when it comes to fighting corruption. A holistic strategy is the most effective way of improving accountability and integrity in government spending as well as increasing the probability of being caught and punished. There is no way one can enforce accountability and integrity in government spending without raising fundamental political questions on the way institutions work and the standards followed. The fight against corruption becomes meaningful when all organisations work together and cooperate. The executive, legislative and judicial arms of government still need to strengthen their political and technical support to the anti-graft institutions like PAC and IGG.

Table 3: Summary of Findings based on Qualitative Data

Themes	Emerging issues
Compliance with the laws	● Laws are not complied with undermining the effective and transparent implementation of PFM. ● Local governments have the highest number of cases of non-compliance
Law enforcement	There are still gaps in law enforcement and these were attributed to: ● Inadequate budget allocations to enforcement ● Lack of political will ● Political interference
Policy formulation and implementation	● Policies are in place but some have not been effectively published and implemented
Financial regulations	There are many cases of ● Unaccounted for funds. ● Unreturned interest earned
Procurement regulations	Reported cases included ● Lack of consolidated procurement plans ● Lack of prequalified list of suppliers ● Failure to maintain procurement records ● Application of inappropriate procurement methods with less competition with a risk of higher costs and lack of procurement officers
PAC function	● The audit reports of financial years (2017/2018) have been published but not yet examined by PAC, thus causing a backlog in the audit function the existing backlog in Parliament is due to the many commitments PAC has and yet the number of sittings of the committee are few. ● PAC demands a more transparent process of allocating resources between competing needs and more useful information on the delivery of service by line ministries. ● Lack of clarity at the outset regarding the various responsibilities and functions of the various levels of government complicates the role of PAC ● Public Accounts Committee has appeared to be impotent in discharging the responsibilities
Parliamentary committees function	● Parliament makes engagement with the audit process including the role of committees in reviewing audit reports ● Parliament has an obligation to support the various audit institutions ● The oversight committees do not have adequate power to request and receive responses on the Executive's actions on recommendations. ● COSASE findings and recommendations have not been implemented. The reports of COSASE have gaps calling for fresh investigations
Politics and the oversight role	● Political influence in government matters has hampered the fight against public fund mismanagement. ● Parliament has the powers to amend and approve budgets. This role is sometimes interfered with.
Audit function	● irregular parliamentary sittings undeniably slows down the process of examining OAG reports on managing public finances
Budget Practices	● limited inclusivity and consultations ● limited citizen participation ● inadequacy of resource allocation ● realistic and practicality of budget ● budgets adherence in spending ● value for money concern

Source: Primary Data (2018)

Table 4: Factor Analysis Result for Legal Frameworks, Institutional Framework and Management of Public Finances

Item	F1-IS	F2-IQ	F3-SSP	F4-CRP	F5-POS
(a) Legal framework					
LF/IS1	.51				
LF/IS2	.69				
LF/IS3	.67				
LF/1S4	.78				
LF/IQ2		.66			
LF/IQ3		.81			
LF/IQ4		.76			
LF/SSP1		.72			
LF/SSP2			.59		
LF/SSP3			.73		
LF/SSP4			.83		
LF/CRP1			.76		
LF/CRP2				.69	
LF/CRP3				.79	
LF/CRP4				.80	
LF/POS1				.73	.72
LF/POS2					.85
LF/POS3					.83
Eigenvalue	3.55	3.51	3.50	3.26	2.01
% of variance	14.18	14.02	13.99	13.03	9.05
Cumulative % variance	14.18	28.20	42.19	55.22	63.27

Item	F1-QL	F2-P1	F3-TM	F4-DD	F5-PC
(b) Institutional framework					
IF/QL1	.80				
IF/QL2	.86				
IF/QL3	.81				
IF/QL4	.86				
IF/PI1		.87			
IF/PI2		.82			
IF/PI3		.74			
IF/TM2			.76		
IF/TM3			.79		
IF/TM4			.81		
IF/DD2				.94	
IF/DD3				.92	
IF/PC1					.87

Item	F1-QL	F2-P1	F3-TM	F4-DD	F5-PC
IF/PC2					.87
Eigenvalue	3.13	2.14	2.06	1.92	1.62
% of variance	22.38	15.27	14.70	13.69	11.57
Cumulative % of variance	22.38	37.65	52.35	66.04	77.61
Item	F1-MP		F2-FP		
(c)Managementofpublic finances					
MPF1	.88				
MPF3	.89				
MPF4	.80				
MPF2	.43		.81		
MPF5	.40		.82		
MPF6			.89		
Eigenvalue	2.60		2.42		
% of variance	43.28		40.32		
Cumulative % of variance	43.28		83.60		

Factor analysis technique was used to identify the principle components. When using factor analysis, all components that yielded Eigen values greater than 1 were extracted. The five factors were extracted and their respective factor loadings. Bartlett's test of sphericity which follows the chi square distribution yielded a p value of 0.001 which is significant.

Table 5: Means, Standard Deviations, Correlations and Reliability of Legal Framework, Institutional Framework and Management of Institutional Finances

Variables	Mean	SD	1	2	3	4	5	Reliability
(a) Legal framework								
Laws	3.70	.73	__					.86
Policies	3.96	.69	.52**	__				.84
Regulations	3.33	.63	.39**	.33**	.59**	__		.86
(b) Institutional framework								
Systems	3.47	.78	__					.73
Processes	4.18	.68	.12	__				.87

Variables	Mean	SD	1	2	Reliability
(c) Management of Public finances					
Budget formulation	3.32	.75	__		.90
Accountability and reporting	3.35	.76	.63**	__	.89
Budget evaluation	3.35	.76	.63**	__	.89

*Correlation is significant at the .05 level (two-tailed).

**Correlation is significant at the .01 level (two-tailed).

The coefficients indicate that there is a significant positive relationship between institutional and legal framework and the management of public finances in Uganda. The analysis from Table 5 thus shows that the legal and institutional frameworks can have a direct, positive influence on the management of public finances.

Moderation Analysis

The evaluation of the moderation effect was done using the causal step method by Baron and Kenny (1986). The hierarchical regression analysis was used to test the hypotheses. Two separate hierarchical regression models were used, with one on management of public finances dimension as a dependent variable in each one (Table 6). Three steps were used to test the related hypotheses. In the first step, legal and institutional frameworks were entered so as to investigate their impact on accountability, hypotheses (H1a, H1b, H1c. H1d, and H1e). In the second step, the moderator variable, oversight role of parliament, was included. In the third step, the interactions between oversight role of parliament and legal and institutional frameworks were entered, hypotheses (H3a, H3b, H3c, H3d, and H3e). Prior to performing the interaction terms, we mean-centered legal and institutional frameworks, the independent variables, and oversight role of parliament, the moderator variable, to reduce potential multicollinearity. In order to ensure that multicollinearity did not affect the results of the regression analysis, variance inflation factor (VIF) diagnostic method was performed. The values of VIF ranged less than 2.249 suggesting that multicollinearity did not influence the results of the regression model.

The results of the first step in the regression model showed that legal and institutional frameworks as a block significantly contributed to the explanation of the variance in the level of accountability ($R2adj$ 0.280, $p < 0.01$). As for legal and institutional frameworks, three practices, policies, systems, and processes positively and significantly impacted on accountability. Laws were negatively and significantly related to accountability, and regulation was insignificantly related to accountability. Hypotheses H1b, H1d, and H1e were accepted while hypotheses H1a and H1c were rejected.

In the second step, the addition of oversight role of parliament into the regression model resulted in an additional significant change (4.3%) of the variance in accountability ($p < 0.01$). In the third step, the addition of the interactions between oversight role of parliament and the five legal and institutional framework practices resulted in a further significant change in R (13.3%, $p < 0.01$), implying that there was an additional increase in the predictive power of this model. The results of the third step showed that oversight role of parliament had a positive and significant ($p < 0.01$) impact on the relationship between laws and accountability, therefore hypothesis H3a was accepted. The moderating effect of oversight role of parliament on the relationship between policies and accountability was found significant and positive ($p < 0.01$), supporting hypothesis H3b. Also, the results showed a significant ($p < 0.05$), but negative moderating effect of oversight role of parliament on the relationship between regulations and accountability, supporting H3c. Nonetheless, hypotheses H3d and H3e were not supported because the results showed no moderating effects of oversight role of parliament on the relationship between systems and accountability as well as on the relationship between processes and accountability.

The observation that laws contributed significantly and negatively to accountability might appear surprising. However, understanding the costs associated with such laws may potentially explain this result. Laws includes statutes, and Acts enacted by the legislature to regulate corruption and mismanagement of public finances. Such laws may include the Anti-corruption Act, Inspectorate of Government Act, Public Procurement and Disposal of Assets Act, Public finance management Act (2015), and other laws. The results suggested that such laws will have a negative effect on management of public finances if not properly enforced by the institutions concerned like police, IGG and the Anti-Corruption Unit of State House.

Our results were consistent with the findings of Kivumbi (2013) which noted that laws are in place but the enforcement of the laws has been very weak. The officials who have been implicated and tried under the Anti-Corruption Act are always released early. The results of the interaction effect showed that in environments characterized by misuse of public funds, the impact of laws on accountability became significant and positive. This is an important finding implying that the higher the levels of law enforcement, the higher the levels of accountability. Enforcement of laws enacted is justified in a situation where funds are misused, mishandled and mismanaged.

Policies proved to be the most contributing legal and institutional frameworks to fostering accountability in the country. Also, the interaction effect of oversight role of parliament on the relationship between policies and accountability was significant and positive. The results are consistent with the results of Okalany (2015) who found that policies affected management of public finances and process efficiency respectively. The main effects of systems and structures on accountability proved to be positive and significant. No moderating effects were found of oversight role of parliament on the relationship between the two variables and accountability.

Furthermore, the moderating effect of oversight role parliament on the relationship between regulations and accountability was significant and negative. That means the more regulations are enacted when oversight role of parliament exists, the lower the accountability. Generally, the results were consistent with the results of Rebecca (2011) who found that regulations did not affect accountability and institutional performance respectively. The possible explanation is that regulations enacted require good enforcement if finances are to be well managed in a country. While regulations might be necessary in an environment where there is corruption, their expected effect on management of public finances is negative.

To test the rest of the hypotheses, the researcher used the second hierarchical regression model with transparency as a dependent variable. In a similar manner, three steps were used to test the related hypotheses. In the first step, legal and institutional frameworks were entered as a block to examine their impact on transparency, hypotheses (H2a, H2b, H2c, H2d, and H2e). In the second step, the moderator variable, oversight role of parliament, was added. In the third step, the interactions between oversight role of parliament and legal and institutional framework practices were entered, hypotheses (H4a, H4b, H4c, H4d, and H4e). The values of VIF ranged less than 2.634 suggesting that multicollinearity was not a problem in the second regression model.

The results of the first step in the regression model showed that legal and institutional frameworks practices as a block significantly contributed to the explanation of the variance in the levels of transparency ($R^2adj = 0.211$, $p <0.01$). As for legal and institutional framework practices, three practices, policies, regulations, and processes, positively and significantly affected transparency when it comes to financial management in Uganda. Laws and systems were insignificantly related to transparency. Hypotheses Hl b. H1c, and, HI e were accepted while hypotheses H1a and H1d were rejected.

Table 6: Hierarchical regression analysis on accountability

Variables	Step 1	Step 2	Step 3
(Constant)	1.029	-0.259	-1.146
Independent variables			
Laws	-0.397***	-0.471***	-0.337***
Policies	0.289***	0.309***	0.151
Regulations	0.118	0.159*	0.161*
Systems	0.276**	0.257**	0.231*
Processes	0.267***	0.318***	0.355***
Moderating variable			
Oversight role of Parliament		0.222***	0.282***
Interaction effects			
LIF X Laws			0.293***
LIF X Policies			0.321***
LIF X Regulations			-0.168**
LIF X Systems			-0.065
LIF X Processes			0.112
R^2	0.310	0.353	0.486
Adj. R^2	0.280	0.319	0.435
F	10.406***	10.443***	9.462***
R2 change		0.043	0.133
F change	10.406***	7.644***	5.716***

In the second step, the addition of oversight role of parliament into the model resulted in an additional significant change (2.8%) of the variance in transparency ($p < 0.05$). In the third step, the addition of the interactions between oversight role of parliament and the five legal and institutional framework practices resulted in an additional significant change in R (11.1%. $p < 0.01$), indicating that there was a further increase in the predictive power of this regression model. The results of the third step showed that the oversight role of parliament had a significant and positive ($p < 0.05$) effect on the relationship between regulations and transparency supporting hypothesis H4c. The results also showed that oversight role of parliament had a significant and positive ($p < 0.05$) impact on the relationship between systems and transparency, supporting hypothesis H4d. The other three hypotheses, H4a, H4b, and H4e, were rejected as the moderating effect was not found of oversight role of parliament on the relationship between each of those practices and transparency.

The results indicated that laws did not contribute to transparency when it comes to managing public finances in Uganda. The results are consistent with the results of Ruthrock (2007) who found that laws did not contribute to management of public finances. This result can be viewed and justified by different ways. First, laws may have an indirect effect on the levels of transparency. Further studies are needed to investigate the direct and indirect effects of legal and institutional framework practices on transparency. Second, based on the context of Uganda relying on laws to curb financial mismanagement might be viewed with caution.

Magezi(2016) noted that although Uganda has good laws, often these are not complied with, which undermines the effective management of public finances. Seabright (2006) who noted that investigations and inspections that result into; arrests, prosecutions, reprimands and recoveries of public resources are weak.

Policies demonstrated to be the most important legal and institutional framework practice that influenced the levels of transparency in Uganda. It was also the most contributing practice that affected management of public finances. The results are consistent with other studies that pointed to the key role of policies for superior management of public finances (Kivumbi, 2013). The moderating effect of oversight role of parliament was insignificant and did not affect the relationship between policies and transparency.

Regulations were significantly and positively related to transparency. Furthermore, the moderating effect of oversight role of parliament on the relationship between regulation and transparency was significant and positive.

The main effect of systems on management of public finances was positive, but insignificant. However, the moderating effect of oversight role of parliament on the relationship between systems and transparency was positive and significant. This is an important finding that highlighted the role of good systems in managing finances effectively. Nonetheless in corrupt environments, the better the systems, the higher the levels of transparency. The results are inconsistent with the results of Okello (2013) who noted that systems established by Parliament in its oversight role has provided the overall oversight over public finances at all levels: Parliament has reviewed and approved the annual budget estimates; it has monitored budgets and public finances and related matters; it has approved the budget policy statement (BPS) and the budget review and outlook paper (BROP).

Postponement proved to be positively and significantly related to transparency. The moderating effect of oversight role of Parliament on the relationship between processes and transparency was negative, but insignificant. The results are consistent with the results of Rebecca (2011) who found that processes negatively affected transparency.

Table 7: Hierarchical regression analysis on transparency

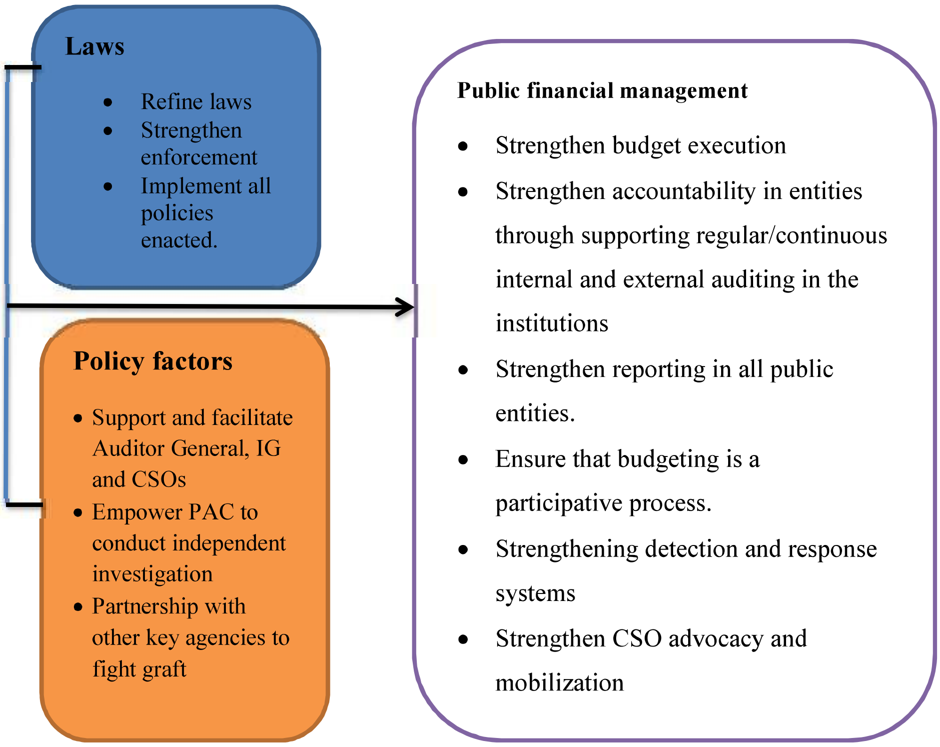
Variables	Step 1	Step 2	Step 3
(Constant)	1.402	-1.570	-0.215
Independent variables			
Laws	-0.144	-0.204*	-0.213*
Policies	0.220**	0.236**	0.168
Regulations	0.201**	.234**	0.167*
Systems	0.174	0.158	.162
Processes	0.215**	0.256***	0.151
Moderating variable			
Oversight role of Parliament		0.222***	0.282***
Interaction effects			
LIF X Laws			0.293***
LIF X Policies			0.321***
LIF X Regulations			-0.168**
LIF X Systems			-0.065
LIF X Processes			0.112
R^2	0.310	0.353	0.486
Adj. R^2	0.280	0.319	0.435
F	10.406***	10.443***	9.462***
R2 change		0.043	0.133
F change	10.406***	7.644***	5.716***

*≤0.10; **P≤0.05; ***P≤0.01

The study results concerning the impact of legal and institutional framework as a block on management of public finances are in line with previous research. The study confirmed that legal and institutional frameworks are good indicators of management of public finances. The government is recommended to enforce the existing laws and support the audit institutions to boost the effective management of public finances. Second, the study contributed to the existing research concerning legal and institutional frameworks by investigating the impact of the legal and institutional frameworks on the management of public finances.

Model Generated based on the Research Findings

The framework recognizes salient aspects that underpin the preparedness of public institutions/ government to engage in an effective and efficient manner of managing public finances. The model underscores the entity/governments ability to comply with the legal and regulatory requirements for management of public finances in order to deliver and meet the desired goals.



Source: Adopted from Empirical Findings

Figure 2: Model kinking the study variables.

This study in filling the research gap established that the best approach to public financial management is strengthening laws, policies, regulation, structures, processes and systems for public financial management. Uganda has good laws and policies. However, the laws have to a larger extent not been enforced and implemented respectively. This calls for continuous enforcement of the laws by the institutions concerned. Since most of the audits done by the Public Accounts Committee (PAC) are treated as post-mortems, constitutional amendments to enable PAC get more powers to effectively exercise its oversight role will be a good remedy. Protection of whistleblowers and giving them incentives to disclose official wrong doing that seriously harms public good is a good remedy.

Conclusion and Recommendations

Analysis of the available literature leads to the conclusion that efficient management of public finances has not taken place in some public entities, the approach used has not met the criteria for effective public financial management due to gaps in the laws and poor law enforcement. Although good management of public finances remains the priority and responsibility of firstly the national and the local government, this is far from being achieved. Despite the above noted complexities in the management of the fund accounts coupled with inadequate accountability and management challenges, the existing structures, systems and processes if well supported and facilitated will yield results.

It is therefore recommended that systems, structures and processes should be strengthened. In this case therefore, PAC should be empowered to prosecute public servants that are involved in the misuse of public funds. It was noted that most of the audits done by the Public Accounts Committee (PAC) are treated as post-mortems. By implication PAC lacks the requisite oversight power to oversee state-funded enterprises. There is need to strengthen the resource capacity of the office of the Auditor General (AG) who has the overall responsibility of investigating matters of financial accountability. The government should also publish reports of the inputs received from its public consultations and explain how these inputs have been used in handling the victims of fund abuse, budget decisions, execution and oversight. Anti-corruption Civil society organizations and public oversight institutions should be adequately supported and facilitated to execute their mandate of mobilizing citizens to demand for accountability and transparency from their leaders as well as holding those acting contrary accountable for example they need to be supported during the process of instituting public interest litigation against those implicated in corruption.

Policy Implications

Public financial management is eluded by lack of a systematic framework for achieving good governance. This study provides theoretical evidence of the link between public financial management and the regulatory framework. This study established that the best approach to public financial management is refining policies, and building strong structures, processes and systems for public financial management. There is need to introduce appropriate mechanisms for building positive thinking on public financial management.

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