FINANCIAL ACCOUNTABILITY AND SERVICE DELIVERY IN LOCAL GOVERNMENTS IN UGANDA: A CASE OF KISORO MUNICIPAL COUNCIL

BY

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A DISSERTATION SUBMITTED TO THE DIRECTORATE OF POSTGRADUATE TRAINING IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER’S DEGREE IN BUSINESS ADMINISTRATION OF KABALE UNIVERSITY, UGANDA

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DECLARATION

I, **Rutungana Benon**, declare that this Dissertation titled, **"Financial Accountability and Service Delivery in local governments in Uganda: a case of Kisoro Municipal Council"** is my original work except where references and citations have been made and acknowledged, and has never been submitted in any University or institution for any academic award.

Signature …………………………………   **Date ………………………………………**

RUTUNGANA BENON

APPROVAL

This research report titled, “Financial Accountability and Service Delivery in local governments inUganda: a case of Kisoro Municipal Council” has been done under our supervision and is now ready for submission.

Signature ………………………….. Date …………………………………

DR. ETON MARUS (PhD)

(Supervisor)

Signature …………………………. Date……………………………..

DR. ARTHUR SUNDAY (PhD)

(Co-Supervisor)

DEDICATION

To My Family and all those who cherish knowledge addition.

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LIST OF ABBREVIATIONS

CIPFA	: Chartered Institute of Public Finance and Accountancy
GoU	: Government of Uganda
HoDs	: Heads of Department
IGG	: Inspector General of Government
IPSASs	: International Public Sector Accounting Standards
KMC	: Kisoro Municipal Council
LG	: Local governments
MDAs	: Ministries, Departments and Agencies
MFPED	: Ministry of Finance, Planning and Economic Development
MoES	: Ministry of Education and Sports
MoLG	: Ministry of Local Government
NRM	: National Resistance Movement
OAG	: Office of the Auditor General
OECD	: Organization for Economic Co-operation and Development
PB	: Performance Budgeting
PI	: Performance Information
TPC	: Technical Planning Committee
UNDP	: United Nations Development Programme
UNECA	: United Nations Economic Commission for Africa

ABSTRACT

This study was set to establish the relationship between financial accountability and service delivery in Kisoro Municipal Council. It was guided by three objectives: To examine the effect of financial planning on service delivery in Kisoro Municipal Council; to assess the effect of financial reporting on service delivery in Kisoro Municipal Council; and to establish the effect of budgetary control on service delivery in Kisoro Municipal Council. The study adopted a cross-sectional survey to find out the opinions, attitudes, preferences and practices related to financial accountability and service delivery. The participants were drawn from technical officers, elected representatives (councillors), and civil society who constituted a target population of 150 study units. Using simple random and purposive sampling techniques, a sample size of 108 individuals was selected. Data were collected through questionnaires and interviews, and analysed using correlation and regression statistical techniques with the aid of SPSS. Budgetary control and financial reporting significantly affect service delivery while financial planning is not significant. The study concluded that financial accountability has a significant relationship with service delivery in KMC. This study extends the relevancy of the agency theory in explaining the relationship between financial accountability and service delivery. In recommendation, local governments should promote citizen participation, especially in budgeting activities to improve service delivery. There should be a study of other factors, other than financial accountability, that affect service delivery in Local Governments in Uganda.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter presents the background, statement of the problem, objectives, and research questions, scope, conceptual framework and significance of the study.

1.2 Background of the study

1.2.1 Historical Background

Accountability for the use of public funds has always been at the centre of attention of policy makers, lawyers, economists as well as ordinary people. In the 11^{th} and 12^{th} centuries, the Greek philosophers devoted considerable attention to the handling of public funds. The notion of financial accountability was developing and gaining various meanings, depending on the nature of the Government itself. During the medieval period, the key model of accountability was expressed in accountability of a servant to a ruler (Cangiano, Curristine, Lazare, 2016). Financial accountability provides a means of ensuring that public funds have been used in a respectable and productive manner. Therefore, it enhances verification of legality and regularity of financial accounts, but also about making sure that value for money is achieved in the use of resources.

Globally, governments face pressure from the public to provide services effectively, efficiently, timely and equitably (Ntongi, 2010). In Bangladesh, the concern with financial accountability and services originates from the dissatisfaction with the health system performance, availability and equitable distribution of basic services, the mismanagement of finances and corruption and lack of responsiveness (Zochukwu, Mbachu, Okeke, Ibe, Okwuosa, 2016). Thus, financial accountability needs to be strengthened to enhance equitable service delivery.

In Africa, on the other hand, the immediate decades following independence were spent in strengthening the executive institutions at the expense of all other agencies of government including the public service. According to Ayobami (2014), there was a big challenge of making the public sector efficient and effective in a number of African countries due to poor accountability. However, the current donor-driven pressure on good governance has enhanced the level of accountability and delivery of public services in Africa (Bukenya, 2016).

Financial accountability in Uganda Local Governments is aimed to improve public service delivery through transferring powers closer to the people (Local Governments Accounting Manual, 2009). However, this has been betrayed by challenges surrounding financial accountability which have compromised the objective of improving service delivery (Amal, 2013). Some of these challenges include: weak budget control, weak legal process on fraud, individual selfish interest etc. In Uganda, decentralization empowers Local Governments with autonomous authority to provide services to local communities through the generation of views pertaining needs of the people from respective councillors at Districts/Municipalities to aid in planning, resource mobilization and allocation in the units (Bukenya, 2016). Financial accountability improves service delivery in Local Councils which bolster their functional independence, a virtue that is very important for institutions such as the revenue administrations and procurement agencies.

According to Venanci (2012), service delivery at the local level is driven by degrees of decentralization. Globally, a large number of developing and transitioning countries are engaged in a type of decentralization process. These decentralization processes are not monolithic. Some countries have undergone political decentralization, allowing for elections and empowering local stakeholders to make decisions related to what affects them. Others have promoted administrative decentralization, giving local government planning and management responsibilities. And others have gone further by promoting fiscal decentralization, and addressing public finance. The majority of the countries have implemented a combination of these types of decentralization, with different degrees of deconcentration, devolution and delegation. As mid-size cities continue to grow and expand, and population shifts due to migration ensue, the demand for services will continue to increase, including among vulnerable and marginalized populations (Ali, Bashir, Munib, Saqib & Sami, 2018). While there is no blueprint for strengthening service delivery in local governments, available evidence does recognize that local governance is a complex process. As such, any service delivery and local governance improvement strategy must be integrated and responsive to ever-changing conditions and targets of opportunity.

1.3 Theoretical Perspective

1.3.1 The Agency Theory

Agency Theory which states that the idea of accountability is most often rendered in terms of principals and agents' relationships. Principals delegate authority to agents, who are expected to act on the principals' behalf. In democracies, the people (or voters) are the principals, and government officials (politicians and civil servants) are the agents (Garrido-Rodríguez, 2019). However, the problem of principal-agent theory is to ensure that agents do what principals have empowered them to do in order to promote public welfare. The Agency Theory claims that there is information asymmetry in the relationships between governments and citizens (Lane, 2015). Since elected officials do not have the same interests as citizens, they should be held accountable for their actions and demonstrate that they acted in accordance with their responsibilities (Shapiro, 2015). The demand for more transparency is also a requirement of citizens who want to have more information about government activity and reduce information asymmetry. Citizens should have access to information that allows them to monitor and scrutinize the actions of elected officials, thus holding them accountable and responsible. The financial literature in the 1960s and 1970s described the agency problem in the organizations through the problem of risk-sharing among the cooperating parties (Setiyawati, 2013) involved in the organizations. There are individuals and groups in the firm having different risk tolerance and their action differs, accordingly -- the principals or the owners, who invest their capital and take the risk to acquire the economic benefits, whereas the agents, who manage the firm are risk averse and concerned in maximizing their private benefits. Both the principal and agent are having opposite risk preferences and their problem in risk-sharing creates the agency conflict, which is broadly covered under the agency theory.

1.3.2 Decentralization Theory

The theory explains the transfer of authority and responsibility of public functions from the central government to the subordinate or quasi-independent government organizations and or the private sector (MoLG, 2015). In this study, the theory focuses on the three dimensions: budgetary control, financial planning and reporting in the district local governments for the provision of better service delivery (MoLG, 2013). Under the financial planning, it is assumed that the councillors of Kisoro Municipal Council must take part in planning for government resources for better service delivery in terms of school, health and water facility construction.

Meanwhile, financial accountability allows Kisoro Municipal Council to execute its local priorities through accounting, local revenue collection and budgeting. On the other hand, the line ministries issue regulations, policies and standards for better service delivery in Kisoro Municipal Council. However, a study (MoFPED, 2016) under decentralization policy in Uganda revealed that there was very low level of service delivery in most Local Governments. The researcher, therefore, applied decentralization theory in this study to investigate the effect of financial accountability on service delivery in Kisoro Municipal Council. Based on this theory, solutions were suggested to provide better service delivery in Kisoro Municipal Council.

1.3.3 Conceptual Perspective

Conceptually, financial accountability can be defined as the management of the finances of an organization in order to achieve the financial objectives of the organization (Tooley & Hooks, 2012). It broadly covers some aspects, namely: Financial planning which is a plan to ensure that enough funding is available at the right time to meet the needs of the organization for short, medium or long-term capital -- for example, how much money is needed to smooth out changes in debtors; creditors and other cash requirements; whether a new asset should be bought or leased. It also covers budgetary control which seeks to assess whether the plan put forward meets the objectives of the organization in question (Williams, 2013).

The concept of service delivery derives from the need to to treat members of the public that require government services like businessmen would treat their customers. Service delivery therefore refers to the provision of services to the public in a way that meets their needs and expectations (Majekodunmi, 2015). The usage of the concept 'service delivery' in Uganda's local government refers to a mechanism used by government to meet the needs and aspirations of the citizens (Ministry of Local Government, 2013). Thus, the ability of a local government to meet national service delivery needs is a source of credibility to the ruling government. This can be measured in terms of the quality of public services such as education, health, roads, and agriculture, which are provided to people in lower local governments (Bainomugisha, Kisuule, Matsiko, & Kyankaaga, 2014). While the clash between elected and appointed leaders is sometimes unnoticed, the tension between these two categories of leaders hinders service delivery; and even when services are delivered, they are shoddy indeed (Nyirinkindi, 2007). At the apex of service delivery is accountability, value for money, efficient and effective use of resources, improved communication and decision-making processes (Ministry of Local Government, 2013).

Service delivery is getting services as effectively and quickly as possible to the intended recipient. In most cases, service delivery implies a degree of excellence on the part of the organization and is a hallmark of economies that have moved past the production phase (Ntongo, 2010). Under the service delivery, constructs include: Efficiency, Economy, Quality of services, satisfaction, and timeliness. According to Kiyemba (2018), quality in health care is the process of meeting the needs and expectations of patients and health service staff. Promoting accountability and transparency in service delivery is easier said than done. In addition to citizen engagement and participation, promoting transparency and accountability is a critical component of decentralized governance and service delivery. In theory the close proximity of local government to citizens should make it easier to participate in decision making and hold officials accountable. In reality this is not always the case. Oftentimes, official information is not readily available, data is neither open nor accessible, and the scope for public participation in decision making is limited. Providing citizens with options and opportunities to engage with the state is desirable in and of itself, contributing to local governance and promoting democratic values (Parasuraman, Zeithml & Berry, 2014). Accountability and transparency serve as means to achieve particular ends, such as better service delivery.

The performance of government organizations hinges on the budgetary control systems or techniques (Ngozika, 2013). Lack of the same predisposes entities to indiscriminate use of resources, especially financial resources, which may have ripple effect on the operations, performance and service delivery of a given entity. Indeed, Ngozika (2013) observed that financial accountability not only affects the quality of service delivery in government entities in Nigeria but also improves management efficiency and high productivity. However, for the budgetary control to be effective, it is noted that it requires concerted efforts in participation, co-operation and understanding of top management, middle and lower-level management (Amal, 2013).

First, the quality of public service delivery is explicitly modelled. The quality of public service is becoming increasingly important for the general public and consequently for policy-makers. This is in line with the expectation that with the rising living standards, demand will tend to shift towards higher quality services rather than larger quantities of low-quality services (e.g., parents expect to receive a better education for their children, rather than expecting to 'park' them in school for longer hours) (Olowu and Wunsch, 2016). More, Stewart (2010) indicated that physical accountability rests both on giving an account and on being held to account, construction of better infrastructures like roads, schools, water projects and providing better health services to the public. All Government departments have to be efficient because they have to ensure value for taxpayers' money. Efficiency in delivering services to people encompasses the qualitative and value-laden expectations of the society. It can be argued that accountability is the fundamental pre-requisite for preventing the abuse of power and for ensuring that power is directed towards the achievement of efficiency, effectiveness, responsiveness and transparency. In addition, open, transparent and accountable Government is an imperative prerequisite for community-oriented public service delivery because without it covert unethical behaviour will result.

The act of governance by government through various ministries, departments and agencies (MDAs) is tending towards efficient and effective service delivery (Ali et al. 2018). But there seem to be many variables militating against the delivery of efficient and effective infrastructural, social and welfare services by various governments' ministries, departments and agencies. Few amongst the variables militating against efficient delivery of services in the public-sector are corruption, accountability, probity, prudence, insufficient funding, government policies, government instability, leadership quality, etc.

Reforms in the public sector aimed at improving service delivery have received considerable focus, during the last decade, due to customer awareness. Citizens today are more aware of their rights, have better access to information on public services and consequently have higher expectations of service levels (Ali et al., 2018). Because they have become accustomed to capable private sector organizations providing high levels of customization and other benefits, they are not prepared to accept that public sector organizations are incapable of improving their own service delivery.

In a fiscal decentralized environment where fiscal autonomy for revenues and expenditure responsibilities are granted, transparency operation is very important to secure accountability mechanisms (UNECA, 2015). Transparency operations help to improve quality of financial reporting and accountability mechanisms. In Tanzania, public financial reporting is governed by the Local Government Act of 1982 which requires local governments to prepare annual accounts for audit purposes. Also, as an important aspect of financial accountability, financial reporting conveys information of the process of accountability in which the general public are informed about economic events which occurred in the local governments (Kiyemba, 2018). It helps to assess the general performance and operations of the local government authorities by pointing out key areas of improvements and other areas which require more attention. In relation to the above scenario in Tanzania, financial accountability in Uganda Local Governments is one of the consequences of the general policy of decentralization and its main purpose is to improve public service delivery through transferring powers closer to the people (Local Governments Act, 1997). However, this has been betrayed by challenges surrounding financial accountability which have compromised the objective of improving service delivery (Amal, 2013). Some of these challenges include: weak budget control, weak legal process on fraud, individual selfish interest and the like. In Uganda, decentralization empowers districts with autonomous authority to provide services to local communities through the generation of views pertaining to the needs of the people from respective councillors at districts to aid in planning, resource mobilization and allocation in the units. Financial accountability improves service delivery in local councils which strengthen their functional independence, a virtue that is very important for institutions such as the revenue administrations and procurement agencies (IGG, 2015).

Kiyemba (2018) pointed out that financial reporting is very important in enhancing financial accountability of the public agencies and also assists in decision making for internal and external stakeholders. Apart from financial reporting, the success of financial accountability depends also on sound management system and effective institutional arrangement. Thus, the strong move of enforcing financial accountability in local governments requires effective organizational arrangement to ensure favourable working environment for both local officials and citizens. Financial accountability is the last dimension of accountability focused on correct utilization of funds to ensure that public funds have been used for the purpose for which they were approved and that they have been used economically and efficiently, (Tooley and Hook, 2012). This is therefore an indicator that financial accountability may be a tool for improved service delivery in Local Governments.

Evidence by UNDP (2016) shows that the capacity efforts to improve local service delivery can have a positive effect on decentralized governance and in reinforcing trust of government institutions. Capacity efforts often are articulated with national, regional and/or local political dynamics. As such, the active involvement of champions and local leadership in generating support for capacity initiatives and for their institutionalization is essential. Electoral cycles tend to promote incentives. Sometimes, candidates for local offices are using service delivery performance and improvement issues in their campaigns. Other times, electoral cycles can undermine capacity efforts or discontinue initiatives, particularly when newly elected officials have different priorities. Thus, a key lesson is, building the capacity of local government systems alone would yield limited positive changes unless this effort is accompanied by capacity building of civil society and ordinary citizens to make their voice heard, hold the government accountable, and exercise oversight (OECD, 2017).

1.3.4 Contextual background

In Uganda, financial accountability is not a matter of choice to those in charge of implementing public budgets, but one of the fundamental obligations they must perform (Public Finance Management Act, 2015). The Public Finance Management Act, 2015 clearly lays down procedures of accountability practices expected from anybody in charge of public budget spending. Contrary to this, many local government officials tend to deviate from legally prescribed practices and resort to their own practices such as creative accounting, failure to adapt International Public Sector Accounting Standards (IPSASs). Those fraudulent practices have led to loss of public resources, a situation that has compromised quality and quantity of service delivered to the public. Public sector offices are part of the public body, which is partly or wholly financed by central government budget in form of conditional, unconditional and equalization grants. All this concerned with providing basic government services to the whole society (Ministry of Finance, Planning and Economic Development (2016). Local governments (LGs) in Uganda are a subject of repeated controversy over the unending reported cases of poor financial accountability with emphasis on abuse of public authority and resources (Office of Auditor General 2016, Inspector General of Government, 2015).The compositions of the public sectors are important by their function and purposes, but in most cases, they are designed to influence economic growth and development.

Poor allocation of funds indicated by massive finances being channelled to recurrent expenditure show that funds are misplaced into priorities by those in charge of formulating District budgets (Kiyemba, 2018). Poor or lack of budgetary controls have led to stalled projects, delayed projects, strikes and go-slows amongst employees who draw their remuneration from District Local Governments. There has been hue and cry from the members of the public premised on poor service delivery while, at the same time, District staff allocate themselves massive allowances every financial year (Bukenya, 2016). Meanwhile, some studies have revealed improvement in school infrastructure development due to proper budgetary controls. Gbadamosi and Adeyeni (2010) found out that there were standard classrooms spacious for pupil population of 40 pupils per class in Nigeria. In Oguni State, the situation was even better in public primary schools: for example, less than 40 pupils per class. Equally, GoU (2014) revealed improvement in pupil-classroom ratio resulting into quality service delivery. Furthermore, MoES (2010) revealed that under School Facilities Grant, a number of public primary schools benefited from classroom construction leading to reduced pupil classroom ratio. These studies reveal that the number of primary schools and classroom construction increased in Uganda and Nigeria. However, the three studies were not adequate in explaining the relationship between financial accountability and service delivery. Therefore, this study was undertaken to establish the effect of financial accountability on service delivery in Kisoro Municipal Council.

For the case of Uganda, the Auditor General continues to lament over the persistent financial accountability failures in the health sector since 2008 up to date. For example, in the financial year 2012/2013 alone, Ushs 23.7 billion (about 6.7 million US$) was not accounted for by the Ministry of Health and several hospitals countrywide. The reason for such financial accountability failures may be that those who are accountable may lack the competences and the monitoring mechanisms to ensure proper accountability. The Auditor General (AG) attributes these accountability failures in the health sector to weak managerial competences, internal audit, and board governance (Auditor General's Report, 2016).

In other findings based on the budget performance report, it was observed that a total of UGX.130,253,308 was budgeted to cater for routine manual maintenance, routine mechanized maintenance, periodic maintenance and emergency activities on several Municipal roads using Road gangs and the fFrce Account mechanism. The Municipal Council received UGX.130, 253,308 which constituted 100% of the budgeted amount (OAG, 2018). However, the Accounting Officer explained that due to the nature of land terrain and most parts of Kisoro Municipal Council flooding often, management intervened by getting extra funds under the cleaning and sanitation item in health department to de-silt the drainage system to cater for their emergency nature, implying that service delivery is hindered by environmental factors. Based on the above grounds, the relevance of quality of financial reporting on financial accountability is an irrefutable fact. The importance and crucial roles played by quality of financial reporting has necessitated this study to examine the key roles of financial reporting in enhancing financial accountability in Ugandan local governments. This study should add knowledge on the academic work stock on quality of financial reporting and financial accountability. Also, the study is very important to decision and policy makers, scholars, researchers, stakeholders and other interested parties of local government authorities.

In the context of Kisoro Municipal Council, to achieve a financial objective of this vote, management responsibility for financial statements has been articulated under Article 164 of the Constitution of the Republic of Uganda, 1995 (as amended) and Section 45 of the Public Finance Management Act, 2015 that the Accounting Officer is accountable to Parliament for the funds and resources of Kisoro Municipal Council and effective, economic and quality service delivery. In spite of the above, the extent to which financial accountability affects or impacts on the service delivery in Kisoro Municipality was not yet clear. This called for a research to examine the relationship between financial accountability and service delivery in Kisoro Municipal Council.

1.4 Statement of the problem

Financial accountability plays very significant role in ensuring that high level of service delivery is realized in local governments (World Bank, 2015). In Uganda, the government enacted the Public Finance Management Act (2015) to strengthen local government accountability in the utilization of public resources for better service delivery. This Act has mandated Kisoro Municipal local government offices of the Town Clerk, Internal Audit, Head of Finance, Public Accounts Committee and the Mayor to exercise full responsibility of accountability in the utilization of public resources for better service delivery in Kisoro Municipality.

Despite this policy of financial accountability, Kisoro Municipal Council continues to register a surge of debilitating problems of corruption and unaccounted for funds meant for service delivery (OAG-Report, 2017). As a result of this poor financial accountability, the Municipal Council has failed to complete a number of government projects meant for service delivery. More so, the Municipality has failed to meet national service delivery standards (MoLG, 2015) like pupil-classroom ratio, construction of health facility for population within 5-kilometre radius and water supply target of 70%. This therefore has created a gap between financial accountability and how services are delivered in the Municipal Council which called for the need for further investigation. This study, therefore, sought to investigate the effect of financial accountability on service delivery in Kisoro MunicipalCouncil and suggested proposals on how financial accountability could be improved to ensure better service delivery.

1.5 General Objective

This study was conducted to establish the relationship between financial accountability and service delivery in Kisoro Municipal Council.

1.6 Research objectives

This study aimed at achieving the following objectives:

a) To examine the effect of financial planning on service delivery in Kisoro Municipal Council;
b) To assess the effect of financial reporting on service delivery in Kisoro Municipal Council;
c) To establish the effect of budgetary control on service delivery in Kisoro Municipal Council.

1.7 Research questions

a) What is the effect of financial planning on service delivery in Kisoro Municipal Council?
b) What is the effect of financial reporting on service delivery in Kisoro Municipal Council?
c) What is the effect of budgetary control on service delivery in Kisoro Municipal Council?

1.8 Scope of the study

1.8.1 Time Scope

The study was conducted in Kisoro Municipal Council from 2015 to 2019. This is the period within which the National Quality Improvement Framework and Strategic Plan was set to ensure that all people in Uganda have access to quality, efficient and timely services through transforming financial accountability in municipalities of Uganda. Therefore, information embedded in this plan would help in giving current information relating to accountability and service delivery in Uganda.

1.8.2 Content Scope

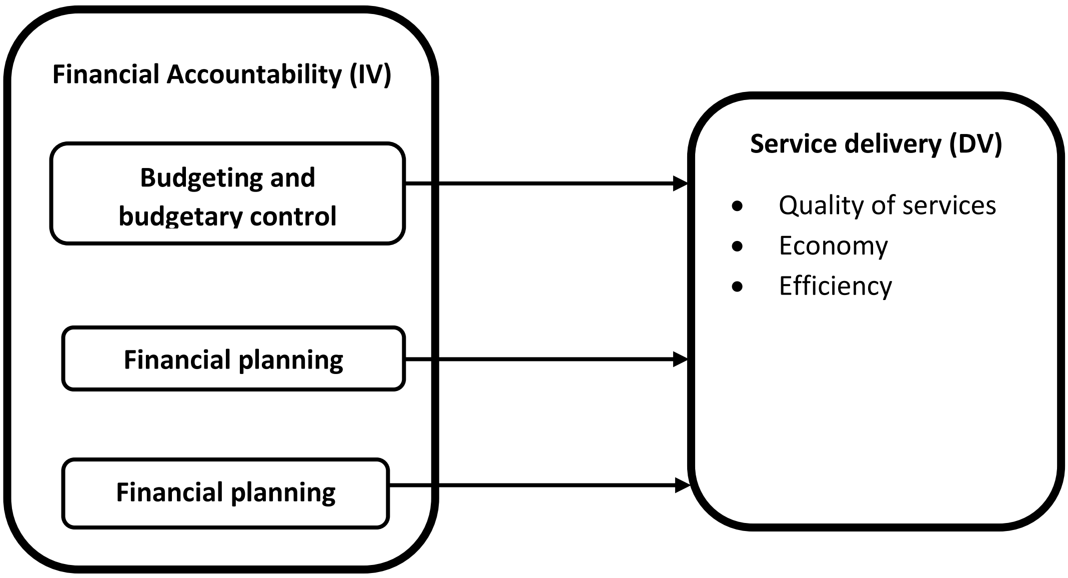
The study focused on establishing the relationship between financial accountability and service delivery in Kisoro Municipality. Specific areas of analysis included the effect of: financial planning, budgetary control and financial reporting on service delivery in Kisoro Municipal Council.

1.8.3 Geographical Scope

The study was carried out in Kisoro Municipal Council, Kisoro District. Kisoro District is a district in the South-Western Region of Uganda. The Town of Kisoro is found in the Kigezi Sub-region and is the site of Kisoro District headquarters. The Municipal Headquarters are located in the centre of Kisoro Town. Kisoro District is bordered by Kanungu District to the north, Rubanda District to the east, Rwanda to the south, and the Democratic Republic of the Congo to the west. The Town of Kisoro is approximately 75 kilometres (46 miles) by road, west of Kabale Town, the largest town in the sub-region. Based on the 2014 Census, Kisoro has a total population of about 28,705 people and has a population density of 425.5/km^2

1.9 Conceptual Framework

Figure 1: Conceptual framework of financial accountability and service delivery



Source: Adopted from Kiyemba (2018) with Researcher's Modification

Explanation of Conceptual framework

Financial accountability and Service delivery constitutes the basic concept in this study. The independent variable, financial accountability is explained in terms of budgetary control, financial planning, and financial reporting, while service delivery; the dependent variable, is operationalized by quality of services, economy and efficiency.

From the framework therefore, it is noted that financial planning, financial reporting and budgetary control affects economy, effectiveness and quality of services delivered to the public. This implies that effective financial planning leads to economy in the use of resources in the Municipal Council. Also, better budgetary control is a key tool for making budget allocations leading to efficiency in the use of funds in the municipality. Financial reporting through better preparation of financial statements is an indicator of economic use of the available resources in local governments. Therefore, from the framework it can be seen that financial accountability is related to service delivery.

1.10 Significance

The study may benefit the following:

Local Governments

Kisoro Municipal Council may obtain an independent evaluation on the determinants of financial accountability and proposed strategy for improvement. The findings of this study can help Kisoro Municipal administrators to ensure proper financial planning that may lead to efficient, economical, quality, timely service delivery.

Government of Uganda

The study may benefit the Government of Uganda on ways of encouraging efficient financial accountability among public officials. The government may adopt some of the proposed strategies to induce the financial accountability in Public sectors

Public

The findings of the study may help members of the public to become aware of the ways to evaluate public officers on financial accountability matters

Policy makers

The study findings may demonstrate to the policy makers the responses of the public about the services delivered to them from municipalities. This can be in form of quality, timeliness, economy and efficiency of public services.

To other Governments and ministries

This study may inform the Government and ministries about the financial accountability issues within the municipality and its impact on quality, timely and efficient service delivery. Hence the policy makers may use this finding to work toward designing a better policy that will help to improve on financial accountability.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Looking critically at the existing research which is significant to the work the researcher is carrying out cannot be underestimated (Kompo and Tromp, 2013). It also demonstrates credibility and familiarity of the researcher with the body of existing knowledge (Amin, 2005), and above all it shows the path of prior research and how the current study is linked to it. This chapter, therefore, presents the review of the related literature of the effect of financial accountability on service delivery in local government and other related organizations. It further presents major theories that guided the study. It also discusses the actual literature review objective by objective especially: financial planning, financial reporting and budgetary control on the local government service delivery. Finally, this chapter presents the summary of the literature review and highlighting the research gaps.

The researcher reviewed two theories: agency and decentralization theories for this study. Out of these two theories, the researcher selected the most appropriate one, the decentralization theory, to study the problem area of financial planning, budgetary control and financial reporting and government policies on service delivery in Kisoro Municipal Council. In this chapter, the researcher also reviews the existing literature that is related to the subject of study. The review was along the major themes of the topic which are in three sections and this includes the financial planning, financial reporting and budgetary control on local government service delivery.

2.2 Theoretical Review

The researcher reviewed two theories: the agency and decentralization theories for this study.

2.2.1 The Agency Theory

The first is Agency Theory which states that the idea of accountability is most often rendered in terms of principals and agents' relationships. Principals delegate authority to agents, who are expected to act on the principals' behalf. In democracies, the people (or voters) are the principals, and government officials (politicians and civil servants) are the agents (Garrido-

Rodríguez, 2019). However, the problem of principal-agent theory is to ensure that agents do what principals have empowered them to do, in order to promote public welfare. In most cases, agents tend to promote their own interests at the expense of the people. In this study, the theory looks at principals as people who demand services while the agent is Kisoro Municipal Council which provides social services like primary education, health and safe water for the people as mandated by the Local Governments Act, 1997.

The Agency Theory claims that there is information asymmetry in the relationships between governments and citizens (Lane, 2015). Since elected officials do not have the same interests as citizens, they should be held accountable for their actions and demonstrate that they acted in accordance with their responsibilities (Shapiro, 2015). The demand for more transparency is also a requirement of citizens who want to have more information about government activity and reduce information asymmetry. Citizens should have access to information that allows them to monitor and scrutinize the actions of elected officials, thus holding them accountable and responsible. Perhaps the overall diffusion of the Internet is increasing both citizens' access to the Internet and the information disclosure via websites. Together, they are driving the demand for more information (Pina, 2010), helping to reduce the agency problem. The financial literature in the 1960s and 1970s described the agency problem in the organizations through the problem of risk-sharing among the cooperating parties (Setiyawati, 2013) involved in the organizations. There are individuals and groups in the firm having different risk tolerance and their action differs, accordingly. The principal or the owners, who invest their capital and take the risk to acquire the economic benefits, whereas the agents, who manage the firm are risk-averse and concerned with maximizing their private benefits. Both the principal and agent have opposite risk preferences and their problem in risk-sharing creates the agency conflict, which is broadly covered under the agency theory.

2.2.2 Decentralization Theory

Secondly, this study was based on Decentralization Theory. The theory explains the transfer of authority and responsibility of public functions from the central government to the subordinate or quasi-independent government organizations and or the private sector (MoLG, 2015). In this study, the theory focuses on the three dimensions -- budgetary control, financial planning and reporting in the district local governments for the provision of better service delivery (MoLG, 2013). Under financial planning, it is assumed that the councillors of Kisoro Municipal Council must take part in planning for government resources for better service delivery in terms of school, health and water facility construction. In financial reporting, Kisoro Municipal administration coordinates its personnel to implement government programmes through staffing, performance reports and technical planning meetings.

Meanwhile, financial accountability allows Kisoro Municipal Council to execute its local priorities through accounting, local revenue collection and budgeting. On the other hand, the line ministries issue regulations, policies and standards for better service delivery in Kisoro Municipal Council. However, a study (MoFPED, 2016), under decentralization policy in Uganda revealed that there was very low level of service delivery in most Local Governments. The researcher, therefore, applied decentralization theory in this study to investigate the effect of financial accountability on service delivery in Kisoro Municipal Council. Based on this theory, solutions were suggested to deliver better services in Kisoro Municipal Council.

2.3 Financial Planning and service delivery

According to Ngozika (2013), financial accountability is measured by constructs such as financial planning, budgetary control and financial reporting. Financial planning is a plan to ensure that enough funding is available at the right time to meet the needs of the organization for short, medium or long-term capital -- for example, how much money is needed to smooth out changes in debtors, creditors and other cash requirements; should a new asset be bought or leased? (Wilks & Zimbelman, 2014). Financial Planning is a vital part of Financial Management. In fact, planning is the first function of management. Before embarking on any venture, the company must have a plan. Before initiating a new business, the organization puts an immense focus on the topic of Financial Planning. Financial planning is the plan needed for estimating the fund requirements of a business and determining the sources for the same. It essentially includes generating a financial blueprint for company's future activities. It is typically done for 3-5 years -- broad in scope -- and generally includes long-term investment, growth and financing decisions (OECD, 2017). Hence if financial planning is not given a priority in KMC, there will be poor allocation of resources to priority areas and hence affect the delivery of services to the public.

According to Bakalikwa (2017), financial planning is the task of determining how a business will afford to achieve its strategic goals and objectives. Usually, a company creates a Financial Plan immediately after the vision and objectives have been set. The Financial

Plan within the hospital settings describes each of the activities, resources, equipment and materials that are needed to achieve these objectives, as well as the timeframes involved. The Financial Planning activity involves the following tasks: assess the organizational environment; confirm the organization's vision and objectives; identify the types of resources needed to achieve these objectives; quantify the amount of resources (labour, equipment, materials); calculate the total cost of each type of resource, summarize the costs to create a budget, Identify any risks and issues with the budget set (Bakalikwa, 2017). Therefore, effective financial planning leads to economic utilization of resources in local governments, hence the municipal councils can deliver services to the public at relatively cheaper cost.

Curtis (2015) argued that performing financial planning is critical to the success of any organization. It provides the hospital to plan with rigour, by confirming that the objectives set are achievable from a financial point of view. It also helps the hospital administrator to set financial targets for the organization, and reward staff for meeting objectives within the budget set. According to Gordon and Miller, (2016), the role of financial planning includes three categories: strategic role of financial management, objectives of financial management, and the planning cycle. When drafting a financial plan, the organization should establish the planning horizon, which is the time period of the plan, whether it be on a short-term (usually 12 months) or long-term (2–5 years) basis. Also, the individual projects and investment proposals of each operational unit within the company should be totalled and treated as one large project. This process is called aggregation.

Han (2019) asserts that financial planning as a performance indicator is connected with ensuring that money given to people is spent according to the budgeted items and activities using the set rules. In another perspective, CIPFA (2017) considers financial planning as assessment of value for money and acceptance by individuals of personal responsibility for their actions in relation to quality of their outputs and decisions. Further, McKinney (2015) noted that financial accountability implies planning to the public. In essence, this suggested the need for management to be transparent and conscious when spending the organizational resources while undertaking their activities in a bid to effectively achieve the institutional mission, ethical standards and good governance. The function of transparency is important in accountability and it refers to openness. Transparence is an essential aspect of ensuring accountability, minimizing corruption, and has gained prominence in the Organization for Economic Cooperation and Development (OECD). The

Molls (2015) report found out that most districts in Uganda held technical meetings on monthly basis to enhance service delivery. The purpose was to hold local government officials accountable to the council for the utilization of government resources meant for service delivery to the people. This agreed with the meeting held by MoLG Executives where they discussed and analysed the priorities of local governments in implementation of decentralization indicators. These studies revealed that most district local governments in Uganda held technical planning meetings on monthly basis to ensure accountability for government programmes. However, the Local Governments Act, 2007 and MoLG (2013) guidelines for the technical meetings were inadequate about steps to be taken in case meetings are not held regularly by local governments as required.

Traditionally, financial planning is used to serve as a means of assessing stewardship between agents (managers) and principals (suppliers of funds). Also, in the public sector, financial planning serves the same purpose by considering two parts; those entrusted with public finances and general public (owner of the public funds). However, of recent the purpose of financial planning has changed to incorporate the elements of accountability as an important part of financial control in the public sector. In his findings, Rahmatika (2014) reveals that financial planning is very important in all the operations of local governments and contributes significantly on effective service delivery. Quality of financial planning enables local governments' stakeholders to debate on operating performance and service delivery. Due to the relevance of financial reporting, it is the responsibility of the local government management to create favourable environment for the enhancement of financial reporting. Also, Hladchenko (2016) found significant association between trust and quality of financial planning in a relatively decentralized environment. This gives another idea that decentralization creates a sense of ownership and hence improves trust amongst local government officials which leads to the improvement of financial planning and accountability.

2.3.1 Financial Reporting and Service Delivery

According to Setiyawati (2013**),** financial reporting involves preparing statements and accompanying notes and communicating it to the different users. Financial reporting has been in the form of documents like the directors' report, comprehensive income statement, financial position statement (balance sheet), cash flow statements, notes of accounting policies and auditors' reports. With changing regulations and a constantly changing environment, companies need to consider how they should communicate currency risk; the risks and benefits of currency hedging; how to navigate financial reporting challenges; and how they can adapt to the changes in the business environment (Curtis, 2015). Samaratunge and Christensen (2012) emphasize the importance of reports by suggesting that they make the performance of the public sector auditable for they normally indicate a balanced sheet of successes and failures which gives room for improvement. The researcher's view is that apart from the reports being timely, they should also be accurate and complete to enable the recipient of the reports get a clear picture of what happened and take corrective measures. There is normally a tendency of public officers to doctor or fake reports intended to cover up fraud or mismanagement of finances that ultimately results into loss of funds and poor service delivery. Hence producing paper reports does not guarantee quality of services delivered to the public.

It is an undeniable fact that local government financial reporting is very important and contributes significantly to the success of better service delivery. The foremost objective of financial reporting is to facilitate public expenditure control by demonstrating accountability for compliance with approved budget (Hughes, 2013). Financial reporting assures the operational transparency which is mostly demanded by the taxpayers and other stakeholders to build confidence on the proper use of the collected public finances. According to Adeoluand (2012), the successful operation of financial accountability requires good financial reporting, strong management system and effective organizational arrangements. The improvement of financial accountability demands also strong institutional arrangement to enable apparent working environment in local government dealings. Thus, all internal stakeholders of local governments have strong contributions to the success of service delivery.

In a similar vein, Mande (2015) expounds on the relevance of strong mechanism of financial reporting in enhancing financial accountability as a key instrument of controlling misappropriations of public funds hence effective service delivery. Also, comprehensive financial reporting is enforced by demanding accountability on what local governments have done with public finances. Financial accountability helps to control misuse of public resources by focusing on those entrusted with public funds in order to facilitate smooth provision of public social services. The quality of a report reflects the quality of work about which a report is written. Schaeffer and Yilmaz; (2018) emphasized that reports enhance financial accountability for they normally indicate a balance sheet of successes and failures of government programmes. This implied that a written report is a form of accountability to the Council for one's actions in discharging local government programmes. According to the MoLG (2014), a good report must be presented in a clear, logical and readable manner. It has to be relevant and focus on future trends to provide an overall picture of financial accountability on local government service delivery systems.

Ayobami (2014) noted that published financial statements are the hub of public accountability because they draw attention for stakeholders to discuss the public expenditure and services to be delivered. Good financial reporting helps local governments to control efficiency and economic use of public resources towards provision of public services. Also, the idea of improving the political system and public administration should be of paramount in government operations. Hladchenko (2016) argues that government financial accountability and transparency in Nigeria contributes significantly on the performance of the political system and quality of public administration. The main focus of financial accountability is not only to control public resources but also to stabilize good governance at the local government and public sector in general. Good governance ensures smooth operation and stabilization of social economy at the local governments. Therefore, the efforts of improving financial accountability should also correspond with the enhancement of better service delivery at local government authorities.

The financial reporting is very important in the public sector financial management and it is also considered as the best indicator of effective service delivery (Ayobami, 2014). Local government financial reporting facilitates the provision of information on financial position and operating performance. Bukenya (2016) points out that financial reporting in local authorities needs to be relevant and reliable in order to enable the general public to measure performance in terms of efficiency and effectiveness in using public resources. Local government can achieve reliability of financial reporting by ensuring that financial statements are free from material errors and misstatements. Bukenya adds that such reports facilitate decision making, transparency and enable discharging accountability. Therefore, financial reporting leads to efficiency in services provided by most municipal council authorities implying that if reports are poorly made by technical staff, service delivery will be poor and vice- versa.

In any achievements there are always challenges, which slow the efforts of reaching the intended goals. The main challenge of financial accountability in local government is the understanding of the roles and responsibilities for the responsible organs for holding accountable those entrusted with public resources (Adeoluand, 2012). Thus, responsible organs for assessing accountability must possess enough knowledge to enable discharging their duties honestly and diligently. Also, more efforts need to be directed on educating citizens and other stakeholders about the importance of financial reporting in decision making and assessing accountability in local government operations. In the related view, Garrido-Rodríguez (2019) distinguishes a category of financial reporting, as a merely neutral, technical activity of keeping true and accurate accounts, which does not have any direct links with democratic Government. Financial reports, in their opinion, thus exist both in despotic and democratic regimes, with the distinction that in the despotic regime the principal of accountability is the ruler, while in democratic regime it is the citizen. This means that when financial reports are prepared in accordance with the financial reporting standards, efficiency and economy in local governments especially Kisoro Municipal Council are achieved.

Effective financial reporting, according to Gordon and Miller (2016), is more than making sure that the numbers add up, it requires that the figures are communicated to the target audience in a way that is meaningful and understandable to them. This is particularly vital for public service organizations that not only have to prove that they are using public money effectively but have to do so to a varied and wide-ranging audience. Whether reporting is to the general public, elected representatives and board members or regulators the way information is communicated is a key to effective reporting. According to Schaeffer and Yilmaz (2018), concerns about the increasing complexity and decreasing relevance of financial reports have been growing in recent years. Many people point to their increasing length and detail, and the regulations that govern them, as evidence that we have a problem. Others are more worried that reports no longer reflect the reality of the underlying businesses, with key messages lost in the clutter of lengthy disclosures and regulatory jargon (Kiyemba, 2018).

The quality of financial reporting in Uganda is very significant in the whole process of financial accountability and financial management in general. To ensure a proper financial reporting framework, local governments' management and other responsible organs have been working tirelessly to improve the reporting framework. In this endeavour, local government adopted International Public Sector Accounting Standards (IPSASs) accrual basis of accounting effectively from 1st of July 2009 in order to improve transparency and accountability; giving a grace period of five years to ensure full compliance. Accrual basis of accounting recognizes both cash paid and accrued transactions to enable faithful representation of financial statements. The grace period for full compliance on IPSASs ended in 2014 which means that the first local governments' financial statements prepared under IPSASs were for the financial year 2014/15, (Uganda Public Finance Management Act, 2015).The adoption of IPSASs is another achievement that resulted from local government financial management reform which aimed to enhance transparency and accountability in local governments' operations. The full adoption of IPSASs is expected to improve local government financial reporting framework to facilitate decision making, transparency and effective service delivery. According to IPSASs 1, a complete set of financial statement includes statement of financial position, statement of financial performance, statement of changes in net assets/equity, cash flows statement, a statement of comparison of budget versus actual amount by function and notes to the financial statement. The full set of financial statements enables various stakeholders to assess financial position, financial performance and cash flows of the local government (Uganda Public Finance Management Act, 2015).

2.4 Budgetary control and Service Delivery

According to ACCA (2010), "budgetary control is the establishment of budgets relating to the responsibilities of executives of policy and the continuous comparison of the actual with the budgetary results. There are the main stages in the budgetary control. They take place after the actual events, usually on monthly bases. Speedy production of budget control statement and immediate investigation reveal variances which provide the best basis for bringing operations into line with the planner where there have been substantial changes in circumstances, making agreed alternatives to the plan (Hladchenko, 2016). The investigations into the variances and their causes provide the link between budgetary control and budgetary planning. The experience of operations, levels of performance and difficulties are fed to the budget committee so that the planning process is continually refined.

Budgetary control is one of the cornerstones of accountability because it projects costs and revenues to prioritize and control spending and ensures that experts do not exceed available funds (Williams, 2013). Importantly, budgeting provides regular accountability of the implementation of policies and plans (Goddard, 2014). Similarly, the budgetary control report is a major vehicle in the feed-back process and to ensure maximum effectiveness in service delivery at local levels of the governments. Its design, content, timing and general aspect should be given careful consideration. It is important to note that actions which produce benefits whilst information only produces costs. In consequence, it follows that a budgetary control report which is ignored will not lead to effective actions and so will be useless (Mande, 2015).

According to Garrido-Rodríguez (2019) budgetary control provides the following: Budgeting compels managers to think ahead to anticipate and prepare for changing conditions; budgeting co-ordinates the activities of various departments and functions of the organization. It increases production efficiency, estimates waste and controls the costs, it pin-points efficiency or lack of it, budgetary control aims at maximizing profits through careful planning and control. It provides a yardstick against which actual results can be compared, it shows management where action is needed to remedy, and budgetary control system creates the necessary conditions for the creation of standard costing techniques (Kiyemba, 2018). McKinney (2015) found out that effective budget management through joint participation of all stakeholders together with the evaluation function provides senior management with an analysis tool that allows effective financial accountability. Budgeting can be done at all levels from strategic, tactical and the operational to offer quality services to communities as a prime indicator of good accountability. Budgets facilitate planning and anticipated income and expenses for a specified financial period and they encompass the longest segment of the budgeting process (Wright, 2016). Financial accountability is one of the key vehicles of the budget execution process in the Public sector (Okoh, 2010). The above established the relevance of budgetary control, although not in the Kisoro Municipal Council which the study intended to establish whether it is applicable.

Effective budgeting is a critical process in the PFM cycle in local governments in Uganda. The budgeting process within the PFM cycle covers budget formulation, budget approval, and budget execution (Uganda Public Finance Management Act, 2015). The process of budgeting is often preceded by the crafting of organizational policies, definition of fiscal targets consisting of objectives and priorities, and communication of all the relevant rules for preparing the budget proposals as well as expenditure ceilings to participating stakeholders (MoLG, 2015). The budgets are then put together by consolidating estimates generated from the different units of the budget entity which are then submitted to the approving authority for approval after which it is executed. Achua (2012) posits that public sector adherence to budgetary control prescribed framework in order to induce financial accountability for the funds allocation under their control/ docket. The need to protect the development, individuals from lawless, arbitrary and capricious actions by the state's surrogate administrators which largely induce the implementation of budgetary control as determined within the budget framework manual. Adegite (2010) further argued that the overall acceptance and appreciation of legislation in the public sector strongly supports senior management to ensure proper accountability especially with support of resources, commitment from the central treasury.

Efficient budget execution is another critical phase of the PFM cycle necessary for effective resource management. Budget execution covers procurement processes, payroll management, cash and treasury management (Andrews, Cangiano, Cole, De Renzio, Krause, Seligmann, 2014). Budget execution is often ridden with so much corruption that public sector organizations in Cape Town lose so many resources to private individuals, and thus have less to deliver goods and services. Transparency International (TI), for example, reported in 2015 that one of the challenges to prudent public financial management is corruption. They reported that in many developing countries, the "damage from corruption is estimated at normally between 10 and 25%, and in some cases as high as 40 to 50%, of the contract Value" (TI, 2015). It stands to reason that the quality of the budgetary process in allocating resources is an important factor among other considerations that will determine how well resources will be managed and ensure quality service delivery. The implication is that public sector institutions need to pay attention to their budgeting processes to ensure the efficient allocation of resources.

Supporting the views espoused in the preceding discussions, Cangiano et al. (2016) suggest that an effective budgeting and budgetary control system: (i) promote efficient allocation of scarce resources to activities, projects and programmes within organizations, thus ensuring that scarce resources are deployed to their optimal use; (ii) lead to effective delivery of public goods and services to the citizenry at optimal prices; and (iii) help to achieve a sustainable fiscal position for the entire economy thus enabling economic development. It can be concluded from the review of the literature that putting in place an effective PFM system to cover all the PFM phases will help the service to better manage the scarce financial resources available to it for effective service delivery. To ensure effective financial management and to avoid uncertainty or waste of financial resources, budgets and budgeting become vital. Curtis (2015) pointed out that a budget is a formalized way of preparing a statement of all accounts and an allocation of all available financial resources. In other words, a budget can be described as a policy on which expenditures and income are based. Proponents of budgeting argue that budgets have several important roles. Hladchenko (2016), for instance, argued that budgets help to allocate resources, coordinate operations and provide a means for performance measurement. Han (2019) agreed with this view and claimed that the budget is the most widely used technique for planning and control purposes. Venanci (2012) too, were of the opinion that budgets are still essential and can, for example, be incorporated as part of the financial component of the balanced scorecard. Meanwhile, critics of budgets claimed that budgets are no longer adequate and are "fundamentally flawed" as planning and control mechanism in today's complex and highly uncertain environment. According to Wright (2016), "budgets control the wrong things, like headcount, and miss the right ones, such as quality, customer service and even profits". This has led to an alternative to budgeting known as "beyond budgeting" to modernize the budgeting process.

Budgetary control looks at the process of preparing and using budgets to achieve management objectives. A budget represents management's plans of action for future periods of an organization (Drury, 2014). Budgetary Control is the process of comparing actual results with planned results and reporting on the variations (Hughes, 2013). Control compares actual performance and budgeted and helps expenditure to be kept within agreed limits. Budgetary control is constituted of budgeting, monitoring and control, analysing and feedback. Other studies, however, lead one to conclude that although participative management of budgets is seen as being rather "politically correct" currently, it may be that its value is situation-specific: there may be some organizations in which it is not necessarily a major motivational force. According to Amal (2013), the study found that the "top-down" imposition of budget targets led to higher performance amongst the recipients as opposed to those managers who, more or less set their own targets. Also, contrary to current popular belief, the setting of budget targets and budgetary control does not always lead to autocratic managerial behaviour (Andrews et al., 2014). Managers can be motivated to respond to such pressures by exercising their authority in an inclusive, supportive, democratic, participatory way. Therefore, budgetary control through active participation of members of the budget leads to economy in the use of the available resources in the municipal council.

On a similar note, Adeoluand (2012) found out that in Botswana, local accountability was highly developed in that budgeting was prepared and executed well. Though often, local governments were doing supplementary payments and allocations to complete each year. In connection to this was a study by UNDP (2016) which showed that participatory budgeting introduced by a number of local authorities throughout the world has improved the responsiveness, transparency and accountability of public investment and public service delivery. These studies revealed that in Botswana local governments, budgeting was well prepared and executed unlike some other developing countries. Much as the researcher agreed with these three authors about budgeting for local government activities, the studies were conducted some years back in different countries and, contrary to this, there were some studies which showed low level of accountability in budgeting. According to UNECA (2004) there was a continuous revision of budget and increased budget deficits recorded over recent years which suggested lack of fiscal discipline and weak budgeting in many African countries. It was thus, necessary for the researcher to undertake this study in Kisoro Municipal Council to compare their findings with his findings.

According to Kushlak (2015), budgetary control is among the significant roles of the local government as a mechanism of enforcing implementation of financial policies and ensures effective use of public financial resources. Budgetary control has significant role in the efficient use of public resources at local governments. This implies that public financial management is very important in improving the quality of public service products (ACCA, 2010). The strong financial management systems are very efficient instruments for averting, discovering and facilitating the punishment for misusing public resources and corruption. In general, funds of the sub-national governments are managed by the key officers of respective Councils. In this respective power of local officials, budgetary control is required to institute strong mechanism of accountability to enforcing local officials to abide with stipulated financial rules and regulations. Moreover, in order to enable local governments to work efficiently and effectively, there should be a proper control of budget and accountability for all available resources. Also, it should be noted that control mechanisms have positive significant impact on the effectiveness of service delivery. Cangiano et al. (2016) pointed out that to enable proper use of public resources, local financial management reforms in budgeting process and budget execution are inevitable. Budgetary control will greatly have significant contribution on smooth delivery of basic public services to the citizens in KMC.

Budgeting, control and measuring and reporting, analysing and feedback constitute elements of budgetary control (Olowu and Wunsch, 2016). According to Hughes (2013), budgetary control is one of the very important tools of planning and control. Many organizations fail because of lack of planning, by planning many problems and dangers are anticipated which the organization has to face. Educational managers like knowing where they stand, but they are also concerned about the time wasted and, more importantly, the fixed performance contracts lead to decision paralysis and cosmetic accounting rather than decisive action and ethical Reporting (Ayobami, 2014). A Budget is a detailed plan, which sets out, in money terms, the plans for income and expenditure in respect of the future period of time. It is important to be prepared in advance of the time period and agreed on the objectives for that period of time together with the strategy planned to achieve those objectives (Ali et al., 2018). This therefore indicates that effective budgetary control will lead to economy in the use of allocated resources in the municipal council, hence leading to better service delivery.

Effective budgetary control is an aspect of public financial management aimed at ensuring effective planning for and use of financial resource to achieve service delivery targets. Effective financial resource management relates to the ability of an organization to raise the optimal amount of financial resources and deploy those resources to achieve its set qualitative and quantitative short-term and long-term objectives through effective processes which include: standard procurement practices, effective treasury and cash management processes (McKinney, 2015). Andrews et al. (2014) state that “PFM relates to the way governments manage public resources (both revenue and expenditure) and the immediate and medium-to-long-term impact of such resources on the economy or society”. In line with this, Ngozika (2013) advocates the need for the performance of organizations to be measured, and suggests that performance measurement should involve the following steps: setting performance objectives and targets for programmes; assigning authority and responsibility; measuring and reporting the actual level of performance of managers against the objectives and targets set; using performance data to inform future decisions about future programming; and using oversight bodies to independently scrutinize performance levels and feed that into future programme decisions.

2.5 Relationship between financial accountability and service delivery

Okoh (2010) asserts that financial accountability as a performance indicator is connected with ensuring that money given to people is spent according to the budgeted items and activities using the set rules. In another perspective, Ntongo (2010) considers financial accountability as assessment of value for money and acceptance by individuals of personal responsibility for their actions in relation to quality of their outputs and decisions. Kiyemba (2018), Pina (2018) and Mwanga (2017) noted that financial accountability implies accountability to the public. In essence, this suggested need for management to be transparent and conscious when spending the organizational resources while undertaking their activities in a bid to effectively achieve the institutional mission, ethical standards and good governance. The function of transparency is important in accountability and it refers to openness. Transparence is an essential aspect of ensuring accountability, minimizing corruption, and has gained prominence in the Organization for Economic Cooperation and Development (OECD, 2017).

In their study, Iskandar and Setiyawati (2015) reveal that financial accountability has significant positive relationship on service delivery. Given the fact that financial accountability is a hub of control and accountability mechanism at local governments, more efforts need to be dedicated to enhancing transparency and reporting framework. Proper presentation of financial accountabilities plays significant role as a means of discharging accountability in public sector financial management. Moreover, apart from being an instrument of discharging accounting stewardship, financial reporting is used for decision making purposes. Nogueira, Jorge and Oliver (2013) documented that municipal financial accountability is very useful in decision making regarding social economic issues in Portuguese. Also, OECD (2014) revealed that taxpayers require more disclosure of financial information in order to raise confidence on paying taxes. Nevertheless, the usefulness of financial accountability can be enhanced by disclosing more information including non-financial information to aid internal decision making.

Financial accountability in Local Government helps to strengthen public sector governance by proving thorough understanding on how governments' programmes can underperform and finding corrective measures for improving service delivery (Mwanga, 2017). According to Tooley and Hook (2012), financial accountability implies agreeing to be responsible. Accountability helps to enforce local officials to be more responsible to the needs of citizens by adhering to the approved budgets and other financial regulations for the benefit of the citizens. Also, in order to ensure value for money is achieved, fiscal decentralization needs to be linked with strong mechanism of accountability (Adeolu, 2012). Financial accountability is very crucial in identifying and penalizing malfeasance or maladministration and also serves as a mechanism of securing sustainable improvement in the whole system of public financial planning. Fiscal decentralization is believed to create strong mechanism of accountability through fiscal autonomy and fiscal transparency. Clearly, this system can help to enforce those entrusted with public funds to spend them economically, efficiently and effectively towards citizens' needs. Full understanding of financial accountability is related to provision of impartial and targeted support to improve capability in safeguarding and utilizing public resources as stipulated in the budget guidelines (OECD, 2017).

Financial accountability is a critical imperative for effective service delivery. It contends the associations or organizations are liable to all those who are influenced by their choices and deeds. According to Wright (2016), the responsibility is connected with straightforwardness and the standard of law. It is forcefully required by open area and additionally private division. Government bodies are considered responsible to the general public. First, the quality of public service delivery is explicitly modelled. According to Tooley and Hook (2012), the quality of public service is becoming increasingly important for the general public and consequently for policy-makers. This is in line with the expectation that with rising living standards, demand will tend to shift towards higher quality services rather than larger quantities of low quality services (e.g., parents expect to receive a better education for their children, rather than expecting to 'park' them in school for longer hours).

The act of governance by government through various ministries, departments and agencies (MDAs) is tending towards efficient and effective service delivery (Ali et al. 2018). But there seems to be many variables militating against the delivery of efficient and effective infrastructural, social and welfare services by various governments' ministries, departments and agencies. Few amongst the variables militating against efficient delivery of services in the public sector are corruption, accountability, probity, prudence, insufficient funding, government policies, government instability, and leadership quality (Wilks and Zimelman, 2014). Reforms in the public sector aimed at improving service delivery have received considerable focus during the last decade. Citizens today are more aware of their rights, have better access to information on public services and consequently have higher expectations of service levels (Ali et al., 2018). Because they have become accustomed to capable private sector organizations providing high levels of customization and other benefits, they are not prepared to accept that public sector organizations are incapable of improving their own service delivery. Therefore proper accountability is significantly related to effective service delivery.

In assessing the financial accountability of the Somali Federal Government Organizations, Mohammed, Abdullah and Deris (2014) employed various factors related to four key areas of financial accountability. The four key areas proposed are financial internal control mechanism, budgeting framework and practices, financial reporting and external audit and oversight. The author considered these four variables to assess the financial accountability and finally he found that there is improvement in public sector financial accountability due to strengthened pubic financial management. Also in assessing country's public expenditure, procurement and financial accountability, McKinney (2015) employed four variables: comprehensiveness and transparency, budget framework and practices, accounting records and reporting and external scrutiny and audit. It is believed that public expenditure tracking, procurement and financial accountability are very important aspects of public financial management which facilitates achievement of the value for money in development projects.

2.6 Challenges associated with financial accountability in delivering public services

Most OECD member countries continue to struggle with these reforms. Some common challenges, regardless of approach, include: improving measurement; finding appropriate ways to integrate PI into the budget process; gaining the attention of key decision makers; and improving the quality of the information. Although there are exceptions, most governments are finding it difficult to provide decision makers with good quality, credible and relevant information in a timely manner, let alone incentives to use this information in budgetary decision making (Wilks and Zimelman, 2014).

Countries continue to face challenges with issues of measurement, especially with outcomes. Even with outputs it can be difficult to find accurate measures for specific activities, (Venanci, 2012). Governments carry out a wide variety of functions, from building roads to providing advice on foreign travel. Performance measures are more easily applied to certain types of functional and programme area than others. Problems especially arise with regard to intangible activities such as policy advice. The functional areas with the most developed performance measures are education and health (Zochukwu et al., 2016). Output and outcome measures present a different set of challenges. Systems which only concentrate on outputs can result in goal displacement. Outcomes are technically more difficult to measure; they are complex and involve the interaction of many factors, planned and unplanned. It can also be problematic to relate what an agency or programme actually contributes towards achieving specific outcomes. There are also problems with time-lag issues, and in some cases the results are not within the control of the government. Outcomes, however, have a strong appeal for the public and politicians (Wright, 2016).

Resistance from public servants: changing behaviour and culture. Nearly all reforms encounter resistance, especially when they have to do with long-term budgeting practices that impact on the whole of government (Pina, 2018). Motivating key actors to move away from traditional and familiar budget practices proves to be difficult. Managers in spending ministries can resist change, particularly when it is not clear whether or how performance information will be used by the MOF and politicians. In many cases they fear the information will be misused to either publicly criticize programmes or to cut funding. They fear being held accountable for results that are not within their control (Kompo and Tromp, 2013). Alternatively, they can resist reform because of increased demands for the collection of data and burdensome paper requirements. This is especially true if the information it not used at all by the MOF or politicians.

Developing the institutional capacity of the MOF and spending ministries. Countries have experienced problems with developing the necessary institutional capacity at the level of the MOF and spending ministries to support these reforms, (Mande, 2015). That capacity is influenced by the wider institutional structure and resources in terms of staff and expertise. Performance information is different from financial information. In order to make judgments and compare performance, the MOF needs the relevant expertise to be able to analyze and evaluate the information received from different spending ministries. Spending ministries depend on agencies for information. Therefore they, like the MOF, will need the capacity to understand and evaluate information they receive if they are to make judgments about how realistic the proposed targets are and the quality of the performance measures and data. Even if the interest is there, ministries in some cases – dependent on the country – do not have the expertise or knowledge to develop performance measures or even effectively monitor performance. This can lead to the passive provision of data that has no real weight in the decision-making process (Bakalikwira et al., 2017).

Changing the behaviour of politicians: Politicians have an important role to play in promoting the development and use of PI in the budget process (Curtis, 2015). That role involves applying pressure on other actors to implement PB, playing an active role in setting objectives, and using performance information in budgetary decision making. Their role in the legislature and the executive will vary depending on the nature of the legislative-executive relationship in the budget process, which in turn is influenced by the type of political system in place: presidential, semi-presidential or parliamentary (Curtis, 2015).

For PB, the key issue is whether and how politicians who make budgetary decisions use performance information. With the exception of individual sectoral ministries in most countries it has been difficult to get politicians, especially those in the legislature, to pay attention to PI and to use it (Wright, 2016). Only 19% of OECD legislatures use performance information in decision making. The percentage is even lower (8%) for those politicians in the budget committees. In many cases, however, politicians complain about receiving too much information of variable quality and relevance. Often the information is presented in an unclear or incomprehensible manner. Politicians in the legislature and the executive have different informational needs; to be useful, the information must be tailored to their requirements. It should also be provided at the right time for the relevant decision. A key challenge is to create good quality and relevant information that takes account of the timing and capacity constraints under which political decision makers operate (Venanci, 2012).

Given the state of public financial management in South Africa, it is evident that there are many factors that result in and exacerbate poor financial accountability. Factors that impede public financial accountability include a high turnover rate of accounting officers, failure to implement the parliamentary committee's reports and revolving membership of public accounts committees (UNECA, 2015).

In countries such as Canada, the trend is towards higher turnover levels, but experiences vary across different countries and different public service systems (Goddard, 2014). Some systems tend to promote stability amongst the heads of public institutions, while others view turnover as necessary for innovation and performance purposes (Goddard, 2014). A study on political appointments in governments across the world done by the Japanese government suggests that public sector HoDs rarely stay in office in a particular position for over four years (Goddard, 2014). In the United States, employment mobility is very high, as many politically appointed HoDs do not stay for a complete term of office of the President (Garrido-Rodríguez, 2019). In France, although many HoDs are appointed from within the career civil service, they seldom remain in the same position for over four years and often move to comparable positions in the public service. In Germany, there is a similar pattern. Cote and Holland (2007) reveal that in Canada the length of assignment of officials fell to 2.7 years between 1997 and 2007, from an average tenure of four years in the previous decade, (Alegria, 2014).

The system for appointing and dismissing HoDs in South Africa resulted from past experiences and post-apartheid transformation (Amal, 2013). The British system of the professional career HoD has largely been substituted by a mixture of politically and contractually based appointments. In changing the system to a contract approach, the government's intention was to ensure that innovations would be brought into the public service, and that HoDs could be held accountable for delivery on results through time-based performance contracts. The final and formal authority for the appointment of HoDs resides with the President. The above analysis provides an overview of the turnover rate of directors general in government departments. It is evident that turnover rate varies from one department to the next and is unacceptably high in some departments. This is a challenge for the Legislature, as proper accountability will not be given by departments, particularly in respect of finances (Ayobami, 2014).

2.7 Conclusion and summary of research gaps

Several authors have written on the topic of financial accountability and service delivery at municipal councils but none has ever expressed as to whether financial planning, financial reporting and budgetary control affect service delivery at local government levels yet it is evidenced that there is lack of accurate financial reports, financial plans and budget estimates, poor coordination and failure to implement and monitor the exercise which consequently caused low levels of service delivery in terms of roads maintenance, construction of hospitals, schools, provision of clean and safe water among others. It is on this ground that the researcher wanted to investigate the real cause of the problem so that an appropriate solution would be provided to close the gap in Kisoro Municipal Council and Uganda at large. In summary, the above foregone empirical evidence has suggested that financial accountability affects service delivery to a greater deal. The literature has shown agreement with the study under investigation. However, what remains a major gap is that many of these studies on financial accountability and service delivery were not conducted in municipality settings, hence the need for this study to investigate in Kisoro Municipal Council.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the research design, study population, sample size and selection, sampling techniques, sources of data and data collection instruments. It also included validity and reliability of research tools, research procedure, data analysis and ethical presentation.

3.2 Research Design

The study adopted a cross-sectional survey to find out the opinion, attitudes, preferences and practices of a cross-section of the population about the subject under investigation (Amin, 2005). The triangulation approach was used because both methods supplement each other in that qualitative method provided the in-depth explanations while quantitative method provided the hard data needed to meet required objectives and test hypotheses. Further still, both methods were used to avoid such bias in that each method was used to check the other during the study under investigation. For example, the subjectivity associated with qualitative research was minimized by the objectivity of quantitative research. The findings derived from one approach were validated by the other. Primary sources of data included: civil servants, councilors, community members and Civil Society Organization (CSO) members. Elements of correlation were measured. The research was conducted in a normal organizational setting at the municipal headquarters, divisions and community, facilities like schools, health units and water points.

3.3 Study Population

The study population was drawn from Kisoro Municipality and Civil Society Organizations (CSOs) where three different types of people were enlisted. The technical officers were people who understood and dealt with implementation of government programmes on daily basis; and from whom financial accountability was sought, by virtue of the delegated authority and public resources they held. The elected representatives (councilors) were people's representatives at the community. This group carried out the direct mandate from the people through vote and assumed the final burden of giving satisfactory explanation to the public (people) on the performance of Local Governments.

The civil society was not part of the government machinery, but provided an important and rather independent interface with local government institutions. They spearheaded demand for financial accountability and its enforcement in the Municipal Council. Importantly, they formed part of the community's voice and often rose up against poor administration and bargain for improved services. The respondents were selected purposively since the researcher had the desire to include specific sections of the study population who had potential in-depth information and understand the basic themes of the study. In total, 150 respondents were reached using questionnaires and interview guides who included: councillors, civil servants, CSO officials and focus group discussion questions for the community and boards members. Owing to the difficulty in accessing all the public institutions in the municipality, the researcher chose all the divisions for the study.

3.4 Sample Size and Selection

Out of the 150 target population, the sample of 108 individuals was selected. The researcher sampled 14 Councillors, 34 Technical officers, 11 Boards and commission members, 34 community (beneficiary) members, 07 private sector and 08CSO representatives (Kisoro Municipal Office Registry, 2020). The sample size was arrived at by the use of table for determining sample size for research activities by Krejcie and Morgan (1970). The respondents were selected by purposive and convenience sample techniques because of their in-depth information and understanding of the basic themes of the study.

Table 3.4.1: Sample Size and Selection

Category	Target population	Sample size	Sampling technique
Municipal councillors	21	14	Purposive
Technical officers	43	34	Purposive
CSOs Officials	12	08	Convenient
Boards and Committee members	20	11	Purposive

Beneficiary members	42	34	Simple random
Private sector	12	07	Convenient
Total	150	108	

Source: Kisoro Municipal Office Registry, 2020 and determined based on Krejcie and Morgan Table 1970 Sample Size Table

3.4.1 Sampling Techniques and Procedure

Due to the large size of the accessible population and other unavoidable constraints, the researcher used random sampling, convenient and purposive selection to determine the sample sizes.

Six categories were involved in the targeted population of this study. The sample size for the councillors was 14 subjects. These respondents were purposively selected due to the fact that they had in-depth information about local government financial accountability and service delivery. Simple random sampling technique was used to select each member of the population independently of the others. The technique was used because of its high generalizability of findings. All members of the targeted population were given numbers that were written on small pieces of paper. The pieces of paper were then folded, put in a bag, carefully shuffled, and then drawn one at a time until the required number of participants (14) was obtained. This sampling technique was used because it gave each member of the targeted population an equal opportunity of being picked at any selection point. The information collected from the councillors included: the effect of financial planning, financial reporting and budgetary control on service delivery in Kisoro Municipal Council and how government policies/regulations influenced it.

The technical officers were charged with the implementation of the government programmes in the municipal council. There were 34 in number purposively selected due to the fact that they held positions of responsibility in KMC administrative structure. Simple random sampling technique was used to select respondents. This technique was used because of its high generalizability of findings. All members of the targeted population (43) were systematically assigned numbers that were written at equal intervals on the circumference of a wheel. The wheel was then spun and allowed to stop by itself. The member whose number the pointer pointed to when the wheel stopped was picked. This process was repeated until the required number of participants (34) is realized. The *roulette wheel method* was chosen to select the sample size of the respondents in this category in order to avoid bias. The data collected from them was about information on the effect of financial accountability on service delivery in Kisoro Municipal Council and how government policies/regulations influenced it.

The civil society members were 08 in number. This category of respondents was included as part of the respondents to get the perception of the independent people about financial accountability and service delivery in Uganda. The respondents here were selected by use of convenient sampling because it was the only meaningful way to investigate. Two subjects were randomly selected from each civil society organization to get sample size (08) and the researcher used his personal assessment to choose which civil society members was used this study. The data collected included information relating financial accountability on service delivery and how government policies/regulations influence it.

The private sectors were the service providers of Kisoro Municipal government programmes. This category of respondents was included in the study population due to the role they played in undertaking contractual services in the municipal council. Convenience sampling was also be used because it was quick, convenient and less expensive to select respondents. In this regard, two individuals were randomly selected from the nearest business firms of 12 to get a sample size of 07. The data collected was on the effect of financial planning, financial reporting and budgetary control on service delivery and how government policies/regulations influence it.

The boards and commission members were entrusted with special council functions to facilitate the process of accountability and service delivery in Kisoro Municipal Council. Purposive sampling technique was used because it was the only meaningful way to investigate where sample of the participants was based on the basis of knowledge that they knew. Eleven respondents were randomly selected from the boards and commission members (20). The researcher used his personal assessment to see boards and commission members who were of use to this study. The data was collected on the effect of financial planning, financial reporting and budgetary control on service delivery and how government policies/regulations influence it.

The beneficiary members were the people who receive services offered by Kisoro Municipal Council. This category of respondents was chosen because as beneficiaries they were in a better position to measure the level of financial accountability against service delivery in Kisoro Municipal Council. The researcher used simple random sampling technique for the selection of respondents from the targeted population. The technique was easy to use due to the availability of population frame in this category of the respondents. A sampling interval was found based on the sample size and the population size. This sampling technique used to ensure every element of the sampling population had an equal chance of being included in the sample. The data collected was on the effect of financial planning, financial reporting and budgetary control on service delivery and how government policies/regulations influence it.

3.5 Data and information sources

Data and information for this study was gathered from both primary and secondary sources.

3.5.1 Primary Data

Primary data means original data that has been collected specially for the purpose in mind. It means someone collected the data from the original source first-hand (Dunckel, 2001). According to Dunckel, people who gather primary data may have knowledge of the study and may be motivated to make the study a success. These people are acting as a witness so primary data is only considered as reliable as the people who gather it. Primary data or information was gathered from councillors, technical staff, private sector, boards and commission members and CSOs in KMC because they had authentic information as they were involved directly in financial accountability and service delivery.

3.5.2 Secondary data

Secondary data refers to data that is collected by someone other than the user, (Bishop, 2007). Secondary data or information was obtained through an extensive literature review on financial planning, reporting and budgeting and their effect on service delivery gathered from reports, books, publications or other research work. The researcher used these in order:

i. To analyse what other people have written about financial accountability in relation to service delivery;
ii. Not to repeat what other researchers have put forward to avoid monotony.

3.6 Data collection Methods

The researcher used three methods of data collection to achieve the objectives of the study as described below.

3.6.1 Questionnaire

Under this method, closed ended questionnaires was administered by the researcher on councilors, CSOs members, boards and commissions members and technical officers to collect primary data on the effect of financial planning, financial planning and budgetary control on service delivery and how government policies/regulations influence it. The researcher used this method because the respondents knew how to read and write. In addition, a no bias nature from the researcher was avoided and finally it covered a wide area of the sample selected (Sekaran, 2003).

3.6.2 Interviews

An interview is a face-to-face purposeful conversation between an interviewer and interviewee (respondent) (Kothari, 2004). The researcher preferred to collect data using interview because it assisted in collecting data through face-to-face interviews. The researcher used interview guide as one of the major data collection methods. During the field-work, members of the private sector and beneficiary members were interviewed on financial planning, financial reporting and budgetary control and service delivery. This method was used because the researcher wanted to get complete and detailed understanding of the issues from the respondents through probing and clarifications (Odiya, 2009).

3.6.3 Document Review

In this study, the researcher reviewed the following documents; government publications, reports, legal and regulatory instruments, published books on accountability and public sector management, published articles in journals, and newspapers. This method was used because it contains credible evidence to justify the researcher's findings (Amin, 2005).

3.7 Data Collection Instruments

The researcher used three instruments to achieve the objectives of this study. These instruments included: questionnaire form, interview guide, and documentary review checklist as discussed below

3.7.1 Questionnaire Form

The researcher collected data from the respondents by the use of questionnaire forms on the effect of financial planning, reporting and budgetary control on service delivery. The researcher selected this instrument because of its confidential nature, saving time and above all information being collected from a large sample. The researcher developed the questionnaire on a Likert scale with a five-response continuum: Strongly agree, Agree, Undecided, Disagree and strongly disagree. The questionnaire forms were administered to CSO members, boards and committee members and technical officers to enable the researcher to describe respondents' attitudes to the statements. The responses were weighed from scale 1 to 5. According to Amin (2005), Likert scales are very flexible to be constructed for attitude scales.

3.7.2 Interview Guide

The researcher used interview guide because it was flexible to measure certain characteristics which are not possible by developing scales (Mugenda and Mugenda, 2003). The selected subjects were interviewed and these include categories of: members of the private sector and beneficiary members because they understand the operation of Kisoro Municipal administration as being stakeholders. The data collected from these respondents was on the effect of financial planning, reporting and budgetary control on service delivery.

3.7.3 Documentary Checklist

In this study, the researcher reviewed: Municipal Development Plan (MDP), staff meeting minutes, departmental performance reports, government publications and legal documents. This instrument was chosen because relevant documents were reviewed to obtain data which could not easily be obtained through the other instruments (Denscombe, 2000).

3.8 Quality control

3.8.1 Validity

Validity is the degree to which a test measures what it is supposed to measure (Amin, 2005). The researcher ensured validity of the instruments for efficiency and effectiveness of the tools to arrive at the dependable findings, conclusions and recommendations demanded by the study objectives and topic.

The researcher used face and content validity. Research instruments were drafted and sent to the supervisors for comments on sentence construction and wording, relevance of questions and the ease with which questions would be answered to ensure face validity. The instruments were pretested on major technical staff especially, the Town Clerk, Mayor and Senior Internal Auditor for content validity. The responses from three officers were subjected to Content Validity Test.

$$CVI = \frac{Number of relevant\ items}{Total\ number of items} \times 100$$

$$CVI = \frac{31}{36} \times 100 = 86.1$$

As the CVI value was 70% and above, the instrument was valid, (Amin, 2005). However, the instrument was corrected to remove unworthy items, improve on some and qualify others. There were 31 items that were considered relevant in the entire questionnaire including the items on background characteristics.

3.8.2 Reliability

According to Mugenda and Mugenda (2003), reliability of an instrument is tested to measure the degree to which a research instrument yields consistent data after repeated times. To ensure reliability the researcher pretested the questionnaire instrument once on 10 people of the study population. This was intended to determine the internal consistency of the instrument. The scores obtained from the pretest were then correlated using Cronbach’s Coefficient Alpha since multiple response items were involved.

Table 3.8.1: Reliability Statistics

Variable list	Cronbach's Alpha	N of Items
Financial planning	.730	6
Financial reporting	.785	6
Budget control	.738	6
Service delivery	.777	6
Overall	**0.758**	**24**

Source: Field data, 2020

When the overall reliability of the instrument show Cronbach's Alpha value greater than 0.6, the instruments will be reliable. According to Hattie etal…(1997), Cranach's Alpha value greater than 0.60 is acceptable. Therefore, the researcher proceeded to collect data using the instruments.

3.9 Data Collection Procedure

After approval of the proposal the researcher got an introductory letter from the Directorate of Post Graduate Studies, Kabale University and presented it to Kisoro municipal administrators to seek permission to conduct research in the various departments. Upon acceptance by the municipal authorities, data collection commenced. The researcher identified two staff in the management department and trained them in techniques of administering questionnaires and conducting interviews. The trained research assistants needed to meet the large number of respondents, and collect data of high quality with efficiency and effectiveness. Preliminary visits to the field enabled the researcher to identify contact people, participants and seek their consent, and draw programmes for data collection.

The questionnaires were administered by the researcher and research assistants to the respondents personally. All the items of the questionnaire were checked for completion before collecting them. They were given general instructions before to complete the questionnaires individually. The completed questionnaires were collected after two weeks upon confirmation that all the questions had been answered.

The respondents were personally interviewed by the researcher to avoid errors in the course of the interview exercise. After the required explanations were given by the researcher, the respondents were requested to complete the interview instruments for collection there and then. In most cases the interview took 45 minutes for each respondent. The researcher built rapport with the interviewee, and asked the interviewee how best the interview was to be handled before the interview exercise. The proceedings of the interviews were voice recorded, but the researcher sought the consent and acceptance of the interviewees first.

3.10 Data Analysis

The raw primary data collected from the primary sources by use of questionnaires was cleaned and the responses (variables) grouped according to their categories. The data was encoded and entered in SPSS 20 version for analysis. The dependent variables (responses) were entered against the independent variables for analysis. The results were summarized using descriptive statistics and presented using percentages for comparisons.

Spearman Rank Correlation was used to test if variations in the opinions of the respondents were significant. For the cases where the $P \leq 0.05$ then the variations in the views of the respondents were said to be statistically significant and an explanation was given for such variations while for the cases where $P \geq 0.05$, the differences in the opinions of the respondents were said to be statistically insignificant and conclusion was based on the view of the respondents with the highest percentage.

In qualitative data analysis, the researcher transcribed interviews. The field notes were typed and re-read by the researcher. A general sense of the information on the effect of financial accountability on service delivery was obtained by the researcher and reflected on its overall meaning. The researcher used direct quotations to present the findings. The researcher made an interpretation of meaning of the data which involved lessons learnt.

3.11 Measurement of Variables

Measurement of data is very important in studies that are quantitative in nature. In this study, three levels of measurements were used: nominal, ordinal and interval scales (Mugenda and Mugenda, 2003). In nominal scale the researcher grouped the subjects into categories especially the background variables to indicate the frequencies in each category. Meanwhile, in ordinal scale the researcher used Likert scale to measure the extent to which a respondent agreed or disagreed with a statement of an attitude on financial accountability and service delivery in KMC. The interval scale was also used to compute the mean and the standard deviation of the responses (Sekaran, 2003).

3.12 Ethical Issues

The following ethical issues were considered:

a) The researcher sought for consent from participants to take part in the study.
b) Confidentiality of the respondents was highly observed and the purpose of this study was explained to the targeted respondents both by a written introduction and verbally.
c) Upon approval of the research proposal, the researcher obtained an introductory letter from the Directorate of Postgraduate Training. This was presented to Kisoro

Municipal Council administration for permission to conduct research in their area of jurisdiction. On being granted permission, data collection commenced.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

In this chapter, the researcher presents the findings of the study, presents data and analyses it. The chapter is structured according to the objectives of the study. The study was guided by the following research questions:

a) What is the effect of financial planning on service delivery in Kisoro Municipal Council?

b) What is the effect of financial reporting on service delivery in Kisoro Municipal Council?

c) What is the effect of budgetary control on service delivery in Kisoro Municipal Council?

4.2 Response rate

The study targeted a sample of 108 study subjects. However, only 97 out of 108 took part in the study, which represents a response rate of 89.8%. This was established in the formula below.

$$Responserate = \frac{questionnairesreturned}{Questionairesdistributed} \times 100$$

$$Responserate = \frac{97}{108} \times 100 = 89.8$$

The response rate was adequate for generalization of results. The 10.2% non-response was attributed tothe COVID-19 pandemic. Some respondents were not accessible due to unavailability at their usual places of work. Some were reluctant to fill the questionnaires

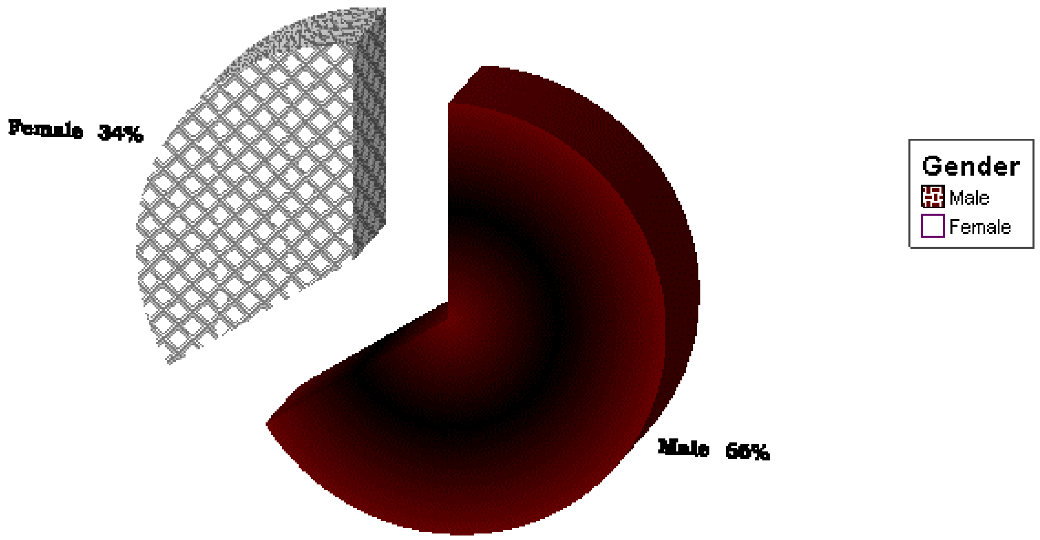
4.3 Background data

The researcher investigated different background characteristics of respondents. These included gender, age, highest level of education, designation, and the years of service at the Municipal. A detailed analysis of these characteristics appears in the following sub sections.

4.3.1 Gender of respondents

The researcher sought to understand participation according to gender, as this would influence the findings in one way or the other. The researcher categorized gender into male and female. The figure below shows the details.

Figure 4.3.1: Gender of respondents



Source: Field data, 2020

The findings indicate that male participants constituted 66% while the female constituted 34%. The statistics imply that the study was dominated by men. This is because the sample consisted mostly of working class which is dominated by men. Elected leaders also consist of mostly men as councils only have a provision of at least a third of women in the councils as per the Local Government Act.

4.3.2 Designation

The researcher investigated participants' attachment with the municipality. Different categorizations of attachment were investigated as shown in the table below.

Table 4.3.1: Designation

Variable categories	Frequency	Valid Percent
Municipal Councillor	10	10.3
Technical Officer	31	32.0

CSO Official	7	7.2
Boards & Committee member	10	10.3
Beneficiary members	33	34.0
Private Sector	6	6.2
Total	**97**	**100.0**

Source: Field data, 2020

The findings indicate a greater participation of beneficiary members (34.0%) and technical officers (32.0%). This is attributed to the fact that the beneficiaries were centred within easy reach by the researcher. They were eager to participate in a study that focused on the quality of service delivery to them. The technical officers were easily accessible in their offices and co-operated by filling the questionnaires, save for those who were out of office due to the effects of corona virus pandemic. Local governments were guided to use only selected staff to ensure social distancing as a measure to prevent spread of the pandemic (Ministry of Local Government 2020). The researcher observed least participation from private sector (6.2%) and CSO officials (7.2%).As per the sample size, the two categories were selected using convenient sampling technique and were few in the overall sample.

4.3.3 Age and Highest level of education

The researcher sought to understand participation by age and education. Using the cross tabulation procedure, the researcher compared the variable age and highest level of education. The findings appear in the table below.

Table 4.3.2: Age and highest level of education of respondents

			Highest level of education				**Total**
			Certificate	**Diploma**	**Degree**	**Postgraduate**	
Age	Early Adult	% within Age	24.2%	36.4%	24.2%	15.2%	100.0%
		% within Highest level of education	66.7%	42.9%	17.0%	50.0%	34.0%
	Adult	% within Age	7.0%	32.6%	51.2%	9.3%	100.0%

		% within Highest level of education	25.0%	50.0%	46.8%	40.0%	44.3%
	Late Adult	% within Age	4.8%	9.5%	81.0%	4.8%	100.0%
		% within Highest level of education	8.3%	7.1%	36.2%	10.0%	21.6%
Total		% within Age	12.4%	28.9%	48.5%	10.3%	100.0%
		% within Highest level of education	100.0%	100.0 %	100.0 %	100.0%	100.0%

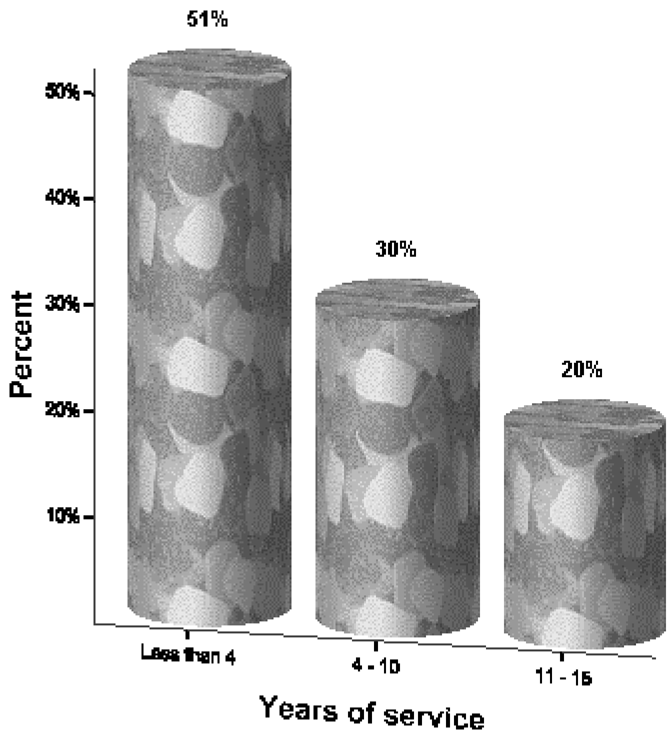
Source: Field data, 2020

Participation according to age shows that the majority (44.3%) fell in the adult age bracket, 34.0% fell in the early adult age bracket while 21.6% fell in the late adult age bracket. This was because most of the working class whether technical, business community, in political leadership are within the adult age bracket while very few are in the late adult age bracket. The study also showed that the youth, who form most of the early adult age brackets participated actively. In terms of education, most of the participants (48.5%) indicated degree as their highest level of education followed by those with diplomas (28.9%). There was no significant difference in participation among participants with certificate (12.4%) and postgraduate qualifications (10.3%). This is because the education standards in the municipal council are high and most of the working class and political leaders are graduates with degrees and diplomas, while few have gone further to pursue post graduate qualification, as few positions in the district require such a qualification. Participants who indicated 'certificate' as their highest level of education were common among participants in the early adult age bracket (66.7%).This is also because according to the 2014 housing and population census, the majority of people are within the early adult age bracket and form the biggest percentage of the lower cadre working class and those who do businesses in the municipal council. Participants who indicated 'diploma' (50.0%) and 'degree' (46.8%) as their highest level of education were common among participants in the adult age bracket. On the other hand, those who indicated 'postgraduate' as their highest level of education were common among adults (50%) and early adults (40%).This was because those in the adult age and earl adult age brackets have the stamina and aim for the promotions in the public and private sector. They hence pursue higher qualifications of learning to cope with the current trends.

4.3.4 Years of service at the Municipal

The researcher established how long each of the participants had served at the Municipality. The period of service was categorized as shown in the figure below.

Figure 4.3.2: Years of service



Source: Field data, 2020

The findings indicate that 51% of the participants had served at the Municipal for not more than 4 years, 30% had served for over 4 years but not exceeding 10 years while 20% had served for about 11 years but not exceeding 15 years. Almost no participant indicated to have served at the Municipal for over 15 years. Kisoro Municipal Council was elevated to a municipal status from the then Kisoro Town Council in 2015/2016. This resulted in great expansion of the required work force. Hence themajority of the workers were relatively new. Those who had worked at the municipal council for over 10 years were those who were previously employees of the Town Council, while others had since retired.

4.4 Analysis of the research problem

The researcher analysed the research problem based on the research questions. The study was guided by the following research questions:

a) What is the effect of financial planning on service delivery in Kisoro Municipal Council?
b) What is the effect of financial reporting on service delivery in Kisoro Municipal Council?
c) What is the effect of budgetary control on service delivery in Kisoro Municipal Council?

4.4.1 Descriptive statistics

The researcher used descriptive measures of statistics (mean and standard deviation) to portray the characteristics of financial accountability and service delivery in Kisoro municipality. The mean was used to show how participants' opinions clustered while standard deviation was used to show how participants' opinions deviated from the mean. Mean scores of at least 3.500 were interpreted as 'high concentration', mean scores of at least 2.500 but below 3.500 were interpreted as 'moderate concentration' while mean scores below 2.500 were interpreted as 'low concentration'. Similarly, standard deviations close to below 1.00 were interpreted as 'consistent' while those above 1.00 were interpreted as 'inconsistent'.

Table 4.4.1: Descriptive statistics of financial accountability

Variable List	Mean	Std.
Financial Planning		
1. Financial planning is always used to ensure availability of funds	3.711	1.099
2. Financial planning in this municipality has improved quality of infrastructures constructed	3.381	1.342
3. In this organization, economy in the use of funds has been achieved due to effective financial planning	3.247	1.146
4. Financial planning is vital for ensuring efficiency of resources in KMC	3.237	1.345
5. Financial planning helps municipal administrators to set financial targets	3.134	1.264
6. This organization has improved its health service provision to the public due to effectiveness in financial planning	2.990	1.246
Average	**3.284**	**1.240**
Financial Reporting		

1. This municipality always make clear financial statements to facilitate reporting	3.856	0.957
2. In this municipal council, there is a system of financial reporting	3.753	1.155
3. Financial reports have acted as prove to the use of resources allocated to economic activities in this municipality	3.598	1.115
4. Financial reporting is a key for future budget allocations in this municipality	3.598	0.943
5. In KMC, the treasury has always adhered to quality financial reporting for timeliness and quality of services delivered	3.402	1.027
6. Financial reporting has helped to improve quality service delivery	3.330	1.179
Average	**3.589**	**1.063**
Budgetary control		
1. The budget is derived incrementally from previous budgets	3.763	1.107
2. In this municipality, the budget is driven through bottom-up participation leading to better allocations and service delivery effectiveness	3.701	1.226
3. In this municipal council, budgetary control has been used to achieve economy in the use of resources	3.402	1.196
4. Budgetary controls has been better tool to ensure efficiency in the use of funds in this municipality	3.381	1.326
5. Access to budget systems and tools is appropriately restricted which has improved on quality services delivered	3.371	1.158
6. Budget committee is effective against risk and are not overloaded	3.299	1.110
Average	**3.486**	**1.187**

Source: Field data, 2020

Statistics on financial planning indicates high concentration of opinions on the claim that financial planning ensures availability of funds (mean = 3.711; Std. = 1.099). The statistics provides evidence that the local government ensures that funds are available to implement programs intended for service delivery. Though most of the mean scores indicated moderate concentration of opinions, evidence from standard deviation shows that their opinions were inconsistent on the issues raised on financial planning. Participants' interpretation of financial planning differed from one person to another; some looked at the number of reports made on the radios, while others looked at the structures such as street lights erected periodically.

Most of the participants indicated high viewpoints on a number of claims. However, most participants pointed to the claim that the municipality makes clear financial statements that facilitate reporting (mean = 3.856; Std. = .957). The researcher further observed consistent opinions were also observed on the claim that financial reporting is key for future budget allocations (Std. =.943). This suggests that the municipality's financial statements facilitate proper budget allocations. This implies that the participants have confidence and are satisfied with the amount of communication received in teams of reports.

In view of budgetary allocations, most of the participants pointed to the claim that the budget is derived incrementally from previous budgets (mean = 3.763), and the budget is driven through bottom-up (mean = 3.701). However, standard deviations, which were above 1.00 indicate that participants had rather inconsistent views on the claims raised. This suggests that budgets in Kisoro municipality are derived from previous budgets. The participants would rather wish for program based budgeting rather than incremental budgeting.

Table 4.4.2: Descriptive statistics of service delivery

Variable List	Mean	Std.
1. There is proper coordination, communication among the municipal staff for better service delivery	3.753	1.173
2. Municipal facilities meet the needs of the public	3.680	1.212
3. There is always proper disposal of waste products from the municipal divisions	3.598	1.255
4. In this municipality service delivery has been indicated by quality of schools, roads and water sources	3.330	1.352
5. There is readily available utilities supplied timely to people in KMC	3.227	1.168
6. There is always enough staff to attend to the people at the municipal offices	3.227	1.195
Average	**3.469**	**1.226**

Source: Field data, 2020

The statistics indicate highest concentration of viewpoints around the presence of proper coordination, communication for better service delivery (mean = 3.753; Std. = 1.173). Least levels of moderate opinions were observed on the claim that there are enough staff to attend to the people at the municipal offices (mean = 3.227; Std. = 1.195). However, most of the standard deviations were above 1.00, which suggests that divergence in opinion on the claims raised on service delivery. The statistics imply the presence of proper coordination and communication among municipal staff. Most coordination and communication is done through radio talk shows on the several radio stations located in the municipal council and widely listened to by the community.

4.4.2 Correlation tests

The study was majorly conducted to establish the relationship between financial accountability and service delivery in Kisoro Municipal Council. The researcher used correlation tests to establish the relationship. Correlation analysis is the statistical technique of establishing the degree of the strength of the relationship between two numerical variables. Correlation coefficient (r) is the numerical measure of the strength of the degree of the relationship. A correlation coefficient closer to 1 indicates a strong relationship while a correlation close to zero indicates a weak relationship. Perfect relationships have a correlation coefficient of 1 while zero indicates absence of a relationship between the variables. Positive correlations indicate that the variables change in the same direction while negative correlations indicate that the variables change in opposite directions.

Table 4.4.3: Correlations

N = 97		**Financial Planning**	**Financial Reporting**	**Budgetary Control**	**Financial Accountability**	**Service Delivery**
Financial Planning	Pearson Correlation	1				
	Sig. (2-tailed)					
Financial Reporting	Pearson Correlation	.325(**)	1			
	Sig. (2-tailed)	.001				
Budgetary Control	Pearson Correlation	.310(**)	.542(**)	1		
	Sig. (2-tailed)	.002	.000			
Financial accountability	Pearson Correlation	.720(**)	.795(**)	.799(**)	1	

	Sig. (2-tailed)	.000	.000	.000		
Service Delivery	Pearson Correlation	.231(*)	.526(**)	.656(**)	.606(**)	1
	Sig. (2-tailed)	.023	.000	.000	.000	

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

The relationship between financial accountability and service delivery (r = .606; p-value <.05) is strong and significant. By implication, efforts to change financial accountability practices are associated with a strong change in the level of service delivery in the Municipality. For example, road fund received in the three consecutive years 2016/2017, 2017/2018 and 2018/2019 for was used to tarmac three access roads in the centre of the municipal council. Business along these roads was boosted. The positive correlation suggests that financial accountability and service delivery change in the same direction. Additionally, the significant statistics suggest that financial accountability and service delivery in the municipality are linearly related. The results suggest that local governments are capable of providing better and improved services if public officers and politicians ensure actions towards financial accountability. The findings in Kisoro municipality suggest that the political leadership is strong and emphatic on value for money by holding responsible officers accountable.

The researcher observed strong relationships between financial reporting and service delivery (r = .526; p-value <.05; N =97), budget control and service delivery (r = .656; p-value < .05; N =97). On the other hand, there was a weak relationship between financial planning and service delivery (r = .231; p-value <.05; N =97). The statistics suggest that variations financial accountability practices (financial reporting and budget control) are associated with strong variations in service delivery. On the other hand, variations in financial planning are associated with weak variations in service delivery. The effects of financial reporting and budgetary control impact more on service delivery than financial planning   The researcher observed a strong association between financial reporting and budget and control (r = .542; p-value < .05). However, the associations between financial reporting and financial planning (r = .310; p-value <.05), and financial planning and budget and control (r = .325; p-value) were weak. In other words, different combinations of financial accountability practices are likely to have different effects on service delivery. The three dimensions of financial accountability are rated differently by the participants as to their effect on service delivery. Financial reporting and budgetary control are rated highly while financial planning is not.

4.4.3 Regression tests

The specific objects sought to establish the effect of the independent variables (financial planning, financial reporting, budget and control) on service delivery. The researcher used regression analysis to understand the effect of each. Regression analysis is the statistical technique of measuring the amount of effect of the independent variable on the dependent variable. The model uses R-Square to measure the percentage effect of the independent variable on the dependent variable. As a guide to interpretation, R-Square above 40% suggests that the independent variable does a good job in influencing variations in the dependent variable. The model also uses Beta coefficients to understand the change in the dependent variable for every unit-change in the independent variable. The following table shows the resultant effects.

Table 4.4.4: Regression coefficients

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	0.530	0.373		1.420	0.159
Financial Planning	-0.012	0.084	-0.012	-0.148	0.883
Financial Reporting	0.279	0.104	0.244	2.671	0.009
Budgetary Control	0.568	0.098	0.527	5.789	0.000
R	0.686				
R Square	0.471				
Adjusted R Square	0.454				
Std. Error of the Estimate	0.623				

a: Dependent Variable: Service Delivery

b: Predictors: (Constant), Budget & Control, Financial Planning, Financial Reporting

According to the (R Square = .471), financial accountability affects service delivery by 47.1%. The statistics suggest that efforts to vary financial accountability in Kisoro municipality are likely to cause a 47.1% effect in the level of service delivery. This effect implies that financial accountability does a good job in predicting the changes in service delivery in Kisoro. When infrastructure such as a road and street lights are put in place, the public views this as a positive and motivating factor to the taxpayers, who then pay taxes willingly, which in turn avails funds for improved service delivery. The researcher further observes that much as financial accountability does a good job in predicting changes in service delivery, there are some factors that may account for the remainder 52.9% of the level of service delivery in Kisoro. Such factors include the will of political leadership of the municipal council, compelling legal provisions as well as cross-country study tours and consultations made by leaders.

4.4.4 What is the effect of financial planning on service delivery in Kisoro Municipal Council?

On the basis of regression coefficients, the study established that a unit-change in financial planning ($\beta = -.012$; p-value $>.05$) negligibly affects service delivery in Kisoro municipality. The p-value, which is above 0.05 suggests that financial planning is not statistically relevant in explaining the variations in service delivery. If anything, any changes in financial planning practices such as such as setting financial targets and increase in the tax by the taxpayers are likely to cause a decline in the current stand of service delivery, as portrayed by the negative sign of the beta coefficient. This outcome can be generalized for policy and performance measures. When the rate of property tax was increased from 3% to 5% of ratable value of the properties, the owners declined to pay the tax which grossly and negatively affected service delivery.

4.4.5 What is the effect of financial reporting on service delivery in Kisoro Municipal Council?

On the basis of regression coefficients, the study established that a unit-change in financial reporting ($\beta = .279$; p-value $<.05$) affects service delivery in Kisoro municipality by about 28%. The p-value, which is less than 0.05 suggests that financial reporting is statistically relevant in explaining the variations in service delivery. Any changes in financial reporting practices such as timely reporting, adherence to financial reporting guidelines and clarity of reports are likely to generate a rise in the current stand of service delivery. The findings may not be considered random since the t-statistics confirm so. In essence, local governments that pay attention to their financial reporting mechanisms are likely to see a positive shift in the way they deliver public services to the citizens. Proper and timely financial reporting will lead to unqualified audit opinion which will boost the image of the municipal council and a rise in central government financing.

4.4.6 What is the effect of budgetary control on service delivery in Kisoro Municipal Council?

On the basis of regression coefficients, the study established that a unit-change in budgetary control ($\beta = .568$; p-value $<.05$) affects service delivery in Kisoro municipality by about 57%. The p-value, which is less than 0.05 suggests that budgetary control is relevant in explaining the variations in service delivery. Any changes in budgetary control such as participatory budgeting, financial discipline, fairness, efficiency and effectiveness are likely to generate a rise in the current stand of service delivery. The findings may not be considered random since the t-statistics confirm so. Practically, local governments that pay attention to their budgetary controls and procedures are likely to see a positive shift in the way they deliver public services to the citizens. This study, therefore, demonstrates the budget as a good tool for public financial management, and commends KMC for the practice. Since annual budgets are derived from development plans, the municipal financial resources will be allocated to those areas planned for. Use of financial resources will be done in the most efficient and economical way that will translate into quality services to the beneficiaries.

It is important to note at this point that the researcher used unstandardized beta coefficients instead of standardized beta coefficients. Of course standardized coefficients offer much comparability. However, in the current study, unstandardized beta coefficients appear to explain the effects of financial accountability better than the standardized coefficients.

4.5 Discussion of results

The researcher presented a discussion of results based on research questions. Efforts were made to compare the findings of the study with previous studies.

4.5.1 What is the effect of financial planning on service delivery in Kisoro Municipal Council?

The study established a negligible effect of financial planning on service delivery in Kisoro municipality. It was shown that any changes in financial planning activities are likely to reduce service delivery in the local government. Whereas financial planning is one of the tools in financial accountability and management, practicing financial planning alone does not necessarily yield positive results for local governments. This is because even when good plans are in place, if they are not properly implemented will not translate into service delivery. For example, if the Municipal council puts in place an annual financial plan in form of a budget and the implementers, who are the technical officers, do not follow the budget as planned, the expected services will not be provided to the masses.

The insignificant effect of financial planning on service delivery in KMC agrees with (MoLG, 2013) who found that much as the Local Government Act (2006) has guidelines for technical meetings, the guidelines remain inadequate about the steps taken in case the meetings are not held regularly by the local government. In the current study, meetings in KMC were regularly held by both political and technical officials. But, as observed, the effectiveness of the meetings depend on the proper implementation of the resolutions. The findings agree with the comments of one interviewee: "…*the limiting factors to local government service delivery are beyond finances. Some are structural, technical, and economical…think about corruption, it is beyond the interests of individual public officer*…" The researcher observes service delivery is not an individual effort but a combined effort. Actually, all stakeholders in the Municipality such as the councillors, technocrats, the public, and the government are very important in the struggle to improve service delivery.

The study further establishes results that are consistent with (Boliver, Galera, Munoz, & Subires, 2015) who revealed risk factors to the financial conditions, and financial health of local governments. The authors show that rising dependent population and increasing rate of unemployment threaten financial sustainability. Much as these factors are charged to the income statement, they are uncontrollable factors charged on accrued current costs. Similarly, these factors exert a long-term strain on service delivery, especially in local governments with high young populations and unemployment. There is rampant unemployment of both educated and uneducated people (skilled and unskilled labour) in Kisoro Municipal Council, especially among the young population. Under this category, there are also street children all of whom exert pressure on the meagre resources, hence hindering the council from hitting the set target of service delivery levels.

The findings, however, disagree with Rahmatika (2014) who established that financial planning contributes significantly to service provision. When local governments allow stakeholders to debate on their operations, service delivery improves. However, this is the responsibility of the local government to get her stakeholders involved in the day-to-day operations. In Kisoro municipal council, the stakeholders are engaged in financial planning through village-level budget consultative meetings, budget conference, technical planning committee, budget desk, sectoral committees, Municipal executive committee, and the general council (KMC Minutes, 2020).

The findings also contradict Hladchenko (2016) who found significant association between trust and quality of financial planning. The author showed that when stakeholders feel a sense of ownership, trust among local government officials improves, which translates into improved accountability. While Hladchenko (2016) and Rahmatika (2014) characterize financial planning to local governments, there may not be significant difference in results with other business entities. Business organizations, local government inclusive, thrive with proper planning. Irrespective of the stakeholders being engaged in financial planning, its outcomes do not necessarily lead to improved service delivery commensurate with the efforts involved in the planning.

4.5.2 What is the effect of financial reporting on service delivery in Kisoro Municipal Council?

The current study established a significant effect of financial reporting on service delivery in KMC. It was shown that local governments that ensure sound financial reporting are likely to deliver better services than those which do not. In view of KMC, the financial reporting system is very clear that its financial statements facilitate future budget allocations. The findings agree with Samaratunge and Christensen (2012) who observed that financial reporting indicates the successes and failures in the balance sheet, which makes public sector organizations auditable. While there might be cases where public officers fake reports to cover up fraud and mismanagement, which of course leads to poor service delivery, the current study provides that the treasury at KMC tries to adhere to and ensure quality financial reporting. The findings also support Ayobami (2014) who noted that published financial statements draw the attention of stakeholders to discuss public expenditure and service delivery. In KMC, public financial statements were found to facilitate reporting. The Public Finance Management Act (2015) requires that local governments prepare and submit half year and annual financial statements to the Accountant General for consideration and consolidation of all accounts of public sector organizations. This improves the quality of financial statements and financial reporting generally in all local governments including Kisoro municipal council.

This study conveys results that are incongruent with Garrido-Rodríguez (2019) who found that financial reporting is merely a neutral and technical activity of keeping true and accurate accounts, which does not have any direct link with democratic governments. In essence, accurate reporting does not prove a government is democratic. Rather, it is when citizens are empowered to hold public officials accountable that a government is democratic and quality of service delivery guaranteed. The citizens of Kisoro municipal council, through their elected leaders, hold the Accounting Officer and the entire technical staff accountable for their actions and use of financial resources bestowed upon them. This is done in several stakeholder meetings where monthly, quarterly and annual financial and management reports are presented and discussed (KMC Minutes, 2020).

In the same way, the results of the current study disagree with Kiyemba (2018) who asserted that financial reporting no longer reflects the reality of the underlying business. The author notes that the key message in financial reporting is lost in the clutter of lengthy disclosures and regulatory jargon. Much as the researcher has no proof of whether financial reports in KMC do not reflect the real position of the business entity, a number of local governments fail to report accurately. Review of the financial statements for Kisoro municipal council presented to and audited by the Auditor General revealed that the Auditor General expressed unqualified opinion of the financial statements for all financial years within the study period, that is 2015/2016, 2016/2017, 2017/2017 and 2018/2019 financial years (Auditor General reports 2016,2017,2018 and 2019). This is an indication that the financial reports are free from material misstatements and gives a free and fair view of the state of affairs of the Municipal Council for the periods audited.

4.5.3 What is the effect of budgetary control on service delivery in Kisoro Municipal Council?

The study found a significant effect of budgetary control on service delivery in Kisoro Municipal Council. Local governments that adhere and promote sound budgetary controls tend to deliver quality services to their citizenry. The case for significant effect of budgetary control in KMC derives from the fact that budgets are bottom-up and promote citizen participation, better resource allocation and service delivery. The budget process, as per Public Finance Management Act (2015) involves holding grassroots consultative meetings aimed at gathering ideas and priorities of the citizens. A budget conference is convened to sieve ideas and priorities of the local government. These are considered at a later stage by the various committees of the council to produce the final budget. The study found consistent results with Cangiano et al. (2016). Kushlak (2015), and ACCA (2010) who showed that budgetary control has a significant role in the efficient use of public resources at local governments. The budget as a planning tool ensures that financial policies are enforced in using public resources effectively. Through proper budgetary controls, Kisoro Municipal Council was able to seal three roads to bitumen standard, installed six solar street lights and maintained green belts with flowers along the main street and Kisoro-Kabale highway.

The study, however, disagrees with Mande (2015) who confirmed that ignoring budgetary reports is likely to result in ineffective and useless decisions and action. The current study in KMC does not provide evidence of ignored budgetary reports. However, there is some weakness in the budget committee. The budget committee seems to be overloaded, and lacks effectiveness against risks. This leads to hurried budgeting and omissions can also occur in the Municipal budget.

The findings also disagree with Adeoluand (2012) who established that though budgets might be executed very well, there are instances when the execution is more of supplementary allocations and payments. This might be a weakness in properly projecting the incomes and expenditures of the spending entity. Continuous revisions of budgets and budget deficits are strong indicators of fiscal indiscipline and weak budgeting. Kisoro Municipal Council had a supplementary budget of Shs 800 million of local revenue in 2018/2019 financial year. This affected timely provision of services and quality of the services as the approval process of supplementary budget took quite some time.

4.5.4 What is the relationship between financial accountability and service delivery in Kisoro Municipal Council?

The study established a strong relationship between financial accountability and service delivery. Practically, this study confirms that variations in financial accountability practices are associated with strong variations in service delivery in KMC. The findings are congruent with Iskandar and Setiyawati (2015) who revealed a significant relationship between financial accountability and service delivery. The authors indicated financial reporting as a key factor in promoting service delivery, which agrees with the findings in KMC. The findings also support Mohammed, Abdullah and Deris (2014) who found an improvement in public sector management due to financial accountability. While the authors indicated that a number of variables affect financial accountability, budgeting framework and practices, and financial reporting, strengthen public financial management. The findings in KMC strongly build on budgetary control and financial reporting, which confirms congruent results. Over the years of the study period, budgeting in Kisoro municipal council has been bottom-up and participatory, resulting in proper resource allocation and improving service delivery. The financial statements for all the consecutive financial years under the study period were independently audited and the Auditor General expressed unqualified opinions of the financial statements. These meant free and fair presentation. One of the respondents observed: "…*the quality of service delivery [is] dependent on the size of the local government. Smaller local governments, like ours, might offer less services than big local governments…and if comparisons are to be made, we might be considered poor deliverers*…"

The current study, however, disagrees with Ali et al. (2018), Wilks and Zimelman (2014) who find an inverse relationship between financial accountability and service delivery, due to ineffective infrastructural, social and welfare services. The authors note that efficient service delivery suffers from corruption, insufficient funding, government instability, and quality of leadership. In Kisoro municipal council, the study shows a strong relationship between financial accountability and service delivery, especially between the dimensions of financial reporting, and budgetary control and service delivery.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusion, recommendations and areas for future research. The summary and conclusions are presented based on research questions while recommendations are based on the findings. The research questions for this study were:

a) What is the effect of financial planning on service delivery in Kisoro Municipal Council?
b) What is the effect of financial reporting on service delivery in Kisoro Municipal Council?
c) What is the effect of budgetary control on service delivery in Kisoro Municipal Council?

5.2 Summary of findings

There is an insignificant effect of financial planning on service delivery ($\beta = -.012$; p-value $>.05$). There is a significant effect of financial reporting on service delivery ($\beta = .279$; p-value $<.05$). Financial reporting accounts for about 28% of the level of service delivery in KMC. There is a significant effect of budgetary control on service delivery ($\beta = .568$; p-value $<.05$). Budgetary control accounts for about 57% of the level service delivery in KMC. There is a significant relationship between financial accountability and service delivery ($r = .606$; p-value $<.05$). On the whole, financial accountability accounts for about 47% of the level of service delivery in KMC, which is indeed a good job. Much as financial accountability does a good job in predicting changes in service delivery, there are some factors that may account for the remainder 52.9% of the level of service delivery in KMC.

5.3 Conclusion

The study was conducted to establish the relationship between financial accountability and service delivery in Kisoro Municipal Council. The conclusion is based on response rate of 89.8% (97 out of 108) who took part in the study. The study was conducted among technical officers, elected representatives (councillors), and the civil society is not part of the government machinery, but provides an important and rather independent interface with local government institutions.

There is a significant relationship between financial accountability and service delivery in KMC. Local governments that ensure proper financial accountability mechanisms perform well in terms of service delivery. Obviously, such organizations have strong organs such as District Public Accounts Committee, Office of Auditor General, Office of Internal Auditor , Internal audit function, Inspectorate of Government, Council and sectoral committees that hold the local government accountable. And while financial accountability predicts a significant level of service delivery, this study observes that other factors can predict service delivery in local governments. These include the amount of funding available to a local government. Local governments with enough funds provide better services to the people. Stable political climate in local governments also predicts service delivery. Local governments where politicians co-operate well amongst themselves and with the technocrats provide better services to the citizens.

There is a significant relationship between budgetary control and service delivery in KMC. One contributor to this level of significance is the fact that the budget is derived incrementally from previous budgets. Incremental budget is easy since the local government will have a basis of subsequent budgets. Already, information on previous budgets is available and the budget committee does not have to start from zero. Comparison of performance over years is easily done and so are levels of service delivery.

Secondly, the budget is driven through bottom-up participation. The communities, who are the beneficiaries of the services are involved in decision making and are the ones who give ideas on what is to be done for them. Resource allocation is done fairly based on identified priorities of the citizens.

However, this study reveals that the budget committee is too loaded to effectively manage budgetary risks. This leads to hurried budgeting. Some priorities and essential services can be omitted in the annual budget. This will negatively affect service delivery.

There is a significant effect of financial reporting on service delivery in KMC, which derives from clear financial statements, and the reporting system itself. The presence of a reporting system in the municipality does not only allow accountability but also resource allocation and economic activities such as installation and maintenance of street lights in the business centre, tarmacking roads in the business centre and managing garbage.

Much as the study gives evidence of timely financial reporting and adherence to quality reporting, the quality of service delivery is averagely reported. Financial reporting is based on financial statements which are just on paper and on which audit opinion is expressed. Service delivery goes further beyond paper work which is not fully reported. These include levels of hygiene and sanitation, latrine coverage, health care services, customer care practices and maintenance of drainage system.

Despite the significant contributions of budgetary control and financial reporting on service delivery in KMC, financial planning is not significant in modelling service delivery. Plans will not translate into service delivery if they are not properly implemented. Policy makers may make promising decisions and the technocrats, due to conflict of interest, corruption and individual inefficiencies fail to implement the planned activities that are beneficial to the citizens. Gaps in health service provision, meeting financial targets, efficiency of resource allocation confirm the claim. And while the study does not succinctly provide evidence of gaps in use of funds, it is moderately implied.

This study opens new dimension to extend knowledge and research in financial accountability ability. Financial reporting and budgetary control is a better combination of financial accountability mechanisms than financial planning and financial reporting or financial planning and budgetary control in promoting service delivery. The significant effect of financial accountability on service delivery, as observed in this study is a contribution to the application and relevance of the agency theory in understanding public sector performance.

5.4 Recommendations

This study has established that financial planning does not have a significant effect on service delivery. KMC should reevaluate her financial planning approaches to ensure they contribute to service delivery. This can be done by re-aligning the Municipal Council planning cycle to ensure that there are adequate checks and balances that will help implementation of all activities as planned.

The study indicated a pessimistic position on the role of financial reporting in improving the quality of service delivery. Responsible ministries, that is, Ministry of Finance, Planning and

Economic Development and Ministry of Local Government should ensure local government reporting is performed professionally and lawfully. There should be regular technical inspection and guidance by the Ministries to support the local government to ensure meaningful reports. The local government departments should be manned by professionally qualified officers.

The study found that a bottom-top participation approach to budgeting improves service delivery in local governments. Local governments should promote citizen participation; especially in budgeting activities to improve service delivery. The bottom-top participation is done by consulting the masses at village level to identify their needs and priorities which are brainstormed on during budget conference at Division and Municipal Council levels. This approach helps the beneficiaries of the services to participate in decision making regarding issues that affect them. Further, the communities feel they are part of the decisions and they own them as theirs, which in turn encourages them to co-operate during implementation. For example, during road opening, the public may not raise compensation issues if they requested for such roads in their locality.

5.5 Areas for future research

There should be a study of other factors, other than financial accountability, that affect service delivery in Local Governments in Uganda.

Decentralization and Service delivery in Local Government in Uganda.

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APPENDICES

Appendix A: Letter to Respondents

Questionnaire on Financial Accountability and Service Delivery for Technical Officers, Councilors, CSO Members, Boards and Committee Members

Dear Sir/Madam,

I am a student of Kabale University pursuing a Master's Degree in Business Administration. As a partial requirement for the award of the said degree, this questionnaire is designed for the purpose of collecting data on financial accountability and service delivery: A case study of Kisoro Municipal Council.

You have been chosen as one of the respondents because of your unique expertise, knowledge, experience and integrity on crucial financial accountability plays in promoting and improving local government service delivery. I hope you will spare your valuable time to provide answers to the following questions by filling in the right alternatives as may be required. Please take note that the research will be conducted and handled with strict confidentiality and you need not indicate your name.

Thank you,

RutunganaBenon

Appendix B: Technical Officers, Councilors, CSO Members, Boards and Committee Members

Section A: Demographic Data

Please tick of fill in the appropriate answer

1.Your Sex

Male ☐

☐

Female

2. Your Age

(a) Early Adult ☐ (b) Adult ☐ (c) Late Adult ☐

3. Your Highest Level of Education

(a) Certificate (UCE, UACE) ☐

(b) Diploma ☐

(c) Degree ☐

(d) Post graduate ☐

(e) Others (Specify)...

4. Your Current Designation..

5. Your years of service in the municipal council

(a) Less than 4 years ☐

(b) 4-10 years ☐

(c) 11-15 ☐

(d) 16 years and above ☐

The following items in the next section measures three forms of financial accountability and how they relate to service delivery in Local Governments. Using a five point scale ranging from 1(for strongly disagree) to 5(Strongly agree). State to what extend you agree with the statements:5 = Strongly Agree (SA); 4 = Agree (A); 3 = Neutral (N); 2 = Disagree (DA); 1 = Strongly Disagree (SDA)

SECTION B: FINANCIAL ACCOUNTABILITY

Variables		Response category				
SN	**B1: Financial planning and service delivery**	**5**	**4**	**3**	**2**	**1**

1	In Kisoro Municipal, financial planning is always used to ensure availability of funds					
2	Financial planning is vital for ensuring efficiency of resources in KMC					
3	Financial planning helps municipal administrators to set financial targets					
4	Financial planning in this municipality has improved quality of infrastructures constructed					
5	In this organization, economy in the use of funds has been achieved due to effective financial planning					
6	Kisoro municipal council has improved its health service provision to the public due to effectiveness in financial planning					
	B2: Financial Reporting	**5**	**4**	**3**	**2**	**1**
1	In this municipal council, there is a system of financial reporting					
2	Financial reporting has helped to improve quality service delivery					
3	This municipality always make clear financial statements to facilitate reporting					
4	Financial reports have acted as prove to the use of resources allocated to economic activities in this municipality					
5	Financial reporting is a key for future budget allocations in this municipality					
6	In KMC, the treasury has always adhered to quality financial reporting for timeliness and quality of services delivered					
	B3: Budgetary Control	**5**	**4**	**3**	**2**	**1**
1	In this municipal council, budgetary control has been used to achieve economy in the use of resources					
2	The budget is derived incrementally from previous budgets					
3	Access to budget systems and tools is appropriately restricted which has improved on quality services delivered					
4	Budget committee is effective against risk and are not overloaded					
5	In this municipality, the budget is driven through bottom-up participation leading to better allocations and service delivery effectiveness					
6	Budgetary controls has been better tool to ensure efficiency in the use of funds in this municipality					

SECTION C: SERVICE DELIVERY IN KISORO MUNICIPALITY

Variables		Response category				
SN	**Service Delivery**	**5**	**4**	**3**	**2**	**1**
1	In this municipality service delivery has been indicated by quality of schools, roads and water sources					
2	There is always proper disposal of waste products from the municipal divisions					
3	There is readily available utilities supplied timely to people in KMC					
4	There is always enough staff to attend to the people at the municipal offices					
5	There is proper coordination, communication among the municipal staff for better service delivery					
6	Municipal facilities meet the needs of the public					

Thank you very much for your cooperation

Appendix C: The Interview Guides to the Key Informants

Dear sir/madam,

I am **BenonRutungana**, conducting a research on the "Financial Accountability and Service delivery in Kisoro Municipal Council." You have been chosen to take part in the course by responding to the questions below. The information that you will provide will be treated confidential and the result of the study will be used for the academic purposes only.

1. Have you ever experienced any shortage or gap in service delivery?
2. If yes, explain the causes of such a gap or shortage in service delivery in this municipality.
3. What do you know about quality, efficiency and economy of service deliveries in KMC
4. Are you always held accountable for the money that you spend in Kisoro Municipal?
5. If, yes how often do they audit your expenditures in your offices?
6. Do you always carry out financial planning in your office? If no what could be the problem? If yes what are the effects of financial planning on service delivery in KMC?
7. Do you always carry out financial reporting in your office? If no, what could be the problem? If yes what are the effects of financial reporting on service delivery in KMC?
8. Do you always carry out budgetary controls in your office? If no what could be the problem? If yes what are the effects of such budgetary control on service delivery in KMC?
9. Lastly, do you think financial accountability is related to service delivery in this municipality? If yes, please can you mention how?

Thank you very much for your cooperation

Appendix D: Documentary Review Checklist

Particular documents to be reviewed include;

1) Kisoro Municipal Council Development Plans
2) Facts and figures of Kisoro Municipal Council FY 2019/2020
3) Current local revenue handbook
4) Local government human resource manual
5) Guidelines for local government budget process
6) IGG reports
7) Audit repots
8) TPC minutes
9) Council meeting minutes
10) Workplans and budgets for KMC
11) Departmental reports

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Appendix E: Sampling Table

Table for determining sample size from a given population by Krejcie& Morgan (1970)

Table for determining sample size from a given population					
N	***S***	***N***	***S***	***N***	***S***
10	10	220	140	1200	291

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

Note: *N* is population size

***S* is sample size**