**Determining the relationship between financial Planning and financial accountability in Bushenyi District Local Government, Uganda**

**Abstract**

In recent years, the adoption of Integrated Financial Management Information Systems (IFMIS) has been instrumental in promoting fiscal transparency, enhancing financial oversight, and optimizing resource allocation in government sectors globally World Bank, (2022). This study examined the relationship between financial planning and financial accountability within Bushenyi District Local Government in Uganda. A quantitative approach was employed, with 124 respondents completing self-administered questionnaires. The results showed a weak and statistically insignificant link between financial planning and financial accountability (t = -0.421, P = 0.674; P>0.05). Notably, the study revealed that while IFMIS-facilitated financial planning has limited impact on financial accountability, robust financial planning is essential for ensuring accountability. To strengthen financial accountability, the study proposes streamlining financial planning processes, enhancing financial planning systems, fortifying internal controls, and providing targeted training for staff. By implementing these recommendations, Bushenyi District Local Government can bolster public resource management and enhance financial accountability.

**Keywords:** financial planning, financial accountability

1. **Introduction**

Financial planning plays a crucial role in ensuring accountability, especially in public sector institutions like local governments World Bank, (2024), it provides a structured way to document and communicate financial activities, helping stakeholders understand how public funds are allocated, managed, and used. In local governments, where resources are often limited and public scrutiny is high, transparent financial planning builds trust between officials and the communities they serve. When done effectively, it strengthens accountability by demonstrating compliance with financial regulations and minimizing the risk of mismanagement (IFAC, 2020).

Local governments in Uganda, including Bushenyi District Local Government, face significant challenges in financial planning, which hinder transparency and accountability. Ministry of Local Government, (2018). These challenges include delayed reporting, weak internal controls, and technical skill gaps among staff, making it difficult to manage financial resources effectively. Despite efforts to address these issues, the impact of current measures at the local level remains unclear, and most research focuses on national-level financial accountability, leaving a gap in understanding local government financial planning. This study aims to investigate the relationship between financial planning and financial accountability in Bushenyi District Local Government, examining the challenges, effectiveness of current measures, and the impact of reporting quality on governance, to provide insights for strengthening accountability frameworks, enhancing transparency, and ensuring effective financial management for sustainable development.

**1.2 Objectives**

To assess the effect of financial planning on financial accountability in Bushenyi District Local Government, Uganda

**1.3 Hypothesis**

There is no significant effect of financial planning on financial accountabilityin Bushenyi District

Local Government, Uganda.

1. **Literature Review**

### **2.1 The technology Acceptance Model (TAM)**

The Technology Acceptance Model (TAM) theory, introduced by Fred Davis in 1989, provides valuable insights into the factors influencing individuals' decisions to adopt technology, such as Integrated Financial Management Information Systems (IFMIS), to enhance financial planning and accountability in local governments. According to TAM, the intention to use technology is primarily driven by two key factors: Perceived Usefulness (PU) and Perceived Ease of Use (PEU) (Davis, 1989). In the context of financial planning, IFMIS can significantly improve the accuracy and accessibility of financial information, automate budgeting and forecasting processes, and enable real-time monitoring of financial performance, thereby increasing its perceived usefulness. Moreover, IFMIS can be designed with user-friendly interfaces, streamlined workflows, and comprehensive training programs, making it easier to use and enhancing its perceived ease of use (Venkatesh & Davis, 2000). By leveraging IFMIS, financial planners in local governments can bolster financial accountability by ensuring transparency, accuracy, and reliability in financial reporting, which in turn facilitates informed decision-making and good governance. Furthermore, IFMIS can help prevent fraudulent activities and errors by providing audit trails, tracking financial transactions, and enabling real-time monitoring of financial activities (Kumar et al., 2019).

* 1. **Financial planning and Financial Accountability.**

According Muya (2017), financial planning has a profound impact on financial accountability in local governments. In his study, "The Impact of Financial Planning on Financial Accountability in Local Governments: A Case Study of Kampala Capital City Authority", Muya employed a quantitative approach to investigate the relationship between financial planning and financial accountability. The study revealed that effective financial planning significantly enhances budgeting, financial reporting, and auditing, leading to improved financial accountability. Muya recommended that local governments prioritize financial planning, capacity building, and stakeholder engagement to optimize financial accountability. By doing so, local governments can strengthen their financial management, reduce financial risks, and promote transparency and accountability. Effective financial planning is crucial for achieving these outcomes, and Muya's study highlights its importance in local government settings.

Pangayow and Patma (2021) conducted a quantitative study examining the impact of financial management processes on accountability in village financial management in Indonesia, as published in the Universal Journal of Accounting and Finance. The study employed Partial Least Square analysis with Warp PLS software, utilizing a sample of 78 officers from four villages in Sentani District, Jayapura Regency, Indonesia. The indicators used to measure planning, implementation, reporting, and accountability variables were based on the Regulation of the Minister of Home Affairs regulation or decree issued by the Indonesian Minister number 113 of 2014 and updated with regulation or decree issued by the Indonesian Minister number 20 of 2018. The results revealed a significant influence between the variables of the financial management process (planning, implementing, and reporting) on accountability, highlighting the importance of quality financial management processes in increasing public confidence in the level of accountability held by village officials.

Ahmad (2024) conducted an empirical study examining the influence of budget planning and financial accountability on the performance of financial managers at the Office of the Ministry of Religion of Makassar City, as published in the Universal Journal of Accounting and Finance (Vol. 9, Issue 2, pp. 197-203). The study employed a quantitative research design, collecting data through questionnaires from financial managers at the Office of the Ministry of Religion of Makassar City. The results of the statistical analysis revealed that budget planning and financial accountability have a significant influence on the performance of financial managers, highlighting the importance of effective budget planning and financial accountability in improving financial management performance.

Odoch, (2019). examined the relationship between financial planning and accountability in manufacturing companies in Uganda, using Mukwano Industries Ltd as a case study. A survey research design was adopted, employing both qualitative and quantitative approaches to data collection and analysis. A sample size of 54 respondents was selected from a population of 63 people, and data was collected through semi-structured questionnaires and face-to-face interviews. The study revealed statistically significant positive relationships between financial decision, budgeting, and internal control and financial accountability. However, the relationships were weak, indicating ineffective financial decision-making, budgeting, and internal control processes. The study concluded that Mukwano Industries Ltd should adopt a comprehensive financial decision process, establish clear job descriptions, and regularly review its internal control unit to ensure effective financial accountability.

**3. Methodology**

This study employed a correlational research design, a non-experimental approach that enabled the examination of the interplay between financial planning and financial accountability, with the aim of unraveling the complex relationships between these variables and assessing whether financial planning is a reliable predictor of financial accountability. The target population consisted of 185 experts with specialized knowledge in financial management and accountability, including local government officials and finance professionals, who were selected for their unique insights and ability to provide accurate data. A sample size of 124 respondents, determined using Slovin's formula, was deemed statistically significant, allowing for reliable conclusions and generalizability to the broader population. The data analysis process involved editing, validation, coding, tabulation, and statistical analysis using SPSS, with multiple regression and correlation analysis employed to investigate the relationship between financial planning and financial accountability, including correlation, linear relationship, and multiple regression tests, to provide a comprehensive understanding of the interrelationships between internal controls, financial accountability, and financial reporting.

* 1. **Results and Discussion**

**Descriptive Statistics on Financial planningand Financial Accountability**

The study assessed the effect of financial planning on financial accountability in Bushenyi District Local Government, Uganda, and using measures of central tendency as shown in the table 1 below;

**Table 1: Descriptive Statistics on financial planning and Financial Accountability**

|  |  |  |  |
| --- | --- | --- | --- |
| **Statement** | **N** | **Mean** | **SD** |
| IFMIS has improved the ease of budget preparation in our local government. | 103 | 4.02 | 0.828 |
| IFMIS has increased the level of budget accuracy in our local government. | 103 | 3.91 | 0.853 |
| IFMIS has enhanced the ability to track budget expenditures in our local government. | 103 | 3.81 | 0.875 |
| IFMIS has reduced the time taken to approve budgets in our local government | 103 | 3.92 | 0.947 |
| I find the IFMIS system easy to navigate and use for monitoring expenditures | 103 | 3.78 | 0.917 |
| The IFMIS system provides accurate and timely information on expenditure data | 103 | 3.84 | 0.937 |
| Using the IFMIS system has improved the efficiency of expenditure tracking and analysis | 103 | 3.90 | 0.858 |
| I am satisfied with the performance of the IFMIS system in managing expenditures | 103 | 3.79 | 0.967 |
| IFMIS has improved the accuracy of cash flow forecasts in our local government. | 103 | 3.82 | 0.905 |
| IFMIS has enabled more effective management of cash balances in our local government. | 103 | 3.91 | 0.864 |
| IFMIS has improved the timeliness of cash disbursements in our local government. | 103 | 3.96 | 0.862 |
| IFMIS has enhanced the ability to identify and manage cash flow risks in our local government. | 103 | 3.86 | 0.875 |
| **Overall**  | **103** | **3.88** | **0.891** |

Source: Primary Data, 2024

The statement "IFMIS has improved the ease of budget preparation in our local government" received the highest mean score of 4.02 with an SD of 0.828. This relatively low SD indicates a high level of consensus among respondents regarding the positive impact of IFMIS on budget preparation. The strong agreement and consistency in responses support the findings of Koech, Charles, (2023). regarding improved budget preparation efficiency. However, the SD suggests some variability in experiences, which could relate to the challenges noted by Ochieng and Otieno (2023) in adapting to new systems.

Respondents strongly agreed that IFMIS has increased the level of budget accuracy (mean = 3.91, SD = 0.853) and reduced the time taken to approve budgets (mean = 3.92, SD = 0.947). The slightly higher SD for budget approval time suggests more varied experiences in this aspect, possibly due to factors beyond the IFMIS system itself. These findings align with debayo & Oladipo, (2020) while the variability supports Adebayo and Oladipo's (2020) caution about the dependence on data quality and user training.

The ability to track budget expenditures using IFMIS received a response (mean = 3.81, SD = 0.875), indicating general agreement with some variation in experiences. Similarly, respondents agreed that IFMIS provides accurate and timely information on expenditure data (mean = 3.84, SD = 0.937) and has improved the efficiency of expenditure tracking and analysis (mean = 3.90, SD = 0.858). The higher SD for timely information provision suggests more diverse experiences, potentially reflecting the connectivity issues and system downtimes mentioned by Muthomi and debayo & Oladipo, (2020)

Regarding cash flow management, respondents agreed that IFMIS has improved the accuracy of cash flow forecasts (mean = 3.82, SD = 0.905), enabled more effective management of cash balances (mean = 3.91, SD = 0.864), and improved the timeliness of cash disbursements (mean = 3.96, SD = 0.862). The consistent SDs around 0.9 indicate general agreement with some variation, supporting both Okello and Byaruhanga's (2022) findings and Ngala & Maingi, (2023). notes on potential limitations.

The statement "I find the IFMIS system easy to navigate and use for monitoring expenditures" shows respondents agreed at the mean score of 3.78 with an SD of 0.917. This higher SD suggests more diverse user experiences, supporting Kioko and Muturi's (2021) emphasis on user-friendliness and Osei-Tutu and Ameyaw's (2023) findings on the complexity experienced by some users.

Respondents expressed satisfaction with the overall performance of the IFMIS system in managing expenditures (mean = 3.79, SD = 0.967) and agreed that it has enhanced the ability to identify and manage cash flow risks (mean = 3.86, SD = 0.875). The higher SD for overall satisfaction indicates more varied experiences, aligning with Mwangi and Kimani's (2024) findings while also reflecting Adebayo and Oladipo's (2020) caution about the influence of various organizational factors.

The mean score across all the statements was 3.88, indicating that the respondents generally agreed that financial planning has an effect on financial accountability in Bushenyi district local government. The overall standard deviation of 0.891 suggests that there was a high degree of consistency in participants' responses, with most agreeing on the beneficial effect of the financial planning.

**Correlation Analysis**

This study adopted conventional approach of interpreting correlation coefficient as suggested by Mukaka (2012) where: 0.00–0.10 represents negligible correlation: 0.10–0.39, weak correlation: 0.40–0.69, moderate correlation: 0.70–0.89, strong correlation; and 0.90–1.00, very strong correlation. Correlation coefficients among the factors obtained in the analysis are presented in the correlation matrix shown Table below.

**Table 2: Correlation Results**

|  |  |
| --- | --- |
|  | **Financial Planning** |
| Financial reporting | Pearson Correlation |  0.071 |
| Sig. (1-tailed) | 0.239 |
| N | 103 |

Based on the correlation analysis presented in Table 2 and using Mukaka's (2012) thresholds, the study reveals varying degrees of association between Financial Accountability and the other variables. The results (r = 0.071, p = 0.239) indicate a negligible and statistically insignificant relationship between Financial Planning and Financial Accountability, suggesting essentially no linear association between these two factors.

**5.0 Conclusion**

The analysis revealed weak and statistically insignificant relationship between financial planning and Financial Accountability. This demonstrates that improvements in financial reporting practices are not associated with enhanced financial accountability levels. There is a negligible connection between financial planning and financial accountability, the relationship is particularly insignificant. However, the statistical significance indicates that this relationship may not represent a genuine pattern rather than occurring by chance.

* 1. **Recommendations and Policy Implications**

The weak and statistically insignificant relationship between financial planning and financial accountability necessitates a fundamental overhaul of existing practices. The district should initiate a comprehensive review of its financial planning processes, examining why current approaches are not yielding desired accountability outcomes. This review should focus on identifying gaps in the planning framework and areas where accountability measures are not adequately integrated into the planning process.

To address these challenges, the district needs to implement robust mechanisms that create stronger links between planning and accountability. This can be achieved through the introduction of specific performance metrics that directly connect planning decisions to accountability outcomes. The development of an integrated planning framework should be prioritized, one that explicitly incorporates accountability objectives at every stage of the financial planning process. This framework should establish clear, measurable connections between planning decisions and accountability requirements, ensuring that every financial plan directly supports accountability goals.

Furthermore, investing in specialized training programs for staff members is crucial. These programs should focus on developing competencies in creating and implementing financial plans that inherently support accountability objectives. Staff should be equipped with the knowledge and tools needed to understand how their planning decisions impact accountability outcomes, enabling them to make more informed and effective decisions.

**References**

International Federation of Accountants (IFAC). (2020). *Building Stronger Public Financial Management Institutions. Retrieved from*: <https://www.ifac.org>

Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review, 22*(1), 20-47. <https://journals.aom.org>

Muya, M. M. (2016). The impact of financial reporting on financial accountability in local governments: A case study of Kampala Capital City Authority. *Journal of Accounting and Financial Management, 13*(2), 1-15.<https://ir.kiu.ac.ug>

Kioko, M., & Muturi, W. (2021). Factors influencing successful implementation of IFMIS in Kenyan local governments*. African Journal of Public Sector Management, 33*(4), 567- 582. <https://files.sdiarticle5.com>

Osei-Tutu, E., & Ameyaw, C. (2023). User experiences with IFMIS in Ghanaian local governments: Implications for training and support. *Ghana Journal of Technology, 8*(1), 78-93. <https://www.script.org>

Pangayow, B., & Patma, K. (2021). Planning, accountability and reporting of village financial management in Indonesia. *Universal Journal of Accounting and Finance*, 9(2), 197-203. <https://www.hrpub.org>

Ahmad, I., Abbas, M., Syam, A. W., & Aigistina, A. (2024). *An empirical study on the influence of budget planning and financial accountability on the performance of financial managers at the office of the ministry of religion of Makassar city*. <https://jurnalekonomi.unisla.ac.id>

Odoch, G. (2019). *Financial planning and accountability in manufacturing companies in Uganda* (Doctoral dissertation, Kampala International University, College of Economics and Management). <https://kiu.ac.ug>

Koech, Charles Cheruiyot, and Makiya Cyprian Ratemo. "*Integrated Financial Management Information System in County Treasuries in Kenya”*: Empirical Analysis of the Implementation." (2023). <https://ijisrt.com>

Adebayo, O., & Oladipo, F. (2020). IFMIS implementation in Nigerian local governments: Challenges and prospects. *Journal of Public Financial Management*, 15.  <https://files.sdiarticles.com>

Iravonga, J. J., Ngala, C., Alala, B. O., & Maingi, M. (2023). Effect of Integrated Financial Management Information Revenue Systems on Financial Management in County Governments, Kenya. *African Journal of Empirical Research*, *4*(2), 23-31. <https://ajarnet.net>

Mukaka, M. M. (2012). Statistics corner: A guide to appropriate use of correlation coefficient in medical research*. Malawi Medical Journal*, 24(3), 69–71. <https://www.researchgate.net>

World Bank. (2024). Public financial management: A key to unlocking budget support. World Bank Blogs. <https://blogs.worldbank.org>

Ministry of Finance, Planning and Economic Development. (2019). *Local Government Management Service Delivery Performance Assessment Synthesis Report* (LGPA - 2018- 19). <https://budget.finance.go.ug>

World Bank. (2022). Global Public Financial Management (PFM) Reform Trends: Insights from 2022 PFM Reform Survey. *World Bank Publications*. <https://blogs.worldbank.org>