

**PARTICIPATORY BUDGETING AND FINANCIAL MANAGEMENT IN UGANDA
A CASE STUDY OF KABALE DISTRICT**

**BY
TUGUMISIRIZE WINFRED (SR)
15/U/14457/GMBA/PE**

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DECLARATION

I hereby declare that, this dissertation is my own original work towards the award of a Master's Degree in Business Administration and that, to the best of my knowledge; it contains no material previously published by another person or material which has been accepted for award of any other degree of any University.

Signature:..........

Date:.....7/12/2017.....

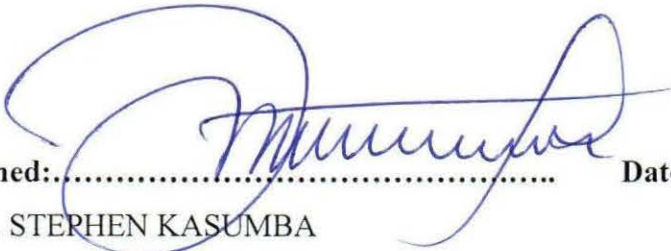

TUGUMISIRIZE WINFRED

15/U/14457/GMBA/PE

APPROVAL

This is to certify that this dissertation has been completed by Tugumisirize Winfred (Sr) under our supervision and it is submitted for examination with our approval as her University supervisors.

Certified by:

Signed:.......... Date:..........
DR. STEPHEN KASUMBA
PRINCIPAL SUPERVISOR

Signed:..... Date:.....
DR. KASIGWA GERALD
SECOND SUPERVISOR

DEDICATION

This research work is dedicated to God Almighty who has made it possible for me to carry out this research and who always sees me through all the challenges that come my path and to my Mother Bernadette Kyabasasaki and Ministry of Education and Sports that supported and encouraged me to study.

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ACRONYMS AND ABBREVIATIONS

IFMS	-	Integrated Financial Management System
PFAA	-	Public Finance and Accountability Act
PPDA	-	Public Procurement and Disposal of Public Assets
PFAR	-	Public Finance and Accountability Regulations
TAI	-	Treasury Accounting Instructions
BP	-	Participatory Budgeting
LG	-	Local Government
LGU	-	Local Government Unit
IBO	-	Independent Budget Office
CIPFA	-	Chartered Institute of Public Finance and Accountancy
DFID	-	Department for International Development
WMO	-	World Meteorological Organization
M&E	-	Monitoring and Evaluation
PM&E	-	Public Monitoring and Evaluation
CFO	-	Chief Finance Officer
CAO	-	Chief Accounting Officer
DEO	-	District Economic Officer
DNRO	-	District Natural Resource Officer
DHRO	-	District Human Resource Officer
DPO	-	District Planner Officer

ABSTRACT

The purpose of the study was to investigate how participatory budgeting affects financial management in Kabale District. I used a case study research design with a sample of 75 individuals. These included District chairperson (1), Chief Accounting Officer (1), Senior finance officers (6), Heads of department (8), Administrative Staff (14), Councillors (20) and Local citizens (30) from Kabale District. A structured questionnaire was used to establish and test the hypothesized relationships and mediation effect between participatory budgeting and financial management. The results suggest that participatory budgeting formulation significantly affect financial management. More so, the relationships between participatory budget implementation, participatory budget monitoring and financial management were found. The study was assessed using both District administrators and local citizens collectively. However if the two groups were separately assessed possibly there would be a variation in perception or behavioral responses towards financial management. The findings suggest that there is a need to develop and sustain financial mechanisms among participatory budget formulators and participatory budget implementers that translates into desired financial management. The results contribute towards the limited empirical and theoretical evidence regarding the mediating role of participatory budgeting in explaining financial management.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Financial management in Local Government (LG) such as Kabale District is essential in realisation of goals and objectives. This would be realised through efficient financial management and effective participatory budgeting. In practice, financial management is about taking action to look after the financial health of an organization, and not leaving things to chance (Lewis, 2009). Local Government has the responsibility of implementing financial management by maintaining a sustainable fiscal position, the effective allocation of resources, ensuring human welfare, development and creation of wealth for the citizens and the efficient delivery of public goods and services in order to achieve its target goals and objectives (Ojo, 2015). This study thought to establish how financial management relates with participatory budgeting. In this chapter the background, problem statement, purpose of the study, specific objectives, research questions, scope, significance, limitations and operational terms are presented

1.1 Background to the Study

The background to this study is divided into four perspectives. They include historical, theoretical, contextual and perceptual perspectives.

1.1.1 Historical Perspective.

Since 1950s, the approach and utility of financial management has been changing in a revolutionary manner. The emphasis of financial management has been shifted from mobilizing of funds to the effective and judicious utilization of funds (Brigham & Ehrhardt, 2017). Financial management has been viewed as the basis of functions and responsibilities of financial managers (Weston & Brigham, 1979). In many countries financial management has become a vital part of the business concern as a means to ensure efficient procurement and utilization of finance (Saramasivan & Subramanian, 2009). Similarly, Opanyi (2016) noted that more and more countries have started to implement financial management concepts from private sector into their administration.

Participatory budgeting is an innovative approach to budget decision-making that began at the municipal level in Brazil in 1989 and has generated widespread interest. In participatory budgeting, the general public is directly involved in making policy decisions. Open forums are held throughout the budget process that permit the public the opportunity to allocate resources, prioritize broad social policies monitor public spending. Participatory budgeting breaks decidedly with the tradition that the budget process should occur exclusively in the executive, with the input only of budget technicians and a few politicians (International Budget Office, 2001).

1.1.2 Theoretical Review

The study was guided by Participatory Development and Citizenship Theories as discussed below:

Participatory theory of development is a process through which stakeholders can influence and share control over development initiatives, and over the decisions and resources that affect themselves (Reyes, 2014). Participatory approach must have to ensure transformation of power relations particularly gender power relations which starts with men and then with organizations and institutions (Wickenden, 2016). Participatory development does not just teach, engage, and empower communities, it teaches, engages, and empowers the organizations that work with communities, to see and do things differently (Tavangar, 2016). Participatory development theories explicitly connect participation to a redistribution of decision-making power important yet overlooked aspect of the basis for community participation in development (Smith, 2009).

According to Reyes (2014), Participatory theory of development strengthens civil society and the economy by empowering groups, communities and organizations to negotiate with institutions and bureaucracies, thus influencing public policy and providing a check on the power of government. It enhances the efficiency, effectiveness and sustainability of development programs. It seeks to engage local populations in development projects. Basing on this theory, civil servants and citizens in Kabale District should all get involved in in the budget processes running from formulation to monitoring so as to attain desired financial management practices.

Citizenship theory has its origin in public administration in the field of administrative ethics (Bellamy, 2013). The theory is derived from the idea of democracy that advocates for democratic rights and responsibilities for all citizens. The basic idea behind the theory is that public administrators are also citizens whose role is to serve other citizens who pay them for that service. This is why public administrators' are also referred to as public servants (Irving, 2016). Legal framework do not remain under the equal political control of citizens in ways that encourage them to deploy it to secure their common good, there is no guarantee that it will be administered equitably and impartially (Bellamy, 2013).

The theory is based on two main concepts: citizen participation and accountability. It suggests that all citizens should be involved in the affairs of government by exercising their rights that are: a) civil/legal; b) political; and c) social rights and responsibilities. It is the responsibility of citizens to ensure that government utilizes public resources for the benefits of citizens who pay taxes, expecting delivery of public services (Ahrens *et al.*, (2015). Basing on this theory, citizens of Kabale District should exercise their social rights and responsibility to ensure that government utilizes public resources for the benefits of citizens who pay taxes, expecting delivery of public services. This study focused on participatory budgeting especially on how budget formulation, budget implementation and budget monitoring results into financial management in Kabale District.

1.1.3. Conceptual Review

Financial management entails planning, organizing, controlling and monitoring the financial resources of an organization to achieve objectives (Lewis, 2009). Financial Management is an essential part of the economic and non-economic activities which leads to decide the efficient procurement and utilization of finance in a profitable manner (Paramasivan and Subramanian, 2009). Financial management is also seen as that area or set of administrative function in an organization which relate with arrangement of cash and credit so that organization may have the means to carry out its objective as satisfactorily as possible (Baker, 2014)

Financial management aims to create a welfare society by taking into account the public interest through the provision of facilities and supporting facilities, and the management of state revenue

in accordance with applicable regulations (Aan, 2015). The state's role in the management of public finance aims to create justice and provide social security to the community. To realize these goals, there is a need to have necessary facilities and public facilities as well as strict supervision by government officials who are competent and credible in ensuring the distribution of public revenue accurately and fairly.

The concept of PB is deeply rooted in the principles of democracy, transparency and accountability (World Bank, 2005). Déa (2005) made similar observations after the Porto Allegro experience in 1989 that involving citizens in the budgeting process enhances democracy, transparency and accountability. It has been argued that by allowing citizens to participate in matters that concern them, should not be seen as a means of achieving consensus, but also as an avenue to sensitize and educate citizens, to develop their highest capacities (Rossmann and Shanahan, 2012). Similarly, Frederickson argues that managers of public organizations and institutions should take into account management practices that are likely to enhance stakeholders' involvement if they are to embrace changes that will have an impact on achieving desired goals and objectives (Frederickson, 2015).

Alnesafi & Kasumba (2016) revealed that the diffusion of new budgetary practices in local governments in Uganda was enabled by the various legal instruments that were enacted by the nation-state actors with deliberate effort and support from supranational agencies, such as the World Bank, DFID, Danida and others. According to Abati (2014), timely and proper budgeting can be a goal for any organization to achieve. It is imperative that governments take preventive measures to protect their finances through the introduction of effective financial management and robust control measures. In practice Kabale District should implement enacted financial management reforms such as Budget Act, 2001 and IFMS so as to meet its goals and objectives. This study devoured to establish the relationship between effective participatory budgeting and efficient financial management

1.1.4 Contextual Issues

Participatory budgeting programs are part of a larger effort in Brazil to extend and deepen actual, existing democracy (Wampler, 2004). Its campaign was based on democratic participation and

the inversion of spending priorities, which implies the reversal of decades-long trend in which public resources were spent in middle and upper class neighbourhoods (World Bank 2003). Since the 1990s, a number of African countries (Ethiopia, Uganda, Ghana, etc.) have been implementing participatory budgeting with the assistance of World Bank initiatives (World Bank, 2003). However, according to Goldfrank (2012), there is scant progress and evidence of its effect on these countries.

In Uganda the concept of participatory budgeting (PB) as part of the decentralization policy was operationalized in 1997 under the Local government Act 1997. Therefore, by law citizens are expected to be involved in the process of planning and budgeting at all levels of local governments in Uganda (Kasozi-Mulindwa, 2013).

Kabale District by law is mandated to emphasize decentralized and participatory development planning budgeting process as stipulated in the Local Governments Act CAP 243 under section 36(3). However the reality has turned out to be different due to inefficiency of financial management as a result of the weakness in the institutional arrangements for budget formulation, implementation, and monitoring as well as poor framework for accountability. Practice has also shown that the local people are easily hoodwinked by unscrupulous political elites who capture the planning and budgeting process to advance their selfish interests. Citizen's priorities are always left out in the implementation of budget as a result of inefficient financial management (Makaaru *et al* (2015).

Financial Management comprises of processes and actions taken by political and administrative leaders of a LG to acquire funds, allocate them over different activities and time periods and use them in the most economic, efficient and effective manner with a view to achieving the goals and objectives of the LG (Okwar 2016).

Since the 1990s, the Government of Uganda has enacted a number of public financial management reform. The reforms aim to create a sound public finance management system that supports aggregate control, prioritization, accountability and efficiency in the management of public resources and the delivery of services critical to Uganda's development goals (Ministry of

Finance Planning and Economic Development, 2013). These include the enactment of the Budget Act, 2001; the 2003 Public Finance and Accountability Act1 (PFAA), which repealed the Public Finance Act of 1964; the Public Procurement and Disposal of Public Assets (PPDA) Act, 2003; the Public Finance and Accountability Regulations, (PFAR), 2003; and the Treasury Accounting Instructions (TAI), 2004; and the implementation of the Integrated Financial Management System (IFMS) among others..

Despite the enactment of a number of public finance management reforms since the 1990s, misappropriation of public funds in Uganda remains a challenge. For example, scandals in the Office of the Prime Minister where UGX 60 billion was stolen and UGX 340 billion was lost to ghost pensioners in the Ministry of Public Services that prompted several donor governments to suspend budget support to Uganda (Munyambonera & Lwanga, 2015). This study was carried out to establish the relationship between participatory budgeting and financial management in Kabale District.

1.2 Statement of the Problem

Financial management in Kabale District is essential in the realisation of goals and objectives. However, the reality has turned out to be different from what is expected. It was noted with deep concern that inefficiency and ineffectiveness in financial management exist in Kabale District (Auditor General's Report, 2015/2016). Kabale District has been experiencing the problem of poor financial management characterized by mischarges, unimplemented activities, over expenditure and under expenditure. For example contract implementation plans for the contracts amounting to UGX.1,406,538,664, were not presented for audit verification, UGX.25, 832,974 was paid to six (6) individuals who lacked personnel files at the District contrary to General Rules on Payment of Salaries Section (P-d) 4, and UGX.83,560,563 from Municipal Council was not remitted to divisions as required by Local Government Act 1997 (as amended 2006). This poor financial management could be linked to poor participatory budgeting characterized by poor participatory budget formulation, participatory budget implementation and participatory budget monitoring. This study therefore, was motivated by the desire to empirically analyse how participatory budgeting relates to financial management in Kabale District.

1.3 Purpose of the Study

The purpose of the study was to investigate how participatory budgeting affects financial management in Kabale District.

1.4 Objectives of the Study

The study had the following objectives;

1. To investigate the level to which participatory budget formulation affects financial management.
2. To establish the relationship between participatory budget implementation and financial management.
3. To establish the relationship between participatory budget monitoring and financial management.

1.5. Research questions

- 1 How does participatory budget formulation affect financial management?
- 2 What is the relationship between participatory budget implementation and financial management?
- 3 What is the relationship between participatory budget monitoring and financial management?

1.6 Scope of the Study

The study covered three scopes. They include Geographical scope, Content scope and Time scope.

1.6.1 Geographical scope

The study was carried out in Kabale District. Kabale District is bordered by Rukungiri District to the north, Ntungamo District to the northeast, the Republic of Rwanda to the east and south, Kisoro District to the west and Kanungu District to the northwest. The town of Kabale where the District headquarters are located lies approximately 420 kilometers (260 mi), by road, southwest

of Kampala, the capital city of Uganda. Kabale District was selected because its financial management has been reported to be poor in the last three years (2014, 2015 and 2016) hence considered as a key source of information for this study on participatory budgeting and financial management.

1.6.2 Content scope

The content scope comprised participatory budgeting as the independent variable and financial management as the dependent variable. Participatory budgeting was examined using the processes in terms of participatory budget formulation, participatory budget implementation, and participatory budget monitoring while financial management was measured using financial expenditure, resource utilization and control.

1.6.3 Time scope

The study covered a period of three years from the year 2014 to 2016 because this was the time financial management has been reported to be poor as shown in the Auditor General's report 2016. The study was carried in a period of 10 months (February to November 2017).

1.7 Significance of the Study.

The study on the effect of participatory budgeting on financial management in local government is of great importance to the following parties:

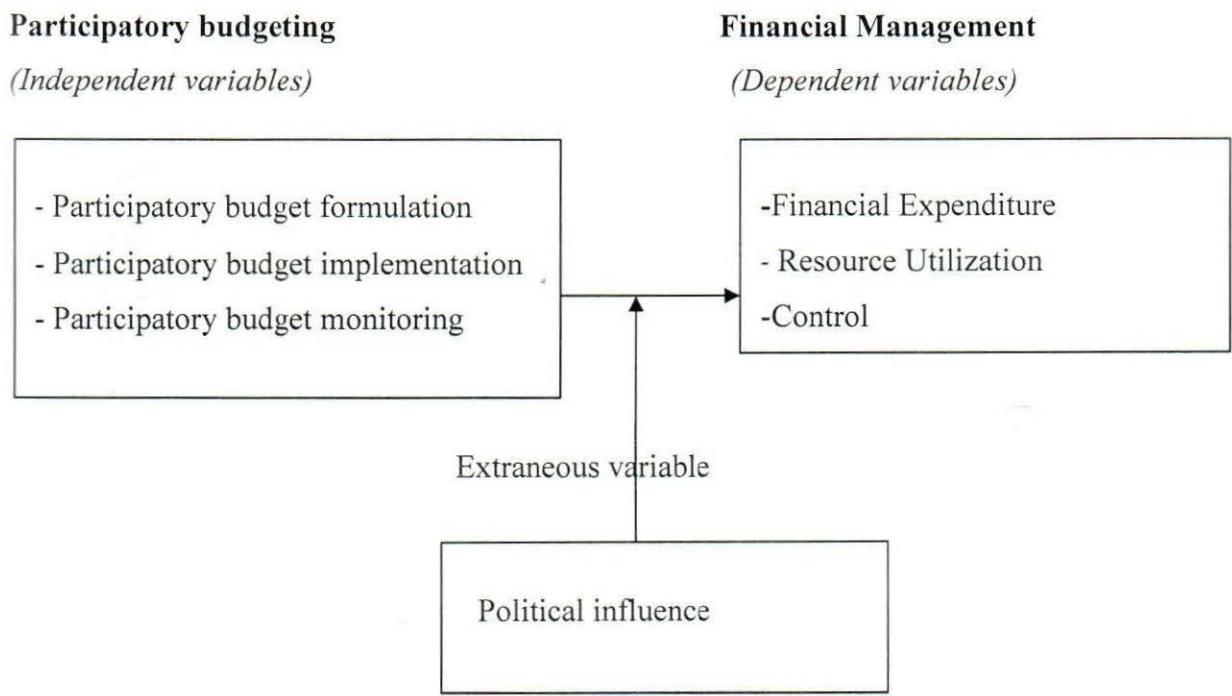
The study findings, conclusions and recommendations have provided additional literature to the existing body of knowledge about the effect of participatory budgeting on financial management in local government.

The study is of practical significance to Kabale District in that it shall guide the industry in the formulation of national policies, rules and guidelines which shall provide a genuine standard on participatory budgeting.

The study shall help the Ugandan Government to put in place appropriate procedures and policies for participatory budgeting and financial management

1.8 Conceptual Framework

Figure 1: Conceptual framework model on participatory Budgeting and Financial Management



Source: Adapted from Swaen (2015) and modified by the researcher.

The framework in figure 1.1 shows that participatory budgeting has an influence on financial management. It was theorized that PB in terms of participatory budget formulation, participatory budget implementation and participatory budget monitoring may have a significant consequence on financial management in terms of financial expenditure, resource utilization and control. The PB process is influenced by the political influence. Though the extraneous variable can potentially affect relationships, the study intentionally held it constant and for that matter it was not studied in details. The PB and capabilities of the processes are expected to lead to the desired

financial management outcomes. This study explored how the above relationships work in Kabale District.

1.9 Operationalisation of terms

A budget has been defined by scholars as a plan expressed in quantitative terms, resources required to achieve set goals and objectives over a given period of time (Awio and Northcott, 2001). Budgeting is a formidable management tool that has pervaded the allocation and utilization of resources both in the private and public sectors (Kasumba, 2013).

Participation is viewed from the political point of view, whereby it is seen as part of democracy, that is, looked at in the context of citizens' rights to participate in matters that concern them (World Bank, 2013)

Participatory budgeting (PB) is an approach of direct democracy to budgeting which offers citizens an opportunity to learn about government operations and to deliberate, debate, and influence the allocation of public resources (Shah, 2007).

According to Kurt (2017) Finance is a broad term that describes two related activities: the study of how money is managed and the actual process of acquiring needed funds. Because individuals, businesses and government entities all need funding to operate, the field is often separated into three sub-categories: personal finance, corporate finance and public finance.

Financial Management is concerned with the efficient use of an important economic resource such as capital funds (Solomon & Pringle, 1977). Also financial management is defined as body of business concerned with the efficient and effective use of equity capital, borrowed cash or any other business funds as well as taking the right decision for profit maximization and value addition of an entity (Ruetschi, 2013).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the literature related to variables under the study and this was done in accordance to the theory and objectives of the study. Literature to review was obtained from journals, past reports, papers presented at conferences, newspapers and text books. While reviewing the literature, the researcher mainly focused on important study variables which include participatory budgeting and financial management. The review of literature on study objectives covered the effect of budget formulation on financial management, relationship between budget implementation and financial management and the relationship between budget monitoring and financial management.

2.1 Theoretical review

The study was guided by participatory development theory. The theory attempts to define the process through which stakeholders can influence and share control over development initiatives, and over the decisions and resources that affect themselves (Reyes, 2014). This theory states that participatory development does not just teach, engage, and empower communities instead it teaches, engages, and empowers the organizations that work with communities, to see and do things differently (Tavangar, 2016). Participatory theory of development strengthens civil society and the economy by empowering groups, communities and organizations to negotiate with institutions and bureaucracies, thus influencing public policy and providing a check on the power of government (Reyes, 2014).

Basing on this theory, this study assumes that Kabale District will engage local populations in development projects to enhance the efficiency, effectiveness and sustainability of development programmes through the use of proper budget formulation, implementation and monitoring. This will lead to realization of efficient financial management. Muchemwa (1997), contends that good budget is a financial tool to management tool. In reality budget is the best tool for making sure that key resources, especially performance resources are assigned to priorities and to results.

However, this system cannot be applied without proper preparation beforehand. Performance and result based management applied to the financial system requires consistence reforms of finances management and the use of budget management practices. The reforms should aim at the process of forecasting and preparation of the budget as well as the allocation of departmental budgets. In all budgets, allocation of funds and how resources are used together with the final results expected from each transaction or expense should be mentioned. Basing on this approach, the institutions responsible audit, inspection and monitoring in turn should be immersed in this same logic.

Financial management should be a goal for financial success to each District though a few Districts have attained functional budget management. Faced with this noble obligation, Districts have to set their goals with clear focus on how to have powerful financial arrangements and economic systems that yield to expected outcomes. To handle various challenges in the execution of this, Districts should give priority to budgeting since it is both a goal and means to achieve the outcomes (Jariwala, 2015). Operating under budgets and proper financial management practices is the way to go. This study was based on the ground that participatory budgeting leads to effective use of resources to achieve the desired objectives. This study therefore thought to establish whether effective participatory budgeting directly translates into desired financial management in Kabale District.

Another relevant theory to this study was citizenship theory. Irving (2016) postulates that public administrators are also citizens whose role is to serve other citizens who pay them for that service. This is why public administrators' are also referred to as public servants. The theory is based on two main concepts: citizen participation and accountability. It suggests that all citizens should be involved in the affairs of government by exercising their rights that are: a) civil/legal; b) political; and c) social rights and responsibilities. It is the responsibility of citizens to ensure that government utilizes public resources for the benefits of citizens who pay taxes, expecting delivery of public services (Ahrens *et al.*, 2015). Legal framework do not remain under the equal political control of citizens in ways that encourage them to deploy it to secure their common good, there is no guarantee that it will be administered equitably and impartially (Bellamy, 2013).

Irving (2016) contends that citizenship theory is derived from the idea of democracy that advocates for democratic rights and responsibilities for all citizens.

Basing on the above theory, citizens of Kabale District should exercise their social rights and responsibility to ensure that government utilizes public resources for the benefits of citizens who pay taxes, expecting delivery of public services. This will lead to efficient and effective financial management in Kabale District.

2.2 Participatory budget formulation and financial management

Participatory formulation refers to the involvement of citizens in identifying local priorities, policies, programs, and projects that require allocation of resources (Brillantes, and Fernandez, 2005). The first step of the budget process is to actually generate the budget. Done right, this process starts with careful thought at the ground level as to what is needed and what new initiatives can be started (Lander, 2015). At the same time, leadership and vision from the top offers some guidance as to what the departments can expect. Once each department makes the spending decisions, their requests are sent to the decision makers for inclusion in, or exclusion from, the final document (Lander, 2015).

Budget formulation motion includes budget requests, budget examinations, budget recommendations, and budget approvals. Initially, agencies from different sectors will prepare their written suggestions for the coming year's budget (Hasnanywati, 2012). Participatory formulation provides the opportunity for people involvement in participation in the allocation of resources to priority social policies, and for them to monitor public spending and policy performance. As such, local constituents gain ownership of the policies/programs/projects for local development; thus, they are committed to support local government unit (LGU) social policies and development initiatives (Brillantes & Fernandez, 2005).

While a number of studies (Bukonya, 2012, Empson, 2007 and Degryese, 2011), primarily focused on budget formulation by most of Local Governments, limited studies have focused on the extent to the budget is formulated in the right manner. A number of local governments local governments particularly in sub Saharan Africa do not undertake the right stages in budget

formulation (Degryse *et al.*, (2011). This study put a wider outlook on the extent to which budget formulation is effectively undertaken and whether it leads to the expected outcome to the beneficiaries.

The most important role of budget formulation and the entire budget is to meet the needs of the organization in rendering the expected services (Hadden, 2014). The right and well-undertaken budget formulation process should help the District allocate resources effectively, facilitate service delivery; enhance better financial utilization and performance (Allouche, 2014). This makes the budget formulation one of the institutional works that ought to be done so as to offer individuals and organizations means of creating and maintaining institutions' resources more effectively (Lawrence & Suddaby, 2006). The study focused on budget formulation and financial management in local governments with specific reference of Kabale District.

In addition, Basheka & Nabwire (2007), revealed that when budget planning is effective it translates into desired educational services in institutions. This is linked in relationship to the input-output linkage between resource of organization, and during the study of Basheka & Nabwire (2013), the input budgeting model of service quality was used and maintained for exploration of aspects related to budgeting in institutions of learning. However this study gave attention to local government with reference of Kabale District which is not an educational field. However this view of Basheka and Nabwire did not examine at length the aspects of budgeting and financial management. This has prompted the need for this study largely to focus on examining these activities in Kabale District.

Budget formulation is a basis for better financial management in public sector and community based organizations (Cannon, 2013). When the team carrying out budgeting activities is able to set better standards, formulate the budget well, it can be able to meet better financial management practices. The same budgeting team subsequently can help the firm to offer to the public desired financial management. Nevertheless, this seems contrary, as majority of districts are seen to provide inefficient financial management. This study was motivated by the desire to examine how formulation budget activities in Kabale District lead to better financial management.

In the perspective of Castel & Friedberg (2009), while referring to the institutional nature and operation of private clinic centers, they revealed that budget formulation and allocations regulate financial expenditure. When the budget is formulated, it accounts for how the budget influences the formulation team to give attention to various costs and profit centers (if profit making organization) and as such, the staff has to execute their duties in accordance to the budget vote reached at during the budget process. This study focused on examining how best the budget formulation can be useful in professionalizing the conduct of staff in Kabale District.

Armstrong (2009) urged that budget making is an important function of any human resource manager. Through budget making, employees, in all units and departments are in position to identify what they want. Core in the budget formulation process is the participation of all stakeholders and how they get satisfied by their way of involvement (Water Aid, 2015). The possibility of attaining this has remained less in many organizations though there have been no empirical study on this. This study therefore was motivated by the desire to examine how budget formulation facilitates financial management by enhancing professionalism and involvement of all the stakeholders.

Tommasi (2013) reaffirms that, a good preparation of the budget plays a vital role in the overall budgetary process and affects consequently the balance of the public financial system as a whole. In order for the budget to work as an effective instrument of public financial management, it should first of all be credible and affordable (Vraniali, 2010). Thus, the formulation of the budget must be founded on a sound financial basis and a good estimate of revenue. In that sense the establishment and use of a coherent framework of macroeconomic assumptions in the budget process is a key element to good coordination of the budget process. When designing an expenditure program the two starting points should include a realistic assessment of resources likely to be available to the government and the establishment of fiscal objectives (Schiavo-Campo, 2007). This study therefore aimed at examining whether the formulation of budget based on a sound financial basis and a good estimate of funds as well as fiscal objectives lead to better financial management.

According to Cangiano *et al.*, (2015), public financial management is concerned with how governments manage the budget in its established phases such as formulation, approval, and execution. Their studies show that public financial management deals with the set of processes and procedures that cover all aspects of expenditure management in government. It also shows that public financial management is interdisciplinary, drawing from economics, political science, and public administration, as well as accounting and auditing. This study was motivated by the desire to establish the extent to which budget formulation procedures lead to better financial management

2.3 Participatory budget implementation and financial management

Budget remains less useful and a mere blue print when not implemented. According to Hadden (2014), a formulated but not implemented budget remains less useful tool to the organization. This study therefore aimed at examining the extent by which budget implementation is being undertaken and how best it would be fundamental in ensuring financial management in Kabale District.

According to Awio and Northcott (2001) decentralization and budgeting revealed that participatory budget implementation plays a significant role in building the skills and accountability of many local government administrative and technical staff and council members. Budget implementation procedures improve dramatically in all pilot locations. The correlation coefficient result revealed a positive significant relationship between participatory budget implementation and financial management ($r=0.227^*$, $p<0.05$). Findings in the regression model indicated that participatory budget implementation explained up to 42% of the variance in financial management. (Adjusted R Square= 0.415). This implies that participatory budgets if effectively implemented have the capacity to strongly influence the financial management.

According to Nick (2003), participatory budget implementation creates public trust regarding financial matters, in relation to Local Government decision-making citizen participation and financial reporting. Nick (2003), established (Beta value=0.227, $t=2.259$, $P<0.26$) with corresponding correlation results ($r = 0.280$, $p<0.01$), participatory budget implementation believed to cause positive change that improves the overall financial management. This implied

that when participatory budgets are implemented, financial goals are achieved. The correlation of ($r=0.280$) is an indication that once budget implementation had been effectively and fully utilized, financial management yielded the expected results.

According to (Holzer & Kloby (2005), the implementation of public services and policies becomes more efficient. Although it is often difficult for citizen participation to improve the level and quality of district service provision by making services more responsive to the needs of citizens. Thus, meaningful citizen participation would bring external citizen input in the public budget process (Berner, 2001). For instance, before taxes increase, the district, which holds public hearings or forums to gain suggestions and opinions from citizens will have fewer obstacles from the people to levy. Via the implementation of participation budgeting, democratic values and thoughts of people will be solid (Rossmann & Shanhan, 2012). This study therefore focused on examining how implementation of participation budgeting will result into desired financial management.

According to Tam, (2008), effective implementation of budget involves mobilization of all the proposed funds and spending them as planned. This therefore, ensures effective financial management. In more less the same way, Ouda (2015), stressed that while accrual budgeting is not considered as prerequisite to the implementation of performance budgeting, notwithstanding, accrual budgeting can assist in implementation of performance budgeting because it provides measures of cost/output in budgetary documentation. However the true impact of budget implementation on financial management is not exposed, hence the need to carry out the study in Kabale District.

Budgetary implementation involves the utilization or spending by the enterprise of all the budget finances it receives, acquires or released to it from all its financing sources (Muwonge, 2007). The utilization involves actual disbursement by the enterprise of acquired funds in accordance with the proposed budget programs (Ecuru & Kawooya, 2010). Therefore, participatory budgetary implementation plays a significant role in building the skills and accountability of many local government administrative and technical staff and council members. This study aimed at establishing a particular role participatory budget implementation plays in the utilization of resources in order to ensure financial management in Kabale District.

According to Heller (2005), when the revenue fall short of the projected level, the budget implementation is affected to the extent that the expenditures have to be reduced either in capital or operating project. Effective budget implementation provides the means to better financial management. Ooyi (2012) reveals that budgeting is a key success factor for most business, considered as a painful process that takes too much time and effort, but it becomes more painful when the implementation does not yield expected outcomes. Poor tally of budget implementation with the outcome is a great loophole (Armstrong, 2009). The study therefore aimed at examining how budget implementation should balance the expenditure to yield expected outcome.

In the studies of (Nkata, 2001, Pollit, 2004 and Ooyi, 2012), it is viewed that proper budget implementation helps the organization to fit properly its budgeted amount in the economics factors such as lack of budget accuracy, lack of resources, lack of monitoring and other factors that prevail in the organization. The challenge of poor budget implementation remains a strong hindrance to effective financial management in organizations (Ooyi, 2012).

Eker (2006), observed that participation by individuals lead to greater group interaction, which would be a good thing if individuals value their membership in the group and see the goals of the group as being collective targets they all regard desirable. The major contribution of the current research will be to show how the performance implementation based budgeting process impacts financial management. The study however aimed at ascertaining how budget implementation relates to financial management.

2.4 Participatory budget monitoring and financial management

Monitoring is a continuous process of collecting and analyzing information to compare how well a project; program or policy is being implemented against expected results (international federation of Red Cross and Red Crescent societies 2007). Monitoring aims at providing managers and major stakeholders with regular feedback and early indications of progress or lack thereof in the achievement of intended results. It generally involves collecting and analyzing data on implementation processes, strategies and results, and recommending corrective measures

(international federation of Red Cross and Red Crescent societies 2007). This study focused on examining how budget monitoring process ensures desired financial management

The participatory budget monitoring cycle consists of citizen and government monitoring of budget execution and implementation of public works and projects (Ebdon, 2006). Ebdon (2006) urges that, unforeseen budget cuts, poor revenue forecasts, and corruption can affect the percentage of the budget that is actually executed. It becomes critical; as a result, that citizens and government closely monitor budget execution to ensure that the budget is implemented according to the law. Ebdon (2006) on participatory budget monitoring suggested that, participatory budget monitoring contributes 74% to financial management with results of Adjusted R Square=0.74 and this means that, the remaining percentage is contributed by other factors and it confirmed that budget monitoring significantly influence financial management in local governments which is established as (Beta value=0.280, $t=4.408$, $P<0.05$). It showed that, budget monitoring cause positive change in the way financial resources are handled within the organization.

Herian, (2011) on local budgeting and public participation discovered that participatory monitoring yields the greatest results when stakeholders have the opportunity to discuss and plan. His correlation results revealed a positive significant relationship between budget monitoring and financial management with $r = 0.754^{**}$ and $p<0.01$. This implies that participatory monitoring had the capacity to financial management and therefore, utilizing budget monitoring results into better financial management.

In the related study Abata, (2014) on participative budgeting and managerial performance asserted that, in determining the degree of relationship between two or more variables, coefficient of correlation denoted as R would be used. From the study, R is given as 0.351 which means that a weak relationship exists between participatory budgeting and managerial performance because the value tends below 0.50. This means that the extent to which participatory budgeting is adopted in the organization is low and this would account for a constant 35.1% overall managerial performance.

In another study conducted by Byaruhanga (2013), the Pearson product moment correlation was used to find out the effect of budgeting on health service delivery. The results presented showed that there is a relatively weak positive and significant effect of Budgeting on Health service

delivery in where the Pearson's correlation coefficient $r = 0.305^{**}$ significant at 0.01 (99% confidence level) as the value of 0.01 is less than 0.05. This implies that when the study about participatory budgeting implementation comes up with the same results then, it would mean that if participatory budgeting implementation is fully supported and properly done by administrators, then financial management would be improved significantly.

According to International Budget Project (2001), non-governmental groups do have an interest in an effective and transparent monitoring system that promotes adherence to the budget and reduces mismanagement or corruption. Groups may advocate budget reforms to improve budgetary control. Similarly, they may engage in some monitoring activities. For instance, NGOs can focus on whether amounts for specific projects, such as a school or a road, have been used for the intended purpose. They also can assess the quality of the spending to see if the policy goals associated with the budget allocation are being met, and if government funds are being used effectively. This study focused on establishing the extent to which NGOs can monitor budgets leading to financial management.

Participatory monitoring & evaluation (PM&E) is a process through which stakeholders at various levels engage program or policy, share control over the content, the process and the results of the monitoring and evaluation (M&E) activity and engage in taking or identifying corrective actions (World Bank, 2010). Also World Bank (2011) asserts that Participatory Monitoring and Evaluation (PM&E) is an active engagement and judgment process through which stakeholders at different levels engage in monitoring and evaluation of an intervention or a program. The study concentrates on the active engagement that result to identification of a gap and suggest correction actions by primary stakeholders. Matsiliza (2012) asserts that the process of policy evaluation and monitoring can promote political and administrative accountability in the public sector. It can also be used to measure performance and efficiency, by monitoring whether the intended objectives are met/ achieved. This study focused on the examination of the extent to which active engagement of various stakeholders in monitoring projects lead to good financial management.

According to Krause (2010), participatory monitoring is one of many approaches to ensure that the implementation of the different projects within the action plan or smaller individual projects leads to the expected outcomes hence quality financial management. The study of Krause (2010) reveals that participatory monitoring enables involved beneficiaries to increase their reliability and provides the opportunity to receive useful feedback and ideas for corrective actions. It strengthens ownership regarding successful outcomes of planned initiatives, widens the knowledge base necessary for assessing, increases the motivation of stakeholders to contribute ideas to corrective actions, creates trust in Local Government policy and action (provided that the stakeholders' input is genuinely taken into account) and contributes to the learning of all involved. This study therefore was motivated by the desire to establish the extent to which budget monitoring ensures useful feedback and ideas for necessary corrective measures leading to desired financial management.

The University of St Andrews (2010) reveals that budget monitoring ensures that resources are used for their planned purposes and are properly accounted for to internal or to external bodies. This is to ensure the economic, effective and efficient use of resources and the identification of potential opportunities and/or problems and the taking of corrective action. Studies by the CIPFA (2008) also reveal that budget monitoring units should receive reliable in-year budget reports in a timely way. Monitoring should aim for 'no surprises'. It should be forward looking, focused on large or important items and track lead operational indicators as well as time lagged financial records. Budget reports should be timely and should explain clearly to decision makers the financial position and consequent options, so that corrective action can be taken in good time if necessary. Budget management during the year should enable outturn expenditure to match original budgets, in order to reflect original policy plans. This study aimed at establishing how budget monitoring ensures the economic, effective and efficient use of resources and the identification of potential opportunities that leads to financial management.

According to Ahmed (2015), budget monitoring is the continuous process by which we ensure the action plan is achieved, in terms of expenditure and income. Australian National Audit Office (2008) describes that budget monitoring ensures that resources are used for their planned purposes and are properly accounted for. Also studies by Lewis (2009) reveal that monitoring

involves comparing actual performance with plans to evaluate the effectiveness of plans, identify weaknesses early on and take corrective action if required. This study focused on the examination of the extent to which budget monitoring ensures that resources are used for their planned purposes and are properly accounted for leading to quality financial management.

According to WMO (2017), the budget monitoring process allows the NMS to keep track of capital expenditure and development projects. This can help identify project variations, such as cost overruns or delays in key milestones and enable early corrective action. Routine reporting of detailed information on individual projects, such as milestones, percentage of completion and phasing of total projected costs, provides decision-makers with useful information on current and future impacts of project activity. This study aimed at examining how budget monitoring can help identify project variations, such as cost overruns or delays in key milestones and enable early corrective action hence efficient financial management.

2.3 Summary

Financial management is a key instrument of economic management. It plays an essential part of the economic and non-economic activities which leads to decide the efficient procurement and utilization of finance with profitable manner. Improvements have been made in the Local Government's financial management in recent years through the implementation of many reforms including the Integrated Financial Management System (IFMS). However, given the importance and urgency of the challenges presented by fiscal consolidation and public service reform, to ensure efficiency, effectiveness, accountability, transparency and comprehensive financial reporting, further improvements in financial management will be required if the delivery of public services with fewer resources is to be sustained (Muwanga, 2015). This study endeavoured to analyse the relationship between financial management systems and participatory budgeting in Kabale District. The literature reviewed is from various publications and especially being supported by participatory development and citizenship theories and other concepts of financial management and participatory budgeting. Reviewed literature shows the detailed account of budget formulation, budget implementation and budget monitoring influence quality financial management. Poor budget coordinating institutions, poor spending patterns, weak fundamentals of appropriation templates and contract management and poor accounting systems

are the critical factors undermining financial management to positively influence desired outcomes in Kabale District. This study therefore intended to understand the basic concepts about the financial management and how it becomes an essential part in the district's expenditure

CHAPTER THREE

METHODOLOGY

3.0 Introduction:

This chapter describes the procedures that were followed in conducting the study. It includes the researcher design, study population, Sample size, Sampling procedure, Data collection methods, Data collection Instruments, Validity and Reliability of research, Data analysis, Data Processing, Limitations of the study, Ethical consideration as well as the conclusion leading to chapter four.

3.1 Research design

This study used a case study design to answer research questions. According to Yin (2014), a case study is an empirical inquiry that investigates a contemporary phenomenon (the case) in depth and within its real-life context. This enabled the gathering of in depth information and intensive analysis of the events surrounding implementation of financial management. A case study design was used with specific reference to Kabale District.

The study adopted quantitative approach which involved generation of data in form of statistics which were subjected to rigorous quantitative analysis in a formal and rigid fashion (Kothari, 2004). The study also used qualitative approach that generated information from respondents which cannot be easily quantifiable in order to get opinions from different respondents (Creswell, 2003).

3.2 Study Population

Kabale District has a projected population of 490227 (228546 and 261681 male and female respectively) Keiwa (2016), however the target study population for this study was 100. Study population included District chairperson (1), Chief Accounting Officer (1), Senior finance officer (6), Heads of department(8), Administrative staff(14), Councillors(30)and 40 Local citizens. The groups above were selected because they are directly or indirectly involved in the budget formulation, implementation, monitoring and financial management of the district.

3.3 Sample Size

The sample size was 80 respondents from the target population of 100 and this was determined by the formula for sample size determination as it is shown below.

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

Where, N= target population,

n= the sample size

e=the level of precision of measurement (acceptable error margin).

From Kabale District, the population of (N=100) and the error margin will be considered at a level e=0.05.

Thus,

$$n = \frac{100}{1 + 100(0.05)^2}$$

$$n = 80$$

The ultimate sample size of 80 respondents from the target population of 100 was derived at using sample table developed by R.V.Krejcie and Morgan as cited by Amin (2005). The selected sample was distributed as shown in table 3.1 below.

Table 3. 1: population, Sample Size and Sampling Techniques

Category	Population	Sample size	Sampling Techniques
District chairperson(LC 5)	1	1	Census sampling
Chief Accounting Officer(CAO)	1	1	Census sampling
Senior finance officers	6	6	Census sampling
Heads of department	8	8	Census sampling
Administrative Staff	14	14	Census Sampling
Councillors	30	20	Purposive sampling
Local citizens	40	30	Random sampling
Total	100	80	

Source; Primary Data

3.4. Sampling techniques

According to Kothari (2004), Sampling is the selection of some part of an aggregate or totality on the basis of which a judgement or inference about the aggregate or totality is made. In other words, it is the process of obtaining information about an entire population by examining only a part of it. In most of the research work and surveys, the usual approach happens to be to make generalizations or to draw inferences based on samples about the parameters of population from which the samples are taken. The researcher quite often selects only a few items from the universe for his/her study purposes. All this is done on the assumption that the sample data will enable him to estimate the population parameters. In order to select 80 respondents for this study, the researcher used census, purposive, and random sampling techniques.

A census is a study of every unit, everyone or everything in a population. It is known as a complete enumeration, which means a complete count (Rodd, 2011). This method was used in selecting civil servants because it provides a true measure of the population (no sampling error).

Purposive sampling was used where a number of respondents based on the nature of their occupation were selected. This method was used to select respondents from the Councillors. This method was appropriate because the expected sample comprised of informed persons who possessed vital data that would be comprehensive enough to allow gaining a better insight in the problem.

Random sampling was used to select respondents from local citizens by chance. In this process every respondent had an equal chance of being included in the sample and this was applied to accessible citizens.

3.5. Data collection procedures

The researcher was given an official introductory letter from the University that was delivered to human resource department of Kabale District. This enabled the researcher to officially conduct the study in the area under consideration. The researcher proceeded to the field, and the introductory letter was presented to respondents on request. The introductory letter thus helped the researcher to establish a strong relationship and confidence with the respondents.

3.6 Data collection methods

The study employed two types of data collection methods to include questionnaire survey, face-to-face interview.

3.6.1 Questionnaire survey

A questionnaire survey was used a research method for collecting data from a selected group of respondents using standardized questionnaires. This method involved collecting data to enable the respondents to respond free undue influence of the presence of the researcher. The questionnaire was issued to all respondents on their different categories and departments using a drop and pick approach (Amin, 2005).

3.6.2 In-depth interview

Face-to-face interviews were used to collect data from Heads of departments. This enabled the researcher to establish rapport with these categories of respondents and therefore gain their cooperation. They also allowed the researcher to clarify ambiguous answers and obtain in-depth information through probing. Semi structured-interviews were designed to collect data for this study (Mugenda &Mugenda, 1999). In this study, the probing interviewing tactic was used extensively to obtain a deeper explanation of the issues at hand from the respondents. This is so largely due to the fact that the respondents often needed stimuli to expand or clarify their own answers and ideas more broadly, so that a broader understanding is easily reached later on in the findings of this study.

3.7. Data collection instruments

This refers to the device used to collect data such as a proper self-administered questionnaire and interview guide.

3.7.1. Questionnaires

According to Abawi (2013), a questionnaire is a data collection instrument composed of a series of questions and other prompts for the purpose of gathering information from respondents. Questionnaire was preferred because it is an appropriate instrument for any survey research and

is popular with researchers because information was obtained fairly, easily and the questionnaire responses were easily coded.

Self-Administered Questionnaires were prepared and used to collect primary data that was administered to answer the research questions which reflected study objectives. These were delivered physically to the respondents participating in the study so as to ensure an acceptable response rate for the study. Close ended questions were used because they were the type that is convenient for respondents. Likert scale questions ranked according to the level of agreement strongly agree (1) to not sure (5) were used to provide a high response rate (Mbabazi, 2008). More so, these types of questionnaires were used because they are useful in generating statistical data that can easily be analysed using computer analysis tools.

3.7.2 Interview guide

The researcher carried out face to face interviews with the respondents and this helped in obtaining data that cannot be collected by the use of questionnaires. More so, interviews were used to help the researcher fully understand the respondents' expressions and experience as well as learning more about the answers provided in the questionnaires. These complemented information from questionnaires. According to Mugenda & Mugenda (1999), interviews are advantageous in that they provide in-depth data, which cannot be got using questionnaire. Interview guide was prepared in accordance with the objectives of the study to facilitate the interview sessions. The researcher used structured interviews to ensure reliability and consistency of the information released by different respondents on similar issues.

3.8 Data Sources

Data sources included primary and secondary sources.

3.8.1 Primary data Collection

Primary sources of data are works created at a time of an event, or by a person who directly experienced an event. Primary data was obtained by use of questionnaires with both open ended questions and interview guide.

3.8.2 Secondary Data

This is any published work that is one step moved from the original source and this was obtained from documents such as reports on participatory budgeting as well as annual reports, information from the internet, journals and relevant books and publications.

3.9 Data processing

Data collected was put in order to ensure its completeness and meaningfulness. Raw data was checked, cleaned, sorted and coded. The data coded was entered into the computer, arranged in columns and rows, tabulated to facilitate statistical computations and statistically analysed using the Statistical Package for Social Sciences (SPSS) software package to generate descriptive and inferential Statistics. Editing was done to ensure data accuracy, consistency and was uniformly entered and arranged which facilitated coding and tabulation.

3.10 Data Analysis

Quantitative data collected using the questionnaires was statistically analysed using the SPSS version 20. This helped to generate descriptive statistics like frequencies, percentages, means and standard deviations. Pearson's correlation co-efficient index was used in this study since the variables were numerical in nature. A positive correlation if obtained showed a positive association between variables, a negative correlation indicated a negative association between variables, (Mbabazi, 2008). The extent to which participatory budget formulation affects financial management was evaluated using regression analysis while the relationship between participatory budget implementation, participatory budget monitoring and financial management was evaluated using Pearson's correlation co-efficient for each of the variables. To establish which of the three objectives had a greater significance on the financial management, a regression analysis was made.

Qualitative data collected using interview guide was analysed by categorizing and organizing data basing on the pattern, repetitions and commonalities into different themes using critical judgement approach and quotations . In addition qualitative data was obtained to complement and elucidate more meaning to the figures given. Actual data analysis was critical judgement of the verbal information provided which depended on how it relates to the study aspects.

3.11 Validity and Reliability

Validity refers to the extent to which research results can be accurately interpreted & generated to other populations. Research tools were first prepared and presented to the supervisors who checked their correctness. The supervisors' comments were used to improve the questionnaire by eliminating all errors. Pretesting of questionnaires also was done by administering questionnaires to 26 respondents within the target population but outside the sample this helped to identify the gaps and make modifications accordingly.

The researcher used the formula below to establish validity of the research tools as indicated by Denise (2006).

$$\text{Content validity index (CVI)} = \frac{\text{agreed item by all judges suitable}}{\text{Total number of items judged}}$$

Table 3.2: Content Validity Indices for the Questionnaire

Variable	Description	No. of Items	No of valid items	Content validity index
Independent	Participatory budget formulation	6	5	.833
	Participatory budget implementation	6	5	.833
	Participatory budget monitoring	5	4	.800
Dependent	Financial management	10	7	.700

Source: Primary data (2017)

The instruments were considered valid because their CVI when computed was above 0.7. If the overall content validity is equal of the instrument and equal to acceptable index of 0.7 or above then the instrument will be accepted as valid (Amin, 2005). After reviewing and eliminating questions whose validity value were below 0.7, the rest of the questions were retyped to form a final copy of the questionnaire which was given out to the respondents.

Reliability is the measure of the degree to which a research instrument yields consistent results after repeat. Cronbach's Alpha coefficient was used to measure reliability of the instruments. According to Amin (2005) an alpha of 0.5 or higher is sufficient to show reliability the closer it is to 1 the higher the internal consistency in reliability. The questionnaires were pretested and reliability was computed using Statistical Package for Social Sciences (SPSS) and scores were evaluated.

Table 3.3: Reliability indices for the respective Variables

Variable	Description	No. of Items	Cronbach alpha
Independent	Participatory budget formulation	6	.767
	Participatory budget implementation	5	.821
	Participatory budget monitoring	6	.746
Dependent	Financial management	10	.767

Source: Primary data (2017)

The computed values for various sections were above 0.7. Therefore the researcher considered the instruments reliable.

3.12 Measurement of variables

A structured questionnaire was used to measure the variables. Participatory budgeting (as the independent variable) was measured by its processes of participatory budget formulation, participatory budget implementation, participatory budget monitoring and financial management (as the dependent variable) was measured using financial expenditure, resource utilization and control (Amin, 2005). Both the nominal and ordinal scales of measurement were used in the questionnaire. The nominal scale of measurement was mainly used in the first part of the questionnaire (demographics). According to Mugenda and Mugenda (1999), nominal scales are assigned only for purposes of identification. The ordinal scale, specifically Likert scale, was used to collect opinion data on the study variables using the five point scale: 5= strongly agree; 4 =

agree; 3 = undecided; 2 = disagree; 1 = strongly disagree, (Amin, 2005). The numbers in the ordinal scale represent relative position or order among the variables (Mugenda & Mugenda, 1999).

3.13 Ethical considerations

The researcher got an introductory letter from the university which was presented human resource director and to the employers, employees and citizens of Kabale District on request to seek permission and consent to carry out the research. The researcher considered the research values of voluntary participation, anonymity and protection of respondents from any possible harm that could arise from participating in the study. Thus the researcher introduced the purpose of the study as a fulfilment of a Masters' study program and not for any other hidden agenda by the researcher. The researcher requested respondents to participate in the study on voluntary basis and refusal or abstaining from participating was permitted. The researcher also assured the respondents confidentiality of the information given and protection from any possible harm that could arise from the study since the findings were to be used for the intended purpose only.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0. Introduction

This chapter presents output of the data analysis of the findings regarding participatory budgeting and financial management in Kabale District. The presentation is in form of tables and text. Presentation and interpretation are in accordance with the study objectives and research questions.

4.1 Study response rate

The researcher issued out questionnaires to collect data and also conducted interviews. In total 80 questionnaires were issued out and administered. 75 questionnaires were appropriately filled and returned. Interviews were held with the top district administrators in each of the 8 departments. Total of 8 respondents participated in oral views. The questionnaire return and response rate was summarized in table 4.1

Table 4. 1: Questionnaire return and response rate

Rate of response and return	Number (f)	Percentage (%)
Questionnaires issued and filled	75	75%
Questionnaires not returned	5	5%
Total Questionnaires issued	80	80%

Source: Field data, October 2017

From Table 4.1 results show that out of 80 questionnaires issued out, 75 were returned fully filled, while 5 were not returned. This gave questionnaire response return rate of 75% of the sample and this accounted for 94% of the population (80) that was targeted forth this study. All the interviewees selected fully responded and participated in the interviews as was scheduled. This therefore indicates that the study involved 94% of entire members of staff, councillors and citizens of Kabale District. This provided the real view on the status of participatory budgeting and financial management in Kabale District.

4.2 Demographics of respondents

The background information of respondents was deemed necessary because the ability of the respondents to give satisfactory information on the study variables greatly depends on their background. The background information of respondents solicited data on the samples and this has been presented and categorised into gender, age, education levels, position held and length of service at the district.

4.2.1. Gender

The study examined and described the gender details of respondents and details of their respective gender are presented in figure 4.1

Table 4. 2: Gender of respondents

Category	Frequency	Percentage (%)
Valid Males	45	60
Female	30	40
Total	75	100.0

Source: Field Data, 2017

The results presented in Table 4.1 indicate that, 60% were males and 40% females. Majority of the respondents were males and this implies that in Kabale District there are low levels of employment of females though there was a small variance in representation of respondents by gender. This distribution of respondents helped the researcher to get a balanced picture about participatory budgeting and financial management irrespective of gender biases.

4.2.2. Age of respondents

This study obtained details about age groups of respondents for purposes of understanding their age and possibly the experience they possess in their respective positions. Details of the findings are shown in table in table 4.3 below.

Table 4. 3: Age of respondents

Category	Frequency	Percentage (%)
Valid		
Between 20-30	10	13.3
31 - 40 Years	40	53.3
41 - 50 years	20	26.7
Above 50	5	6.7
Total	75	100

Source: Field data (2017)

The results presented in table 4.3 indicate that, 10(13.3%) of total respondents were aged between 20-30,40(53.3%) 31-40, 20(26.7%) 41-50 while 5(6.7%) were above 50 years of age. It can therefore be concluded that majority of the respondents are in the most productive age brackets of their life (31-40 years) and are reasonably experienced. This implies that, Kabale District employs mature staff since the majority of respondents were above 30 years. This finding provided the researcher with an opportunity to interact with respondents with varying perceptions and service attitudes in accordance to their age.

4.2.3. Educational Levels

Details about the educational levels of respondents expressed in terms of highest qualifications held were obtained and results are presented in Table 1.3 below.

Table 4. 4: Education levels of respondents

Category	Frequency	Percentage (%)
Certificate and below	14	18.7
Diploma	15	20
Bachelors	35	46.7
Master	8	10.6
PhD	3	4
Total	75	100.0

Source: Field data (2017)

The findings presented in table 4.4 indicate that, 14(18.7%) held Certificate and below, 15(20%) Diploma, 35(46.7%) Bachelor's Degree, 8(10.6%) masters and 3(4%) were PhD holders. All

respondents had at least attained education level and this implies that, respondents had the requisite literacy to understand set questions, terminologies and concepts used in the study and hence they gave valid data. This means that Kabale District possesses adequately qualified persons academically with potentials of conducting participatory budgeting and financial management in the district.

4.2.4 Positions held by respondents

The distribution of respondents according to their positions in Kabale District was noted as shown in table 4.4 below

Table 4. 5: Positions held by respondents

Positions held	Frequency	Percentage (%)
District chairperson(LC 5)	1	1.3
Chief Accounting Officer(CAO)	1	1.3
Senior finance officers	6	8
Heads of department	8	10.7
Administrative Staff	14	18.7
Councillors	18	24
Local citizens	27	36
Total	75	100

Source; Field data 2017

Findings in table 4.4 shows that majority of the respondents were citizens 27(36%) with various positions in other organisations such as schools, hospitals and religious organisations, followed by 18(24%) of councillors, 14(18.7) of administrative staff, 8(10.7) of the Head of departments, 6(8%) Senior finance officers of the head of departments, 6(8%) and 1(1.3) of the Chief Accounting Officer(CAO) and District Chairperson(LC 5) respectively. This finding shows that involving many citizens, Councillors and civil servants in the budget processes can easily bring out key priorities that would lead to effective financial management in Kabale .

4.2.5 Length of service

The study investigated the length of period served by respondents both at the district and other organisations and the results are presented in table 4.5 as shown below.

Table 4. 6: Length of service of respondents

Length of service		Frequency	Percentage (%)
Valid	Between 2-5	10	13.3
	5 - 10 Years	40	53.3
	10 - 20 years	20	26.7
	Above 20	5	6.7
	Total	75	100

Source; field Data, 2017

From table 4.6 above, results show that majority of respondents have served in their various organisations for 5-10 years (53.3%), followed by those that have served for 10-20 years (26.7), those that have served for 2-5(13.3) and lastly those that have served for 20 and above years 5(6.7%). This indicates that majority had served for a considerable period of time (5-10 years) and therefore more acquainted with participatory budgeting and financial management practices.

4.3. Participatory budget formulation and financial management.

Objective one of this study set out to investigate the extent to which participatory budget formulation effect financial management in Kabale District. In regard to this objective, questions were asked based on the Likert scale and findings were established basing on their descriptive statistics shown by the values of the respective means and standard deviations of the key empirical references. Details of the findings are presented in following tables.

Table 4. 7: Responses about participatory budget formulation

Statement	SD		D		NS		A		SA		Mean	SD
	f	%	F	%	F	%	F	%	F	%		
Participatory budget formulation ensures that citizens needs and interests are considered at all levels of the budget	10	13.3	15	20	5	6.7	13	17.3	32	42.7	3.71	1.43
Participatory budget formulation accommodates citizens views during budgeting process	14	18.7	11	14.7	5	6.7	16	21.3	29	38.7	4.41	0.59
Participatory budget formulation encourages citizens to inform the district administrators about their problems during budgeting	34	45.3	13	17.3	6	8	14	18.7	8	10.7	4.08	1.01
In participatory budget formulation, priorities are not driven by external consultants and project managers but by citizens	8	10.7	14	18.7	0	0	22	29.3	31	41.3	3.85	1.03
Participatory budget formulation ensures that budgeting is done in line with citizens needs	17	22.7	14	18.7	0	0	21	28	23	30.7	3.79	1.27
With participatory budget formulation, citizens fully participate in the initial	13	17.3	11	14.7	3	4	33	44	15	20	3.83	1.01

meetings of all district projects												
Participatory budget formulation requests citizens to be much involved personally in the activities of the district	14	18.7	16	21.3	9	12	18	24	18	24	3.8	1.31
With participatory budget formulation, There is involvement of citizens in identifying local priorities, policies and programs.	7	9.3	17	22.7	0	0	27	36	24	32	3.29	1.26
Participatory budget formulation encourages citizens to participate in identifying the best areas of financial priorities	10	13.3	2	2.7	11	14.7	21	28	31	41.3	4.16	0.77
With Participatory budget formulation ,citizens participate in selecting projects that require allocation of more resources	5	6.7	7	9.3	0	0	22	29.3	41	54.7	4.19	0.98
Aggregate mean and SD											3.91	1.06

Source: Field Data (2017)

Key: 4.20 - 5.00 = very high, 3.40 - 4.19 = high, 2.60 - 3.39 = average, 1.80 - 2.59 = low and 1.00 - 1.79 = very low. N=75

The findings from Table 4.7 indicate that, the practice of participatory budget formulation was rated high (aggregate \bar{x} = 3.91, SD = 1.06). This implies that participatory budget formulation is done with the participation of citizens in Kabale District.

Results in table 4.7 reveal that 10(13.3%) of the respondents strongly disagreed that, Participatory budget formulation ensures that citizens needs and interests are considered at all levels of the budget, 15(20%) disagreed, 5(6.7%) were not sure, 13(17.3%) agreed and 32(42.7%) strongly agreed. The majority of the respondents supported the idea (mean: 3.71 and sd: 1.43). Results therefore confirm that participatory budget formulation enables needs and interests of the citizens to be considered at all levels in the budget.

One interviewee said that,

“Participatory budget formulation is mainly decentralized and carried out from bottom – top. He further explained that overall district budget is drawn from parish coordinating committees and that participatory budget formulation is done once a year”.

The study found out that, during budget formulation, the activities that need immediate response are considered first. The researcher once again established that, for Kabale District the main priorities for the year 2017 were health and infrastructure development and one of them was to complete the renovation of Kabale Hospital”.

Results in table 4.7 reveal that 14(18.7%) of the respondents strongly disagreed that, participatory budget formulation accommodates Citizens views during budgeting process, 11(14.7%) disagreed, 5(6.7%) were not sure, 16(21.3%) agreed, 29(38.7%) strongly agreed. The findings show that majority of the respondents supported the idea (mean: 4.41 and sd: 0.59). Results from the table above also show that Citizens are encouraged to express their views to the district leaders and Councillors during the budget process.

Results from table 4.7 reveal that 34(45.3%) of the respondents strongly disagreed that Participatory budget formulation encourages citizens to inform the district administrators about their problems during budgeting, 13(17.3%) disagreed, 6(8%) were not sure, 14(18.7%) agreed and 8(10.7%) strongly agreed. The majority of the respondents disagreed with the idea.

The study from interviewee established that,

“District administrators do not avail themselves to the Citizens as expected especially village leaders but depend on the information provided by parish coordinating committees, Church leaders, NGO representatives and Councillors which may not cover all the problems faced by Citizens”.

Results from Table 4.7 reveal that 8(10.7%) of the respondents strongly disagreed that in participatory budget formulation, priorities are not driven by external consultants and project managers but by Citizens but by beneficiaries, 14(18.7%) disagreed, 22(29.3%) agreed and 31(41.3%) strongly agreed. The majority of the respondents supported the idea. From the findings above (mean: 3.85 and sd: 1.03) budgeting priorities are not driven by external consultants and project managers but by beneficiaries.

An interviewee indicated that,

“Budget priorities stem from parishes and are presented to the parish planning committees through Parish Councillors and then at the sub-county level, different proposals are scrutinized and forwarded to the District Budget for consolidation. The district Budget officials also in agreement with stakeholders identifies the most pressing issues in accordance with the resource envelope that is allowed by the ministry of finance”.

Results from the table above reveal that 17(22.7%) of the respondents strongly disagreed that Participatory budget formulation ensures that budgeting is done in line with Citizen’s needs, 14(18.7%) disagreed, 21(28%) agreed and 23(30.7%) strongly agreed. The majority of the respondents supported the idea. Findings from the table above show that (mean: 3.79 and sd: 1.27) budgeting is relatively done in line with beneficiary needs. However from the interview findings the distribution of resources lack balance due many factors one of them being political.

Another interviewee revealed that,

“Villages without strong political leaders most of the time are left behind because politicians tend to imposed their influences on district administrators as they advance their interests. Nangala village was given as example. Because it does not have any strong political personnel, reason to why it has remained behind in everything as far as district programs are concerned”.

Results from the table above also reveal that 13(17.3%) of the respondents strongly disagreed that with Participatory budget formulation, Citizens fully participate in initial the meetings of all district projects, 11(14.7%) disagreed, 3(4%) were not sure, 33(44%) agreed and 15(20%) strongly agreed. The majority of the respondents (mean: 3.83 and sd: 1.01) relatively agreed with the idea.

An interviewee said that,

“In every meeting of major projects in the district stakeholders are always invited and that they always they give positive response. She further said that stakeholders are normally invited via radio announcements”.

Results from table 4.7 reveal that 14(18.7%) of the respondents strongly disagreed that With Participatory budget formulation, there is involvement of citizens in identifying local priorities, policies and programs, 16(21.3%) disagreed, 9(12%) were not sure, 18(24%) agreed and 18(24%) strongly agreed. The majority of the respondents agreed with the idea (mean: 3.8 and sd: 1.31). This implies that citizens and District Administrators in Kabale are focused on the same goals and objectives. It was further revealed that, during budget formulation, citizens identify local priorities, policies, programs, and projects that require allocation of resources. This is supported by Lander (2015) who states that, the budget process starts with careful thought at the ground level as to what is needed and what new initiatives can be started which requires the contribution of citizens.

Results from the table above reveal that 7(9.3%) of the respondents strongly disagreed that Participatory budget formulation encourages Citizens to participate in identifying the best areas of financial priorities, 17(22.7%) disagreed, 27(36%) agreed, 24(32%) strongly agreed. The majority of the respondents supported the idea (mean: 3.29 and 1.26). This implies that the budget in Kabale District is formulated basing on the financial priorities and policies as stipulated in the budget template.

Results from the table above reveal that 5(6.7%) of the respondents strongly disagreed that With Participatory budget formulation, Citizens participate in selecting projects that require allocation of more resources, 7(9.3%) disagreed, 22(29.3%) agreed and 41(54.7%) strongly agreed. The majority of the respondents agreed (mean: 4.19 and sd 0.98). The study found out that, citizens' participation in resource allocation (through the budgeting process) leads to addressing the misallocation concerns of the citizens in their communities. This indicates that participatory budget formulation facilitates and enhances the maximum utilization of financial resources.

4.4.1 The effect of participatory budget formulation on financial management.

The regression analysis was used to find the influence of independent variables on the dependent variable, that is, the extent to which participatory budget formulation affects financial management.

Table 4. 8: Effect of participatory budget formulation on financial management

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.274	.773		1.856	.077
participatory budget formulation	.347	.163	.358	2.141	.050
Dependent Variable: Financial management					
R	.823				
R Square	.677				
Adjusted R Square	.574				
F Statistic	7.52				
Sig.	.002				
Predictors: (Constant), participatory budget formulation					
Dependent variable: Financial management					

Source: Field Data, 2017

The table above shows that predictor variable of participatory budget formulation (p) which explains 57.4% of variations in financial management. Results show a significant model (F= 7.52 sig=0.02) to explain a multi regression equation of financial management:

$$(Y) = .274 + 0.347p$$

Participatory budget formulation as a predictor causes 57.4% variations in financial management at a coefficient of multiple determination (R square = .585). Thus the regression output (R=0.765) suggest that if participatory budget formulation is well focused financial management significantly improves. This answered the first research question “*How does participatory budget formulation affect financial management*” which this study thought to answer.

4.5. The relationship between participatory budget implementation and financial management.

The Pearson’s correlation coefficient was employed to determine the relationship between participatory budget implementation and financial management in Kabale District. In regard to objective two of this study, questions were asked to respondents and findings were established basing on their expressions and experience, pattern, repetitions and commonalities into different themes and subthemes.

Table 4. 9: Relationship between participatory budget implementation and financial management

Correlations			
		Participatory budget implementation	Financial management
Participatory Budget implementation	Pearson Correlation	1	.758**
	Sig. (2-tailed)		.000
	N	75	75
Financial management	Pearson Correlation	.758**	1
	Sig. (2-tailed)	.000	
	N	75	75
** . Correlation is significant at the 0.01 level (2-tailed).			

Source: Field Data, 2017

Results show that there is a significant relationship between Participatory budget implementation and financial management ($r = .758^{**}$; $p = .000$). This implies that the positive changes in participatory budget implementation leads to positive changes in financial management.

The study found out that, participatory budget implementation ensures stakeholders are made aware of budget implementation schedule. The majority of the respondents supported the statement.

An interviewee stated that,

“Work plan for district activities is made available for public in Kabale District. It was further revealed that interested stakeholders provide local contribution in terms of local security to the projects being implemented and this was commonly observed in the construction of bridges”.

The study also found out that, participatory budget implementation improves the level and quality of financial services since both stakeholders and district officials are more responsive to the needs of citizens.

Results from the study revealed that participatory budget implementation require district officials to participate in follow-up and collection of all monies. One interviewee revealed that,

“Local revenue is mainly from business licenses, commodity tax, Local service tax, land fees; house rent, must rent and loan fees and is collected to supplement the limited funds provided by the Central Government to implement the prioritized activities in the budget”.

Results from the study revealed that, in participatory budget implementation established documented procedures for periodic billing are not well understood by stakeholders. An interviewee indicated that, *“Documented procedures for periodic billing are only understood by technical people such as finance officers”.*

Findings from the study revealed that, participatory budget implementation engages stakeholders to participate in the exposure of funds utilization at the district. This implied that stakeholders are given the accountability of the funds used in the implementation of selected projects. One interviewee said that,

“District Councillors represent citizens to receive the accountability from district officials and are therefore mandated to make necessary interpretations to the citizens”.

Results from the study revealed that, participatory budget implementation involves stakeholders in the participation of specific areas of responsibility. The study from interviewee found out that,

“Specific areas of responsibility require technical knowhow that cannot be possessed by all the stakeholders therefore each stakeholder participates from where his/her abilities can more operational”.

Findings from the study also revealed that, participatory budget implementation encourages stakeholders to participate in regular district expenditure. The majority of the respondents supported the idea. This implied that regular district expenditure is done in accordance with the budget line.

Results from the study revealed that, in participatory budget implementation operating plan that specifies functions, activities and objectives is prepared and presented to the stakeholders. One interviewee said that,

“Operating plans that specifies functions, activities and objectives are implemented in accordance with a particular guideline that relate to a particular project at hand”.

The study found out that, participatory budget implementation require that accountability files are not prepared in the presence of the stakeholders. This finding was supported by an interviewee, who said that,

“Accountability files are not prepared in the presence of the stakeholders but presented to them after the preparation is complete. It was also revealed that at times accountability files are not even presented at all or are presented with errors”.

The above findings answers the second research question *“What is the relationship between participatory budget implementation and financial management”?*

4.5 The relationship between participatory budget monitoring and financial management.

The Pearson’s correlation coefficient was employed to determine the relationships between participatory budget monitoring and financial management. In regard to objective three of this study, questions were asked to respondents and findings were established basing on their expressions and experience, pattern, repetitions and commonalities into different themes and subthemes

Table 4. 10: Relationship between participatory budget monitoring and financial management

Correlations			
		Participatory Budget monitoring	Financial management
Participatory Budget monitoring	Pearson Correlation	1	.600**
	Sig. (2-tailed)		.000
	N	75	75
Financial management	Pearson Correlation	.600**	1
	Sig. (2-tailed)	.000	
	N	75	75
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Field Data, 2017

Results in table 4.10 show that there is a significant relationship between participatory budget monitoring and financial management ($r = .600^{**}$; $p = .000$). This implies that the positive changes in participatory budget monitoring leads to positive changes on financial management.

The study found out that, participatory budget monitoring engages citizens in drafting internal performance monitoring. One interviewee from the interviewee revealed that,

“Citizens participated in drafting the Kabale District monitoring and evaluation template that stipulates the monitoring of different projects under different disciplines”.

In confirmation with the finding, soft copy of the Kabale District monitoring and evaluation template was provided to the researcher by the CFO of the district.

Results from the study revealed that, participatory budget monitoring involves citizens in monitoring of financial projects. This implies that citizens monitor financial projects as guided by Kabale District monitoring and evaluation template.

The study also revealed that, participatory budget monitoring does not involve citizens in the evaluation of all district projects. This implies that citizens do not take it as their concern to evaluate all district projects but only to particular projects that benefit them directly.

Results from the study revealed that, participatory budget monitoring enables periodic performance monitoring reports to be accessed by Citizens. The finding from the interviewee indicated that, *“Periodic performance monitoring reports are made available to the public on a quarterly basis”.*

The study also revealed that, participatory budget monitoring empowers citizens to make staff accountable for results. The majority of the respondents supported the statement. This implies that participatory budget monitoring promotes accountability among the district officials. One interviewee said that, *“participatory budget monitoring promotes transparency because activities are performed under the watch of the Stakeholders”.*

The findings from the study revealed that, participatory budget monitoring requires stakeholders to participate in timely auditing of projects. From the interviewee the study found out that,

“Stakeholders especially the Central Government participate in timely auditing of district projects and that with timely auditing, irregularities in the implemented projects can be timely identified and corrected”.

The study also found out that, participatory budget monitoring empowers citizens to express views to leaders of the district. From the interview held with DHO, the researcher established that,

“Citizens are empowered to express their views to leaders of the district. Citizens in Kabale District express their views on Voice of Kigezi (V.O.K) on every Saturday in the program called “Tweshujune”.

The study once again found out that, participatory budget monitoring ensures periodic monitoring of district finances by Citizens. This implies that, participatory budget monitoring ensures that, periodic checks are done in according with the existing financial management standards.

Findings from the study revealed that, participatory budget monitoring enables flow of information through regular meetings of citizens to about the performance of district projects. This implies that participatory budget monitoring enables citizens to get information regarding the performance of the district projects. One interviewee indicated that,

“Meetings regarding budget performance and the performance of other financial related issues are communicated to the Citizens through radio announcements”.

Results from the study revealed that, participatory budget monitoring is a tool for financial management. This implies that, participatory budget monitoring is a tool to the effectiveness of financial management Kabale District. In general, the study established that there is a positive relationship between participatory budget monitoring and financial management which answers the third research question *“What is the relationship between participatory budget monitoring and financial management”?*

Table 4. 11: Financial management in Kabale District

Statement	SD		D		NS		A		SA		Mean	SD
	f	%	F	%	F	%	F	%	F	%		
Work plans are done yearly	12	16	2	2.7	12	16	23	30.7	26	34.7	3.48	1.45
There is equality in resource deployment	13	17.3	8	10.7	0	0	25	33.3	29	38.7	3.52	1.27
There is efficient planning for all the available resources	9	12	13	17.3	0	0	22	29.3	31	41.3	3.01	1.58
There is supervising of the budget process by ministry officers	15	20	18	24	0	0	19	25.3	22	29.3	3.05	1.45
The district sets achievable financial targets	15	20	8	10.7	0	0	26	34.7	26	34.7	3.09	1.51
Approved district budgets are used	9	12	10	13.3	0	0	15	20	41	54.7	3.29	1.42
There is early identification of financing sources	12	16	5	6.7	2	2.7	27	36	29	38.7	3.0	1.66
Clear financial plans are employed	13	17.3	15	20	5	6.7	18	24	24	32	3.0	1.59
There is timely auditing	19	25.3	13	17.3	8	10.7	11	14.7	24	32	3.18	1.55
Regular cash flow reports are done	2	2.7	5	6.7	2	2.7	27	36	39	52	3.0	1.63
Aggregate mean and SD											3.16	1.51

Source: Field Data, 2017

Key: 4.20 - 5.00 = very high, 3.40 - 4.19 = high, 2.60 - 3.39 = average, 1.80 - 2.59 = low and 1.00 - 1.79 = very low. N= 75

The findings from Table 4.3 indicate that the practice of financial management was rated averagely (aggregate $\bar{x} = 3.16$, $SD = 1.51$). This implies that different financial management practices are employed in Kabale District.

Results from the table above reveal that 12(16%) of the respondents strongly disagreed that work plans are done yearly and followed, 2(2.7%) disagreed, 12(16%) were unsure, 23(30.7%) agreed and 26(34.7%) strongly agreed. The majority of the respondents supported the idea.

Findings from the interviewee indicate that,

“Financial and project work plans are done annually. For example the district consolidated work plan for 2017/18 was shown to the researcher by the DPO”.

Results from the table above reveal that 13(17.3%) of the respondents strongly disagreed that there is equality in resource deployment, 8(10.7%) disagreed, 25(33.3%) agreed and 29(38.7%) strongly agreed. The majority of the respondents supported the idea.

An interview said that,

“Resources are not equally distributed. Villages without influential politicians in most cases miss out in the distribution of limited resources, Nangala village was given as a sample not to have benefited in rural electrification scheme because the processes for this scheme in most areas are influenced by the politicians”.

Results from the table above reveal that 9(12%) of the respondents strongly disagreed that there is efficient planning for available resources, 13(17.5%) disagreed, 22(29.3%) agreed and 31(41.3%) strongly agreed. The majority of the respondents supported the idea.

However some interviewees revealed that,

“Efficient planning is relative. According to their views, this was due to delays in release of finances or misallocation that resulted into financial mismanagement”

Findings from the table above reveal that 15(20%) of the respondents strongly disagreed that there is supervising of the budget process by ministry officers, 18(24%) disagreed, 19(25.3%) agreed and 22(29.3%) strongly agreed. The majority of the respondents supported the idea. The study found out that Ministry of Finance every year issues budget guidelines/template and sectoral budget ceilings upon which public entities must base in making their budgets. Through such documents ministry officers supervise budget processes.

Results from the table above reveal that 15(20%) of the respondents strongly disagreed that the district sets achievable financial targets, 8(10.7%) disagreed, 26(34.7%) agreed and 26(34.7%) strongly agreed. The majority of the respondents supported the idea. The study found out that Kabale District sets achievable budgets because of the sectoral budget ceilings provided by the Ministry of Finance.

Results from the table above reveal that 9(12%) of the respondents strongly disagreed that approved district budgets are used, 10(13.3%) disagreed, 15(20%) agreed and 41(54.7%) strongly agreed. The majority of the respondents supported the idea. One interviewee said that,

“only approved budgets are used, however as revealed by DEO some district officials reallocate funds because the law provides for that which leads to underfunding of some projects and others ending up unfunded”.

Results from the table above reveal that 12(16%) of the respondents strongly disagreed that there is early identification of financing sources, 5(6.7%) disagreed, 2(2.7%) were not sure, 27(36%) agreed and 29(38.7%) strongly agreed. The majority of the respondents supported the idea. An interviewee stated that,

“In Kabale District financing sources are practically constant. These include Central Government and local revenue from business licenses, Local service tax, house rent, must rent, land rent and loan fees”.

Results from the table above reveal that 13(17.3%) of the respondents strongly disagreed that clear financial plans are employed, 15(20%) disagreed, 5(6.7%) were not sure, 18(24%) agreed and 24(32%) strongly agreed. The majority of the respondents supported the idea. The study found out that financial plans are employed but sometimes the implementation varies. This was revealed by the district Councillors.

Results from the table above reveal that 19(25.3%) of the respondents strongly disagreed that there is timely auditing, 13(17.3%) disagreed, 8(10.7%) were not sure, 11(14.7%) agreed and 24(32%) strongly agreed. The majority of the respondents supported the idea. The study found out that timely auditing is done in Kabale District.

One interview stated that,

“In most of the time auditing does not capture the real figures since it is done even when release for some projects is not yet done. For example the response to audit queries of 2015/16 was shown to the researcher by DCFO in which auditor’s quarried items that were implemented in 2017 due late release”.

Results from the table above reveal that 2(2.7%) of the respondents strongly disagreed that regular cash flow reports are done, 5(6.7%) disagreed, 2(2.7%) were not sure, 27(36%) agreed and 39(52%) strongly agreed. The majority of the respondents supported the idea.

One interviewee stated that,

“With the use of IFMS regular cash flow reports are done. However it was found out that the system is known by few officials at the district; therefore in their absence reports are not generated”.

4.6 Effect of participatory budgeting on financial management in Kabale District

The multiple regression analysis was used to find the effect of participatory budgeting on financial management.

Table 4. 12: Effect of participatory budgeting on financial management.

R Square = .570		F = 30.987				
Adjusted R Square = .552		Sig = .000				
Model		Unstandardized Coefficients		Standardized Coefficient	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.783	.295		6.034	.000
	Budget formulation	.221	.096	.217	.2644	.007
	Budget monitoring	-.291	.038	-.685	-7.582	.000
	Budget implementation	.244	.090	.246	2.722	.008
a. Dependent Variable: FINANCIAL_MANAGEMENT						

Source: Field Data, 2017

Results in table 4.12 show that 57% variance in financial management is attributed to participatory budget formulation, participatory budget implementation and participatory budget monitoring (Adjusted R Square = .552). According to the results in table 4.12, only budget formulation and budget implementation are statistically significant predictors. However participatory budget monitoring is not statistically significant predictor of financial management

compared other factors (budget implementation and budget formulation) (Beta =-.685, Sig. = .000).

4.7 Conclusion

The study established that, that 65.3%% variance in financial management is attributed to participatory budget formulation (Adjusted R Square = .651), thus this reveals that participatory budget formulation is more statistically significant predictor of financial management. Results also show that there is a significant relationship between Participatory budget implementation and financial management ($r = .758^{**}$; $p = .000$). This implies that the positive changes in participatory budget implementation leads to positive changes in financial management. The study again found out that, there is a significant relationship between Participatory budget monitoring and financial management ($r = .600^{**}$; $p = .000$). This shows that, the positive changes in participatory budget monitoring leads to positive changes on financial management. Therefore there is a relationship between participatory budget monitoring and financial management.

The study also found out from table 4.12 that, 57% variance in financial management is attributed to participatory budget formulation, participatory budget implementation and participatory budget monitoring (Adjusted R Square = .552). However it was observed that participatory budget monitoring is not a predictor of financial management compared to other factors (budget implementation and budget formulation) (Beta =-.685, Sig. = .000).

CHAPTER FIVE

DISCUSSION, SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion, major findings obtained per objective regarding to participatory budgeting and financial management in Kabale District. The chapter also provides the conclusions and recommendations that were reached at by the researcher basing on the study findings.

5.1 Discussion of findings

The researcher conducted this study from Kabale District and reference was on participatory budgeting and financial management concepts at the district. Seventy five respondents participated and these were categorised as detailed in the sample size in accordance to their gender, age, qualification level of experience and the involvement in the participatory budgeting activities.

5.1.1 Participatory budget formulation and financial management.

Participatory budgeting is a participatory activity throughout budgeting processes. Each district should focus on the procedure in which the participatory budgets are formulated. Participatory budget formulation process should aims at ensuring that the budget fits macroeconomic objectives and that expenditures are under control , allocating resources and programs in conformity with the government's policy objectives and assuring conditions for operational efficient financial management that is in line with expenditure ceilings.

The study established that participatory budget formulation enables citizen's needs and interests to be considered at all levels in the budgeting process. This implies that citizen's participation in the allocation of resources. This is in line with (Hadden, 2014) who said that the most important role of budget formulation and the entire budget is to meet the needs of the organization in rendering the expected services and Brillantes & Fernandez (2005) who noted that participatory formulation provides the opportunity for people involvement in participation in the allocation of

resources to priority social policies. According to the researcher, considering citizens needs helps in improving the performance of district projects hence efficient financial management.

In addition the researcher established that the aspect of participatory budget formulation was being done as a process and decentralized. The budget formulation low was from parishes (bottom) to top level, from which the district master budget was formulated that would later be approved by Ministry of Finance. Findings show that budget priorities stem from parishes and are presented to the parish planning committees through parish councillors and then at the sub-county level, different proposals are scrutinized and forwarded to the district Budget for consolidation. The district Budget officials also in agreement with stakeholders identifies the most pressing issues in accordance with the resource envelope that is allowed by the ministry of finance. According to the researcher participatory budget formulation addresses citizen's priorities. This implies that participatory budget formulation enables limited resources to be allocated in accordance with to citizen's needs and priorities.

According to the findings in Table 4.7, it was established that participatory budget formulation significantly affected financial management by facilitating the district to meet its prioritized needs and objectives. Most of the respondents believed that participatory budget formulation help the district to meet citizen's needs. This finding is supported by Hadden (2014) who revealed that, the main role of budget formulation and the entire budgeting process is to meet the needs of the organization by rendering expected services.

The study also found out that, participatory budget formulation accommodates citizen's views. The study findings revealed that, participatory budget formulation facilitates citizens not only to receive but also having considered their views to perform their duties well. Owing to the quality of participatory budget formulation, service providers are able to effectively meet the needs of the citizens and also citizens facilitate service providers to accomplish their tasks. This facilitates efficient financial management. This finding is supported by Castel and Friedberg (2009) who noted that proper budget formulation and subsequent allocations of resources regulate the conduct of service providers and their professionalism.

According to the findings, participatory budget formulation enables the district to offer timely services. In Table 4.7, most of the respondents reported that participatory budget formulation is related to financial management in regard to its potentiality of ensuring timely allocation of resources and hence timely services to the citizens. More so, the study established that services offered are determined basing on the formulated budgets. These findings concur with (Allouche, 2014) who noted that, right and well undertaken budget formulation process should help the district allocate resources effectively, facilitate service delivery; enhance better financial utilization and performance.

5.1.2. The relationship between participatory budget implementation and financial management

The aspect of participatory budget implementation is crucial in the management of budgets and it is at the output point of budgeting when resources are allocated and utilized as planned. The district's effectiveness in budgeting is measured by how best its budget is implemented. Results from Table 4.9 show that, there is a significant relationship between Participatory budget implementation and financial management ($r = .758^{**}$; $p = .009$). This implies that the positive changes in participatory budget implementation leads to positive changes in financial management. Participatory budget implementation was found to be an implementation of the master budget down to the parish level budgets.

The findings show that participatory budget implementation involves all the stakeholders. The study found out that, stakeholders play their role and are involved at the point of budget implementation. This makes the budget inclusive activity at the district. The study found out that in Kabale District, stakeholders (Citizens) provide local contribution in terms of local security to the projects being implemented particularly in the construction of bridges. This finding is in line with Eker (2006) who observed that, participation by individuals lead to greater group interaction, which would be a good thing if individuals value their membership in the group and see the goals of the group as being collective targets they all regard desirable.

According to the findings participatory budget implementation was found very fundamental in ensuring financial management and also sets the basis for service providers to deliver as planned

and in line with their duty obligation. Majority of the respondent's concurred with these views. This finding could be linked to the earlier findings of Castel and Friedberg (2009) who noted that the potential budget implementation makes it a means of the firm to attain prompt and timely services.

The study found out that, participatory budget implementation improves the level and quality of financial services since both stakeholders and district officials are more responsive to the needs of citizens. More so, because properly implemented budgets result into proper utilization of resources, the district is enabled to achieve its goals and objectives through participatory budget implementation. This finding is in line with the study of Tam (2008) who said that, effective implementation of budget involves mobilization of all the proposed funds and spending them as planned.

Results from the study show that, participatory budget implementation involves stakeholders in the participation of specific areas of responsibility; this is in line with (Rossmann & Shanhan, 2012) who said that via the implementation of participation budgeting, democratic values and thoughts of people will be solid. However, majority of respondents disagreed with the statement. The study found out that specific areas of responsibility require technical knowhow that cannot be possessed by all the stakeholders.

The study also found out that, district officials are mandated to participate in the follow-up and collection of all monies. The study found out that the main sources of financing for Kabale district include Central Government, business licenses, commodity tax, Local service tax, land fees, house rent, must rent and loan fees and that all the money received is spent on the approved projects. This finding is in line with the study of (Muwonge, 2007) who said that Budgetary implementation involves the utilization or spending by the enterprise of all the budget finances it receives, acquires or released to it from all its financing sources and Tam (2008), who asserted that effective implementation of budget involves mobilization of all the proposed funds and spending them as planned. This therefore, ensures effective financial management.

The study established that, participatory budget implementation ensures that stakeholders are made aware of budget implementation schedule. The finding is in line with Eker (2006) observed that participation by individuals lead to greater group interaction, which would be a good thing if individuals value their membership in the group and see the goals of the group as being collective targets they all regard desirable. Citizens are able to see what is happening as actions and events occur in the policy process.

5.1.3 The relationship between participatory budget monitoring and financial management.

Monitoring is a continuous process of collecting and analyzing information to compare how well a project; program or policy is being implemented against expected results. Results from (table 4.10) show that there is a significant relationship between participatory budget monitoring and financial management ($r = .600^{**}$; $p = .000$). This implies that the positive changes in participatory budget monitoring leads to positive changes on financial management.

Results from the study revealed that, participatory budget monitoring engages citizens in drafting internal performance monitoring. The study established that citizens participated in drafting the Kabale district monitoring and evaluation template that stipulates the monitoring of different projects under different disciplines. This finding is in line with the findings of (International federation of Red Cross and Red Crescent societies 2007) which state that monitoring is a continuous process of collecting and analyzing information to compare how well a project; program or policy is being implemented against expected results.

The study established that participatory budget monitoring involves citizens in monitoring of financial projects. The majority of the respondents supported the idea. This implied that citizens monitor financial projects as guided by Kabale District monitoring and evaluation template. This is in line with Krause (2010) who said that participatory monitoring is one of many approaches to ensure that the implementation of the different projects within the action plan or smaller individual projects leads to the expected outcomes leading to quality financial management.

The study also established that participatory budget monitoring involves Citizens in the evaluation of all district projects. This finding is relatively related with the study of International Budget Project (2001) which stated that non-governmental groups do have an interest in an effective and transparent monitoring system that promotes adherence to the budget and reduces mismanagement or corruption.

The study established that Participatory budget monitoring empowers Citizens to make staff accountable for results. This implies that participatory budget monitoring promotes accountability among the district officials. The study also established that participatory budget monitoring promotes transparency because activities are performed under the watch of the Stakeholders. These findings are in line with Matsiliza (2012) who asserted that the process of policy evaluation and monitoring can promote political and administrative accountability in the public sector. It can also be used to measure performance and efficiency, by monitoring whether the intended objectives are met/ achieved.

The study findings show that participatory budget monitoring requires stakeholders to participate in timely auditing of projects. The study found out that, stakeholders especially the Central Government participates in timely auditing of district projects so that irregularities in the implemented projects can be timely identified and corrected. This finding is relatively in line with studies by the CIPFA (2008) which revealed that budget monitoring units should receive reliable in-year budget reports in a timely way.

According to the study findings, participatory budget monitoring empowers citizens to express their views. This finding was supported by information provided by DHO, who in an interview said that, the citizens in Kabale District express their views on Voice of Kigezi (V.O.K) on every Saturday in the program called "Tweshujune". This finding is in line with (World Bank, 2005) that defined participatory budgeting as a process of democratic policy-making in which the government invites citizen input during the budget process and allow their influence in budget allocations.

According to the study findings participatory budget monitoring is supported by findings of (World Bank, 2010) which states that participatory monitoring & evaluation (PM&E) is a process through which stakeholders at various levels engage program or policy, share control over the content, the process and the results of the monitoring and evaluation (M&E) activity and engage in taking or identifying corrective actions.

The study also established that participatory budget monitoring enables periodic performance monitoring reports to be accessed by citizens. The majority of the respondents supported the idea. This finding was confirmed by the DEO who in an interview revealed to the researcher that periodic performance monitoring reports are made available to the public on a quarterly basis. The study found out that participatory budget monitoring ensures periodic monitoring of district finances by citizens. The majority of the respondents supported the idea. This implies that, participatory budget monitoring ensures that, periodic checks are done in according with the existing financial management standards. This finding is in line with Ahmed (2015) who said that budget monitoring is the continuous process by which we ensure the action plan is achieved, in terms of expenditure and income.

According to the study findings, participatory budget monitoring enables flow of information through regular meetings of citizens to about the performance of district projects. This implied that participatory budget monitoring enables citizens to get information regarding the performance of the district projects. This finding is in line with Krause (2010) who revealed that participatory monitoring enables involved beneficiaries to increase their reliability and provides the opportunity to receive useful feedback and ideas for corrective actions.

The study findings also show that participatory budget monitoring is a tool for financial management. This implied that, participatory budget monitoring is a tool to the effectiveness of financial management in Kabale District.

5.2 Summary of the findings

The study found out that the aspects of participatory budgeting were so crucial in Kabale District like any other district in Uganda. The study however put emphasis on participatory budget

formulation, participatory budget implementation, and participatory budget monitoring and financial management. The study focused on participatory budget formulation which was carried out using Bottom-up approach. With Bottom-up approach, Line ministries are responsible for preparing their requests within the spending limits provided. Depending on the severity of the fiscal constraint and the organization of the budget preparation process, additional requests from line ministries could be allowed for new programs. However, the principal request should be consistent with the notified ceilings or guidelines, and costs of programs included in the additional requests should be clear and fully adequate for proper implementation, without any underestimation. The study found out that, participatory budget formulation is a process mainly done from bottom-top levels involving all the stakeholders.

The study established that participatory budget formulation ensures that citizens needs and interests are considered at all levels of the budget, citizens views are accommodated during budgeting process, citizens priorities are not being driven by external consultants and project managers but by beneficiaries, that budgeting is done in line with citizen's needs, that there is full participation of citizens in meetings of all district projects, that there is involvement of citizens in identifying local priorities, policies and programs, citizens are encouraged to participate in identifying the best areas of financial priorities and that citizens participate in selecting projects that require allocation of more resources.

Results also showed that 65.3%% variance in financial management is attributed to participatory budget formulation (Adjusted R Square = .651), thus this revealed that participatory budget formulation is more statistically significant predictor of financial management.

The study revealed that, participatory budget implementation was found to be an implementation of the master budget down to the parish level budgets. The findings show that participatory budget implementation involves all the stakeholders, that stakeholders play their role and are involved at the point of budget implementation, that potential budget implementation makes it a means of the firm to attain prompt and timely services that, participatory budget implementation improves the level and quality of financial services that properly implemented budgets result into proper utilization of resources, that participatory budget implementation involves stakeholders in

the participation of specific areas of responsibility, that district officials are mandated to participate in the follow-up and collection of all monies and that effective implementation of budget involves mobilization of all the proposed funds and spending them as planned. This therefore, ensures effective financial management.

The study also revealed that, there is a significant relationship between participatory budget implementation and financial management ($r = .758^{**}$; $p = .000$). This implies that, there is a relationship between participatory budget implementation and financial management since the positive changes in participatory budget implementation leads to positive changes financial management.

The study found that participatory budget monitoring engages citizens in drafting internal performance, involves citizens in monitoring of financial projects, involves citizens in the evaluation of all district projects, empowers citizens to make staff accountable for results, promotes transparency because activities are performed under the watch of the Stakeholders, requires stakeholders to participate in timely auditing of projects, empowers citizens to express their views, ensures periodic monitoring of district finances by citizens and enables flow of information through regular meetings of citizens to about the performance of district projects.

The study once again established that there is a significant relationship between participatory budget monitoring and financial management ($r = .600^{**}$; $p = .000$). This implied that the positive changes in participatory budget monitoring leads to positive changes on financial management.

5.3 Conclusions

It was established that participatory budget formulations positively affect financial management in Kabale District. The findings of this study show that participatory budget formulations negatively and insignificantly influence financial management in Kabale District. Centered on the empirical results of this study, it was concluded that participatory budget formulations is not well practiced. Most local citizens do not understand documented procedures for participatory budget formulation, staff lacks enough skills for handling participatory budget formulation process and public financial reforms such as the use of IFMS and politicians tend capture budgeting processes

and impose their influences on district administrators and local citizens as they advance their interests. Thus this affects the level of financial management.

The study further established the relationship between participatory budget implementation and financial in Kabale District. The findings of this study showed that, there is positive relationship between participatory budget implementation and financial management in Kabale District.

The study concluded that, participatory budget implementation is highly inclusive at all service centers and that strict adherence to budget implementation promotes effectiveness. It also helps the district to collect the required revenue to run its activities and improve public accountability.

Therefore Kabale District needs to uphold freedom, transparency and team cooperation it has attained so far since it is a big force in inducing high levels of financial management.

The study further established the relationship between participatory budget monitoring and financial management. The study concluded that, budget monitoring permits expenditure controls within financial management systems of the district. It was further concluded that, budget monitoring provides accountability and high level of transparency in execution of the district's financial activities. However, there were still problems in achieving such accountability and transparency, because keeping financial records in the district is lacking which makes it very difficult for monitoring processes.

5.4 Recommendations

The following recommendations are suggested in respect to participatory budgeting and financial management of Kabale District.

Kabale District management should emphasize the use of public management reforms such as IFMS. The reforms will help the district to create a sound public finance management system that supports aggregate control, prioritization, accountability and efficiency in the management of public resources and the delivery of services critical to the district's development goals.

The study further recommends management of the district to identify other sources of finance to supplement the limited funds from the Central Government. This will enable the district to achieve its goals and objectives. It further recommends the management to focus on strengthening budget audits, budget reviews and ensuring that they set priorities that ensure efficient and effective financial management in the district.

Budget formulators and implementers should execute their duties professionally without giving in to politicians who use their political powers to satisfy their selfish ends. More so, district budget department should carry out massive sensitization on both participatory budgeting and financial management so as to help stakeholders understand fully their responsibilities. Strong financial mechanisms should also be employed to ensure accountability and transparency

5.5 Areas for further research

The following areas are recommended for further research:

- Participatory budgeting and accountability in Local Government
- Participatory budgeting and service delivery in Local Government
- Participatory budgeting and financial management in NGOs.

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Section B: participatory Budget Formulation in Kabale District.

This section covers questions in the statement on Budget Formulation in Kabale District. Please indicate the extent to which you strongly disagree (1), disagree (2), not sure (3), strongly agree (4), agree(5).

Budget Formulation Statements		Ranking				
		1	2	3	4	5
1	Participatory budget formulation ensures that Citizens needs and interests are considered at all levels of the budget					
2	Participatory budget formulation accommodates Citizens views during budgeting process					
3	Participatory budget formulation encourages Citizens to inform the district administrators about their problems during budgeting					
4	In participatory budget formulation, priorities are not driven by external consultants and project managers but by Citizens					
5	Participatory budget formulation ensures that budgeting is done in line with Citizens needs					
6	With Participatory budget formulation, Citizens fully participate in initial the meetings of all district projects					
7	Participatory budget formulation requests Citizens to be much involved personally in the activities of the district					
8	With Participatory budget formulation, There is involvement of citizens in identifying local priorities, policies and programs.					
9	Participatory budget formulation encourages Citizens to participate in identifying the best areas of financial priorities					
10	With Participatory budget formulation ,Citizens participate in selecting projects that require allocation of more resources					

Section C: Participatory Budget implementation in Kabale District

2. The following statements explain the procedures in Participatory budget implementation in Kabale District. Please indicate the extent to which you Strongly Disagree (1), Disagree (2), Not Sure (3), Strongly Agree (4), Agree (5).

Participatory Budget Implementation		Ranking				
		1	2	3	4	5
1	Participatory budget implementation ensures that Stakeholders are made aware of budget implementation schedule					
2	Participatory Budget is implemented by both stakeholders and district officials					
3	Participatory budget implementation require District officials to participate in follow-up and collection of all monies					
4	In Participatory budget implementation established documented procedures for periodic billing are well understood by stakeholders					
5	Participatory budget implementation engages stakeholders to participate in the exposure of funds utilization at the district.					
6	Participatory budget implementation involves stakeholders in the participation of specific areas of responsibility					
7	Participatory budget implementation enables Stakeholders to participate in itemizing expenses					
8	Participatory budget implementation encourages stakeholders to participate in regular district expenditure					
9	In participatory budget implementation operating plan that specifies functions, activities and objectives is prepared and presented to the stakeholders					
10	Participatory budget implementation requires that accountability files be prepared in the presence of the stakeholders					

Section D: Participatory Budget Monitoring in Kabale District

2. The following statements explain participatory budget monitoring in Kabale district. Please indicate the extent to which you Strongly Disagree (1), Disagree (2), Not Sure (3), Strongly Agree (4), Agree (5).

Participatory Budget monitoring		Ranking				
		1	2	3	4	5
1	Participatory budget monitoring engages Citizens in drafting internal performance monitoring reports					
2	Participatory budget monitoring involves Citizens in monitoring of financial projects.					
3	Participatory budget monitoring involves Citizens in the evaluation of all district projects					
4	Participatory budget monitoring enables periodic performance monitoring reports to be accessed by Citizens					
5	Participatory budget monitoring empowers Citizens to make staff accountable for results					
6	Participatory budget monitoring requires stakeholders to participate in timely auditing of projects					
7	Participatory budget monitoring empowers Citizens to express views to leaders of the district					
8	Participatory budget monitoring ensures periodic monitoring of district finances by Citizens					
9	Participatory budget monitoring enables flow of information through regular meetings of Citizens about the performance of district projects					
10	Participatory budget monitoring is a tool for financial management.					

Section D: Financial management in Kabale District

2. The following statements explain financial management in Kabale District. Please indicate the extent to which you Strongly Disagree (1), Disagree (2), Not Sure (3), Strongly Agree (4), Agree (5).

Financial Management		Ranking				
		1	2	3	4	5
1	Work plans are done yearly					
2	There is equality in resource deployment					
3	There is efficient planning for available resources					
4	There is supervising of the budget process by ministry officers					
5	The district sets achievable financial targets					
6	Approved district budgets are used					
7	There is early identification of financing sources					
8	Clear financial plans are employed					
9	There is timely auditing					
10	Regular cash flow reports are done					

APPENDIX B: INTERVIEW GUIDE FOR BOARD

- i. What activities are carried out during budget formulation in Kabale District?
- ii. How often does Kabale District carry out budget formulation?
- iii. How have the activities involved in budget formulation affected financial management in the District?
- iv. Who is responsible for budget implementation Kabale District?
- v. Have the implementation of the district's budget been good or bad?
- vi. What challenges does Kabale District face in implementing effective budgetary practices to influence maximum financial management?
- vii. How can participatory budgeting implementation be effectively instituted in Kabale District?
- viii. How has budget monitoring influenced financial management in Kabale District?
- ix. In which ways budget monitoring has been carried out in Kabale District?
- x. What measures can be undertaken to improve participatory budget formulation, implementation and monitoring in Kabale District?
- xi. What Strategies can be adopted to improve financial management in Kabale District?

“Thanks very much for your cooperation”