

**EMPLOYEE ETHICS, INTERNAL CONTROL COMPLIANCE AND QUALITY OF  
PUBLIC FUNDS MANAGEMENT IN UGANDA GOVERNMENT AGENCIES – CASE  
OF EAST AFRICAN CIVIL AVIATION ACADEMY- SOROTI**

BY

**ABUNYANG FELIX WILLIAM**

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## DECLARATION

I declare to the best of my knowledge that this research report is my original document that I prepared based on the research I carried out to establish issues related to employee ethics, compliance to internal controls and quality of public funds management at EACAA. Where materials from other people are used, their contribution is duly acknowledged in form of references and citations.

Signature:



Name: Abunyang Felix William

Reg No: **2011/HD/U/341/MBA**

## APPROVAL

This is to certify that this research report entitled “Employee Ethics, Internal Control compliance and Quality of Public Funds Management in Uganda Government Agencies – A Case study of East African Civil Aviation Academy- Soroti” has been written under our supervision and is hereby approved for submission for a Master of Business Administration Degree of Kyambogo University.

Signed.....*W. Nahmya Wilfred*.....

Date.....*3rd February 2014*.....

**DR. NAHAMYA WILFRED**

**(PRINCIPAL SUPERVISOR)**

Signed.....*Stephen Akabwai*.....

Date.....*04/02/14*.....

**STEPHEN AKABWAI**

**(SUPERVISOR)**

## **DEDICATION**

I dedicate this Research report book to God Almighty, my dear Mother Mrs. Mary Emadit, and my lovely wife Icumar Rose Mary, for their moral support and commitment to my intellectual development, which enabled me to complete my course of study.

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### **List of Acronyms/ Abbreviations**

EACAA	– East African Civil Aviation Academy
DESA	- Department of Social and Economic Affairs
PPDA	- Public Procurement and Disposal Act
PDU	- Procurement and Disposal Unit
PDE	- Procurement and Disposal Entity
OECD	- Organisation of Economic Co-operation and Development
PAC	- Public Accounts Committee
ACCA	- Association of Chartered and Certified Accountants
CVI	- Content Validity Index
SPSS	- Statistical Package for the Social Sciences

## **ABSTRACT**

The research was conducted with an aim of establishing whether employee ethics and compliance to internal controls could have any influence on the quality of public fund management in government agencies with the East African Civil Aviation Academy (EACAA) being the case study. To achieve this, three objectives were prepared; To access the level of employee ethics at EACAA, To evaluate the level of compliance to internal controls at EACAA, To access the quality of public fund management at EACAA. The study employed a cross sectional research design and data was collected mainly by use of questionnaire.

Using the SPSS computer package, data was analysed through descriptive, correlation and regression analysis to measure the degree of influence between independent (Employee ethics) and dependent (quality of Public fund management) variables respectively. The findings reveal that employee ethics was fairly good though was affected by low levels of whistle blowing. Compliance to internal controls was low being affected by mainly the low staffing levels in the internal audit department. In the same vain, the quality of public fund management was low due to low effectiveness of employees at managerial level as well as uneconomic way of allocating funds.

It is recommended that to improve the levels of employee ethics, there is need to motivate the staff financially, increase staffing in the internal audit department so that compliance to internal controls is enhanced, adherence to value for money will improve the quality of public fund management by effectively, efficiently and economically using the funds for there intended purpose

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the study**

This study was carried out to identify the influence that internal control compliance levels and the extent to which employees are ethical in an entity have on the public fund management status. The focus of the study was on the public entities existing in Uganda. This study follows a series of encounters in government entities in Uganda relating to loss of public funds (PPDA – Audit report EACAA 2012) as well as misappropriation of the funds (Uganda Radio Network 2013) raising a need to establish a possibility of getting a solution to this problem.

Government agencies are established to accomplish various tasks. Each specialized task is assigned to a specialized government entity to handle it (Department of Internal Affairs – New Zealand, 2011). This makes it easy for the tasks to be carried out efficiently and effectively. Being part of the government, government agencies are expected to use public resources to carry out their various activities. The commonly used resource in this respect is public funds (Sautter 2013). Use of public funds requires a great deal of control and ethics to avoid any chances of misuse of the said resources. This way, the established agencies will be in position to accomplish the tasks for which they were formed (Department of Social and Economic Affairs [DESA] 2004).

The concept of control and ethics in public entities goes hand in hand with compliance to regulations. Regulations are reported to be in existence most of the time but the people involved in the different public offices do not seem to want to follow these regulations. This is an

indication of a non-compliant attitude leading to these public officials not doing what is required of them in the different public offices they are in (Rulangaranga, Ntayi & Muhwezi 2013).

Non-compliance is also considered to be a component of ethics. Ethical requirements of a public officer is to be able to do his or her work diligently without fear or favor for the good of the whole regardless of whatever position of authority and responsibility that employee holds. This being an ideal situation, it is expected to be followed by whoever joins public service or any agency of public nature where government or state has substantial control over. Through this, the different government offices are expected to be in position to deliver in line with their vision(s) and mission(s). This is however not the case in most of the developing country governments. In these countries, most people could be learnt and well educated but they go ahead to use the knowledge they have for personal gains in un-ethical manner in official positions entrusted to them. This makes government agencies become painted a bad image. Need for change is however considered an important option for these government agencies and entities for better service delivery (Mutebi, Kakwezi & Ntayi 2012). This will help the agencies to be in position to accomplish the tasks for which they were instituted.

Accomplishing the tasks for which they were established is the major goal of the leadership and or management of any government agency. This is sometimes not possible in some government agencies in the Ugandan setting. For instance, in operations of The East African Civil Aviation Authority (EACAA), there are reports that its management body has not been in position to uphold its values in managing public funds. Considering the procurement section for instance, there has been some procurements that have not been properly accounted for as required by the procurement regulation. One of those contracts brought about loss of about Ugshs 988 million shillings. This money was allegedly used to procure aircraft supplies and installation services.

There was however no evidence of receipt or delivery of the same (Uganda Radio Network 2013). A review of the audit report released by PPDA relating to the operations of EACAA indicates that the entity has had about 96% of its contracts classified as risky contracts missing documentation and even physical evidence of the existence of supplies procured. The report further highlights people working there procuring without following the set out regulations for the same. The contracts committee is also reported not to be actively involved in some of the procurements. Tendencies of sidelining the procuring and disposal unit (PDU) of the institution were also reported like for the case of procurement of students accommodation that involved Ugshs 122 million (PPDA – Audit report EACAA 2012).

Basing on the case of the East African Civil Aviation Authority, it is evident that there are many other government agencies that are still struggling to manage their finances. There is therefore need for this situation to be reversed so that the government agencies established can be able to achieve their intended goals.

## **1.2 Statement of the problem**

Management of public funds has not been at its best in most government agencies in Uganda. Tendencies of misusing funds allocated to the agencies have been registered at a high rate in the recent years. A case in point is the recent procurement deal in the East African Civil Aviation Academy (EACAA) where about Ugx 988 million was reported to be spent with no evidence of the items procured (Uganda Radio Network 2013). This was a big loss of tax payers' money. The cause of mismanagement could not conclusively be established though it was probable that it could have been attributed to the low level of ethical conduct amongst employees of the public agencies as well as low levels of compliance to internal control standards. There was therefore,

need to adequately assess the public fund management in EACAA as a case study for all the government agencies in Uganda.

### **1.3 Objectives**

The study was governed by research objectives. These were classified into general research objective and specific research objectives. These are highlighted below.

#### **1.3.1 General Objective**

The study was carried out to establish a relationship between compliance to internal controls, employee ethical standards and public fund management in government agencies in Uganda.

#### **1.3.2 Specific objectives**

The research study was governed by the following objectives.

- i. To assess the level of employee ethics in EACAA.
- ii. To evaluate internal control compliance levels in EACAA.
- iii. To assess the quality of public fund management in EACAA.

### **1.4 Research questions**

The research study was governed by the following research questions

- i. What is the level of employee ethics in EACAA?
- ii. Are there internal control compliance levels in EACAA?
- iii. What is the quality of public fund management in EACAA?

### **1.5 Scope of the study**

The study was carried out considering mainly the geographical scope, time and conceptual scope for this particular study.

**Geographically;** the study focused on where the East African Civil Aviation Academy (EACAA) is located. Since the study was expected to concentrate on the events that happened and probably still happen at the EACAA.

**Time;** with respect to time, the focus was on the events that have been happening in EACAA from January 2012 to date.

**Conceptually;** the focus was on the main variables of study. Here, all available and relevant information in relation to employee ethics, compliance to internal controls and quality of public fund management in EACAA was dealt with. This information was used as a basis to reaching the conclusion to this study.

#### **1.6 Significance of the study**

The research to be conducted is expected to be beneficial to different groups of people. These are highlighted in the subsections below.

**Students of EACAA:** These are expected to benefit in case a practical solution to the current problems of the Academy are ironed out. More people will be able to learn the flying of planes without necessarily travelling abroad to study the same.

**The management of EACAA:** Management is expected to benefit by knowing how to successfully run the business of the Academy after knowing the major loopholes making it fail currently.

**The government:** The government is expected to benefit by revamping the institution which is threatening to collapse due to increasing levels of mismanagement of public funds.

Related institutions: The researcher expects that other institutions which are government owned could use the results of the research to see how to improve their fund management practices especially those in the same situation like EACAA.

### **1.7 Definition of Terms**

- i. **Public Funds** means the public revenues of Government; and any trust or other moneys held, whether temporarily or otherwise, by an officer who may or may not be a public officer, in his or her official capacity, either alone or jointly with any other person.
- ii. **Internal control** means a set of systems to ensure that financial and other records are reliable and complete and which ensure adherence to the entity's management policies, the orderly and efficient conduct of the entity, and the proper recording and safeguarding of assets and resources.
- iii. **Employee ethics** are a belief in the moral value of work.
- iv. **Government agencies** are administrative units of government that are tasked with specific responsibilities, they are entities distinct from government departments or ministries, but they often work closely with and report to one or more departments or ministries.
- v. **Compliance** means conforming to a rule, such as a specification, policy, standard or law.

### **1.8 Organization of the study**

This study is divided into five chapters. Each chapter represents a specific component of the research exercise. Chapter one provides the background to the research study to bring the research concepts into context. It is composed of the background of the study, research problem, objectives, research questions as well as the scope of the study. The conceptual framework is also presented in this chapter. Chapter two provided a general review of literature in relation to

the research variables as well as the research objectives. Chapter three provided the methodology that the research considered when conducting the study. Chapter four presented the findings of the study as well as the process of analysis leading to the establishment of these findings. Chapter five presented the discussion of findings as well as the main conclusions and recommendations to the research study.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

To conduct this study, previous research writings in related areas of study were reviewed. Before the actual review of relevant literature, theories that help to explain the association of the variables in the study were highlighted and their contribution to the study pointed out. This review has been documented in the subsections that follow in the order of research objectives.

#### 2.1 Relevant theories for the study

The study of the influence of internal control compliance and employee ethics onto public fund management brought to light two important theories; The Ethical Theories and the Agency Theory. These are further explained in the sub-sections that follow.

##### 2.1.1 The Ethical Theories

These are sometimes referred to as the *Theories of Ethics and Ethical Conduct*. Basing on the writings of Hiltz and Rohn (2000), ethics is general term that encompasses the totality of a human being from a social point of view. Three key theories were raised to support this view from three different schools of thought; consequentialism (utilitarianism) school of thought, deontological and ethical relativism schools of thought. According to these schools of thought, ethics refers to doing the right thing or engaging in actions that bring about a greater good outcome to the majority of the community members where the actions are taking place. This however needs not ignore the fact that the human being doing these actions is equally important and should not be treated as a means but as the end in itself. Importantly, these actions need to be done in relation to what is considered to be acceptable within a given social setting or

community (relativism). This therefore brings into context the need for actions to be based on where a person belongs in terms of a society, community, tribe, religion, sect or even a country (Hiltz & Rohn 2000).

Relating the ideas from the ethical schools of thought, there is need for people working in financial management departments in public agencies to act in line with what is expected of them in their profession. As custodians of financial information and resources as well, it becomes very important to handle the finances in as responsible a manner as possible to avoid as much as possible any chances of financial losses from these institutions. This way they will be considered to be working ethically unlike when there are cases of financial losses (Beaton Consulting 2009). This further highlights that by acting ethically, there are high chances of averting cases of poor financial management in public agencies in Uganda. In the process of acting ethically, the cases of compliance to internal controls and ethical standards of employees are brought into the context.

### **2.1.2 Agency Theory**

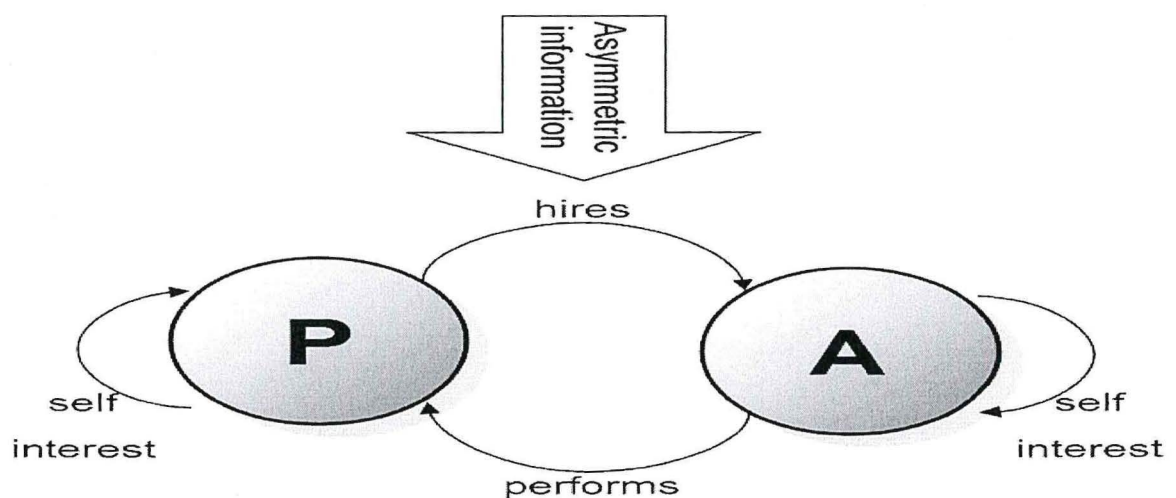
In line with the concept of ethics, there is need to have functioning departments in an entity especially when systems are to be introduced to handle financial related matters on any other matters in relation to management. The need for these departments and units working together brings into context the agency theory.

An agency, in general terms, is the relationship between two parties, where one is a principal and the other is an agent who represents the principal in transactions with a third party. Agency relationships occur when the principals hire the agent to perform a service on the principals' behalf. Principals commonly delegate decision-making authority to the agents. Agency problems

can arise because of inefficiencies and incomplete information. In finance, two important agency relationships are those between stockholders and managers, and stockholders and creditors (Nikkinen and Sahlstrom, 2009).

For example, in corporations, the principals are the shareholders of a company, delegating to the agent (*the management of the company*) to perform tasks on their behalf. The Agency theory assumes both the principal and the agent are motivated by self-interest. This assumption of self-interest dooms agency theory to inevitable inherent conflicts. Thus, if both parties are motivated by self-interest, agents are likely to pursue self-interested objectives that deviate and even conflict with the goals of the principal. Yet, agents are supposed to act in the sole interest of their principals. This happens to be the case with this research assignment, in case where the management of Public funds in Government agencies raises a number of issues. Common examples of this relationship include corporate management (agent) and shareholders (principal), or politicians (agent) and voters (principal).

Figure 1.



Basic idea of Agency Theory (P: Principal, A: Agent)

Source: Kathleen M. Eisenhardt, 2008.

The problem arises where the two parties have different interests and asymmetric information (the agent having more information), such that the principal cannot directly ensure that the agent is always acting in its (the principal's) best interests, particularly when activities that are useful to the principal are costly to the agent, and where elements of what the agent does are costly for the principal to observe. The moral hazard and conflict of interest may arise (Bruce et al. 2005).

Indeed, the principal may be sufficiently concerned at the possibility of being exploited by the agent that he chooses not to enter into a transaction at all, when that deal would have actually been in both parties' best interests: a suboptimal outcome that lowers welfare overall. The deviation from the principal's interest by the agent is called agency costs. Various mechanisms may be used to align the interests of the agent with those of the principal (Eisenhardt, 2009).

## **2.2 Level of employee ethics in government agencies**

Employee ethics is generally referred to as a situation in which employees tend to work in line with a set of rule or code of conduct. The ethics component in employees can also be considered to mean the employees operating in accordance with the generally acceptable standards of employment in that entity (Beaton Consulting 2009). This therefore implies that different entities have different ethical issues that need to be considered by employees in the course of discharging their duties as employees.

All entities regardless of the ownership and orientation are expected to have some form of ethical issues that the employees are expected to abide with. Ethical issues in this context are referred to as those issues and or guidelines that are contained in an employee manual. This is sometimes referred to as the employee code of ethical practices or code of conduct. These guidelines are generally developed to guide new employees and even the existing ones on how to work

smoothly with other employees and even be able to do their duties with great efficiency and effectiveness (Conference Board of Canada 2008).

With specific interest in efficiency and effectiveness of employees, there are general standards and ethical issues that apply to all employees regardless of the industry of operation and or type of entity (public or private). There are some actions that are generally regarded as not part of the good conduct expected from employees regardless of where they are operating from. These are sometimes referred to as the universal standard of employee ethical conduct (Ethics Resource Centre-HayGroup 2009).

Focusing on specific issues, some employees tend to invent new names to refer to the actions they are doing. This is in one way or the other a way of justifying a wrong act by coining it a new name. Referring to the events documented by the Law Society of New South Wales (2006) there are so many cases that legal professional also referred to as solicitors are involved in. In these cases, these professionals are fond of dealing with clients and handling their issues with the aim of giving best value to their clients. In the process, they end up engaging in duties that make them have conflict of interest. To enable themselves continue operating as if there is no conflict of interest, they rename such duties as fiduciary duties which according to the legal profession is considered to be a breach of ethical code of conduct.

The tendency of conflict of interest is actually a source of many other unethical practices performed by employees. The urge to gain more for self instead of enabling the entity to gain as well is something that many employees are fond of failing to fight. This is in the end makes such employees act in a way that is not acceptable according to the employee rules and regulations in the entity where they operate in (Jones 2013).

In government entities for instance, employees are fond of operating with the knowledge that they are not being strictly followed by anyone. This belief especially in third world countries has been a source of many forms of unethical practices amongst employees. To a greater extent though, this has been attributed to the level at which employees are engaged at work place (Ethics resource centre 2010).

The Ethics Resource Centre professionals further conducted a research where employees were classified into groups of those who are engaged (loyal employees) and those who are not engaged (not loyal). The results indicated that those employees who were not engaged had high chances of compromising their values at work places as compared to those who were engaged. This therefore made them advise management about ensuring that employees are properly engaged at work place (Ethics resource center 2009).

The issues of loyal and disloyal employees is very common in the case of government agencies since the employees feel that they are working for the state and hence there is no one to directly supervise them. This brings about the tendencies of unethical practices to emerge. These practices most cases lead to personal gains that are attached to losses on the side of the public agency where such employees are operating (LRN Ethics Study 2007).

### **2.3 Internal control compliance levels in government agencies**

The concept of internal controls refers to the set of rules and procedures that need to be followed for proper management of internal affairs of an entity. In a narrow view, internal control can be referred to as the set of policies and guidelines that are necessary for internal financial management of an entity (Sarbane Oxley 2002).

These policies and regulations could be general or specific to a particular entity depending on the environment the entity operates in. This therefore calls for the managers of the business to be vigilant to know the risks that a business may encounter in case the internal controls are not taken care of seriously. This fact implies that the design of internal control principles and policies for application in a particular entity should be based on the possible risks that the entity may be exposed to. The risks will then guide the designer of internal controls to come up with the right controls for that entity (Agrawal 2006).

Considering a public agency being the entity in question, general guidelines and procedures are expected to be applied. Government agencies being subjected to the same conditions most of the time, the internal controls applicable in the different agencies are more or less the same (Compliance Supplement 2012). This view is also concurred by the publication by the Legislative Assembly of the Northern Territory (2011) which indicated that the government agencies in a particular state are liable and practically answerable to the Public Accounts Committee(s) (PACs) of their countries and or states. This indicates that all of them are subjected to the same types of standards.

Having internal controls in one thing but ensuring that such controls are complied with is another thing. In developing countries for instance, government agencies have been reported to have succumbed to many corruption scandals making it hard to know whether the structures to curb the corruption tendencies are there or not. This indicates that the compliance levels to internal controls are still low in most of the developing countries (Baltaci and Yilmaz 2006).

Most developing countries like for the case of East African Countries currently are still grappling in the process of improving service delivery through the different agencies that are set up all over

the countries. This however has not been very helpful to improve the service delivery and yet there is low level of accountability of the said funds advanced for the work to be done. This too is an indication that there is low level of compliance of the controls put in place (Simson, Sharma & Aziz 2011).

#### **2.4 Quality of public fund management in government agencies**

In line with the low compliance levels, there is a tendency of low public fund management. Borrowing from the idea of Aziz (2011), most developing countries are affected by poor public fund management practices. The moment one is made part of the public servants, he or she is entitled to work objectively for the good of the state. This rotates in the areas of raising funds and budgeting how to spend the said funds. The expenditure component goes hand in hand with the procedures of accountability so that the whole public can know how their funds are being spent.

The issue of accountability brings into the context the procedures of good financial management that most public entities do not engage in. Borrowing from an ACCA publication by Parry (2010), public fund management is explained to mainly focus on the issue of effectiveness and efficiency of public servants. This is further viewed from the point of view of them (public servants) being in position to manage all national resources put at their disposal such as funds and physical resources.

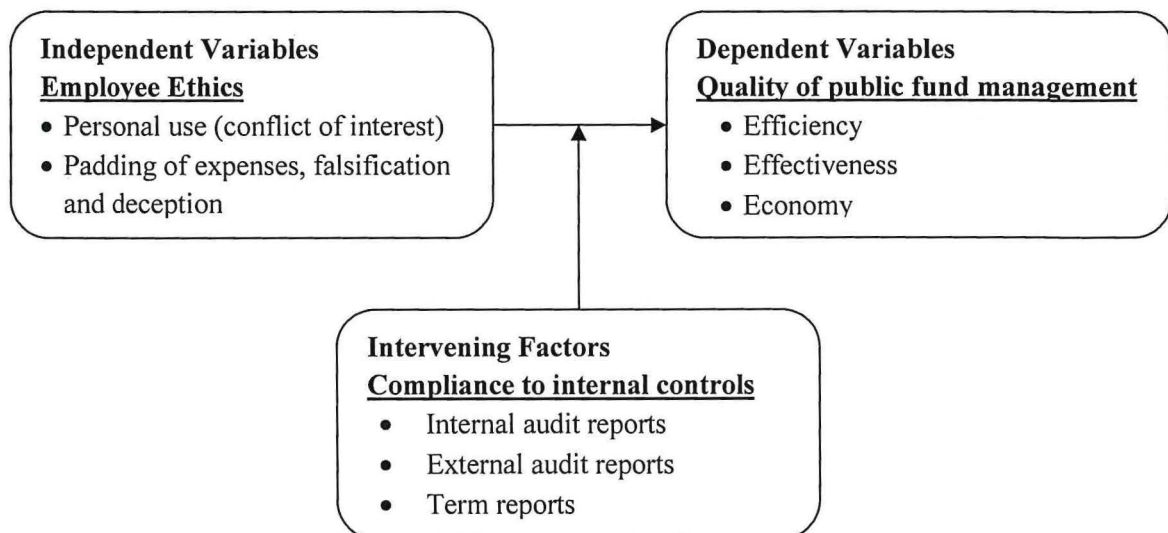
Basing on the OECD (2001) review of the developing countries financial management practices, there is need for the nations to strengthen the governance aspects of the agencies under the control of the countries and or states. There is further need for there to be a mechanism of identifying right procedures to plan and actually account for the planned expenditure so that

there can be fairness in the operations of the agencies. Importantly the government agencies need to advocate the concept of transparency since it is key in the public fund management practices.

## 2.5 Conceptual framework

Basing on the review of past reports by the Department of Ethics and Integrity-Uganda (2013), there is a link between employee ethical standards and compliance to internal control regulations and procedures. The more ethical one is in his or her deeds, the higher the chances of this person complying with the laid down rules and regulations. The same view is shared by the OECD (2010). The ethics report from OECD further highlights that when the employees are ethically upright and are doing their best to comply with the regulations set forth for them, then chances of having good governance are high. With respect to the current research study, good governance is considered to be synonymous to good management of public funds. Basing on this review, a conceptual framework for this study has been derived as shown in Figure 2.

**Figure 2: Conceptual framework**



*Source: Derived from a review of Department of Ethics and Integrity-Uganda (2003); OECD (2010);*

## **2.6 Conclusion**

The review of literature indicated that there is a relationship between employee ethics, compliance to internal controls and quality of public fund management. This indicates that the previous researchers were convinced that when employees become ethical in their employment, the quality of public fund management is expected to be realized. The same is considered to be true for the case of the effect of compliance to internal controls. Compliance to internal controls is further considered to be influential towards achieving good quality of public funds. These reports withstanding, the relationship displayed in the review may or may not exist in government agencies in Uganda. Because of this uncertainty, there is need to carry out research to establish whether it actually exists in Uganda or not.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **1.0 Introduction**

The Study was carried out basing on a specified method of investigation highlighted in this chapter. Here, specifications were provided for the design of the project, type of data to be considered as well as its source; population of the study, sample size and sampling design as well as data collection techniques and measurement of variables selected for the study. Further highlight of how the data is going to be analyzed was also provided as part of the specifications of research methodology.

#### **3.1 Research design**

A cross sectional research design was used to carry out the research project. This design was considered appropriate because the researcher wanted to investigate the events related to the variables of the study happening at a particular point in time (Gratton & Jones 2004). This is possible when conducting research basing on the cross-sectional research design.

#### **3.2 Data type and source**

The project was carried out basing on primary data only. Considering the nature of research project, using primary data was considered to be appropriate since it was easily available with current information regarding the constructs of the research project considered.

The main source for this data was the employees and management of the East African Civil Aviation Academy (EACAA) that the researcher expected to contact.

### **3.3 Population of the study**

For this research project, a total of 45 employees were considered to form the population of the study. This number was retrieved from the Human Resources records with the help of the Human Resource Manager of the entity. Given the population at EACAA, this number was exhaustive enough to provide relevant information for the research study.

The 45 employees included 10 employees at management positions, 15 employees at supervisory level and the remaining 20 employees were at officer levels. This classification was considered appropriate since the researcher was interested in getting a balanced view about the variables of the study. Since the subject area for research affected all employees in the government agency, the strata (groups) suggested were considered valid for this research study

### **3.4 Sample size and sampling design**

The size of the sample was selected using the sampling table developed by Krejcie and Morgan (1970). Basing on this sampling table, a sample size of 40 respondents was selected for consideration in the research project. This sample size was based on the population of potential respondents totaling to 45 employees of EACAA.

Stratified sampling design was used to select respondents for data collection purposes. The researcher stratified the sample into strata of management body, officers and supervisors. The respondents were then selected proportionally from each stratum using simple random technique. This is as shown in table 3.1 below.

**Table 3.1: Sample and population of study**

<b>Strata</b>	<b>Population Size</b>	<b>Sample Size</b>
Management level	10	9
Supervisory level	15	13
Officer level	20	18
<b>Total</b>	<b>45</b>	<b>40</b>

**Source:** Primary data

Stratified sampling design was used because the types of respondents to be contacted are heterogeneous in nature. In this situation, stratified sampling design was considered to be useful since it was helpful to avoid any chances of bias.

### **3.5 Data collection techniques and procedure**

To collect the data, questionnaire technique was used. The questionnaires were designed and piloted to ensure that the contents capture all the relevant information in relation to the study.

Data collection using a questionnaire was carried out by issuing out the questionnaires to the respondents with instructions of how to answer the questions. This is technically referred to as '*self administered approach*' of collecting data using questionnaires. The respondents were given a period of about 2 weeks to respond to the questions. After the two weeks, the questionnaires issued out were collected from the respondents.

This technique was found appropriate by considering the fact that the respondents for the study were many in number apart from being busy in the running of the entity. The technique selected was good in circumstances of this nature and hence its appropriateness for use.

### **3.6 Reliability and validity**

In the process of carrying out the research exercise, the reliability and validity of the data collection tools to be used were established. The validity was verified by the computation of the

Content Validity Index (CVI) for the research variables that were included in the questionnaire. In line with the validity test, the Cronbach's Alpha Coefficient was also computed to establish the degree of reliability that the questionnaire had. These two tests were necessary in the current research to give confidence that the responses to the research questions were valid and reliable specifically for the study (Anastasi 1986). Results from the tests carried out are displayed in table 3.1 below.

**Table 3.2: Reliability and Validity results**

<b>Research construct</b>	<b>Cronbach's Alpha Coefficient</b>	<b>CVI</b>
Employee Ethics	0.704	0.825
Compliance to Internal Controls	0.784	0.725
Quality of public fund management	0.746	0.756

### **3.7 Measurement of variables**

From the review of literature conducted, the study managed to develop measures for consideration in the current research project. These include;

- i) Employee ethics was measured by the behavior of employees. From the review of literature, the study adopted two key measures of employee ethics; Personal use (conflict of interest) and Padding of expenses, falsification and deception (Rulangaranga, Ntayi & Muhwezi 2013).
- ii) Compliance to internal controls in government agencies was measured by considering how such compliance can be checked. Review of previous research works shows that the compliance levels can be measured by looking at Internal audit reports, external audit reports and term reports. Through such reports, one is able to tell whether there has been compliance or not (Sarbane Oxley 2002; Compliance Supplement 2012)
- iii) Quality of public fund management was measured by looking at how the operations of the public fund management officials are checked. Previous research indicates that one of

the most efficient way of measuring public fund management is by looking at the output of the management process. Through the output one can be able to identify whether the officials working there are efficient, effective and or perform their duties basing on the economy principle. This way, the concept of value for money in public management will be realized (Parry 2010; OECD 2001)

### **3.8 Data analysis and presentation**

The information collected from respondents was analyzed by using the SPSS programme. A descriptive analysis with focus on frequency distribution analysis was done as well as analysis using means and standard deviations. The study also carried out correlation and regression analysis to measure the degree (strength) of association and direction of it as well as the degree of influence between independent and dependent variables respectively.

Following the analysis, the findings were presented using mainly tables and providing explanation to those tables. Generally, the findings were presented in tabular form capturing information from correlation and regression results as well as a summary of means and standard deviations (descriptive). Using the statistical information from the programme, the findings for the study were obtained as well as the conclusion and recommendation of the research project.

## **CHAPTER FOUR**

### **ANALYSIS AND PRESENTATION OF FINDINGS**

#### **4.0 Introduction**

The study was carried out to establish the status of employee ethics, compliance to internal controls as well as quality of public fund management. In the process of doing this, a number of analyses were carried out ranging from descriptive to regression and correlation analysis. These analyses were carried out with an aim of getting responses to the research objectives and research questions that were set at the beginning of this study. The research findings were thereafter obtained and reported in this chapter as well.

This chapter is divided into 5 sections. The section 4.1 has information in relation to the sample characteristics. Section 4.2 with information in relation to level of employee ethics which is followed by section 4.3 with information in relation to Internal control compliance levels. Section 4.4 has findings in relation to quality of public fund management and section 4.5 has the relationship between employee ethics and compliance to internal controls onto quality of public fund management.

#### **4.1 Sample characteristics**

A total of 40 prospective respondents were selected to participate in the research survey. Results from the data collection process revealed that the total number of respondents who successfully responded to the questionnaires were 40. This reflected 100 percent response rate. This is mainly considered to have been a result of the number of respondents being small and located in the same organization. Hence, this made it easy to get all the respondents at a go.

This section has information in relation to the characteristics of the sample space considered in the research study. The sample space refers to the people who were actively involved in the research survey when the data was being collected. These characteristics were represented here to give a picture of the type of respondents that were encountered in the process of data collection. These characteristics are discussed in the subsections that follow.

#### 4.1.1 Marital status of respondents

To further check whether the respondents were indeed mature and hence responsible, there was need to get information in relation to the marital status of the respondents. This information is reported in table 4.1 below.

**Table 4.1: Marital status of respondents**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Single	7	17.5	17.5
Married	24	60.0	77.5
Divorced	2	5.0	82.5
Separated	7	17.5	100.0
<b>Total</b>	<b>40</b>	<b>100.0</b>	

**Source:** Primary data

Findings presented in table 4.1 indicate that there is a big number of respondents who are married as compared to other categories of respondents. The respondents who are married represent 60 percent of all the respondents who were contacted for the research survey. Those who are single and those who are separated represent 17.5 percent each respectively depicting low level of responsibility amongst respondents. This indicates that there is a low level of respondents who are not willing to be responsible (separated) and or not yet ready to take up responsibility. Level of responsibility is considered to be synonymous to the ability of respondents to give results to which they can be responsible. It further translates to the

percentage of respondents who are willing to give sensible responses for the research study. Those who are divorced are reported to represent 5 percent of all the respondents who were contacted.

These findings indicate that majority of the respondents are responsible and can stand by what they do. This is measured by the number of people who have reported to be married which is a sign of responsibility and commitment hence the levels of employee ethics and compliance to internal controls are high.

#### 4.1.2 Education level of respondents

In a bid to ensure that the responses obtained from the respondents are good enough to depend on to reach conclusion for the study, this was by establishing the education levels of respondents considered in this research study. The findings of this objective are presented in table 4.2.

**Table 4.2: Education level of respondents**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Secondary	11	27.5	27.5
Tertiary	15	37.5	65.0
University	14	35.0	100.0
<b>Total</b>	<b>40</b>	<b>100.0</b>	

**Source:** Primary data

According to findings presented in table 4.2, only 27.5 percent of the respondent were at secondary level of education. This leaves 72.5 percent of the respondents contacted in this research exercise at University and other tertiary institutions. This means that majority of the respondents were knowledgeable enough having completed tertiary level of education as well as University. This is an indication that the respondents who were greatly exposed to the issues of management and organizational planning were obtained for the research study. Basing on this,

the researcher was convinced that the respondents contacted were in good position to give relevant responses to the research questions.

#### 4.1.3 Length of stay in the organization

In line with the level of commitment established amongst the respondents, there was need to establish whether the respondents had enough information in relation to the research study. To achieve this, the length of stay in the organization (EACAA) by respondents was investigated. The length of stay in an organization is considered to represent the amount of information that one is likely to have about the entity they work for. The analysis into the length of stay of respondent employees in the organization was therefore geared towards establishing whether the respondents had reasonable information about EACAA or not. Findings in relation to this search were presented in table 4.3.

**Table 4.3: Length of stay in the organization**

Years spent at work	Frequency	Percent	Cumulative Percent
One year	1	2.5	2.5
Two years	2	5.0	7.5
Three years	7	17.5	25.0
Four years	3	7.5	32.5
Five years	9	22.5	55.0
Six years	8	20.0	75.0
More than 6 years	10	25.0	100.0
<b>Total</b>	<b>40</b>	<b>100.0</b>	

**Source:** Primary data

The findings in table 4.3 indicate that respondents who have been employees of EACAA for a period of 1 year represents 2.5 percent of all the respondents contacted. Those who are reported to have spent two years at EACAA are reported to represent 5.0 percent of all the respondents. These two results indicate that those respondents who could have worked at EACAA for a minimum of two years represent 7.5 percent of all the respondents that were contacted for the

research survey. This leaves those who worked for more than 2 years (*i.e three years and above*) representing 92.5 percent.

This is an indication that majority of the respondents who were contacted had worked at EACAA for a period of more than two years. These are the ones who are reported to represent 92.5 percent of all the respondents contacted for the research survey. Basing on this finding, the respondents contacted had good knowledge of the operations of EACAA. With this knowledge, it was expected that they were in good position to give important knowledge in response to research questions.

#### 4.1.4 Official position of respondents

To further get an understanding of the respondents contacted for the study, there was need to know their official positions. The official position of the respondents was necessary to determine the level of management or authority of respondents. This is necessary to be able to determine the level of credibility of the respondents. The more responsible an officer becomes at work place, the higher the chance for that officer to give credible responses when requested for in a research setting. In line with this fact, there was need to establish whether the respondents were in position to give credible information or not. Findings in relation to this objective are presented in table 4.4.

**Table 4.4: Official position of respondents**

Official position	Frequency	Percent	Cumulative Percent
Officer	20	50.0	50.0
Supervisor	11	27.5	77.5
Manager	7	17.5	95.0
Director	2	5.0	100.0
<b>Total</b>	<b>40</b>	<b>100.0</b>	

Source: Primary data

Findings in table 4.4 indicates that 50 percent of the respondents are officers at EACAA, 27.5 percent of the respondents are supervisors, 17.5 percent of the respondents are managers whereas 5 percent of them are Directors. This is an indication that most of the respondents are in good contact with what is happening in the organization (EACAA). The group of respondents who are involved in the day to day running of the entity comprise of Officers and Supervisors. These two categories of people have up to 77.5 percent representation of the total respondents considered for this study. This is an indication that the researcher managed to get respondents who are in good position to give relevant and credible information in line with the study.

#### **4.1.5 Length of stay in the official position stated**

Further to knowing the different official positions held by the respondents, it was further found necessary to identify the length of stay of the different respondents in the respective official positions as highlighted in 4.1.4. This analysis was carried out with an aim of establishing whether the respondents had good knowledge of what was taking place at EACAA. This was considered to be an improvement of the findings about the official positions of respondent employees displayed in table 4.4. Obtaining findings in relation to this aspect was found to be necessary because if a respondent is in a particular official position for a long period of time, more knowledge is acquired by the employee compared to when the employee spends little time in an official position. This was expected to make an employee become a better respondent to the study compared to when they have spent little time in the office. Findings in relation to this objective are as indicated in table 4.5.

**Table 4.5: Cross tabulation-Official position of respondents and time spent in official position**

Official Position of respondents		Time spent in the official position							Total
		One year	Two years	Three years	Four years	Five years	Six years	More than 6 years	
Officer	Count	3	2	3	2	4	1	5	20
	% within the position	15.0%	10.0%	15.0%	10.0%	20.0%	5.0%	25.0%	100.0%
Supervisor	Count	0	0	3	2	4	0	2	11
	% within the position	.0%	.0%	27.3%	18.2%	36.4%	.0%	18.2%	100.0%
Manager	Count	0	0	2	1	1	2	1	7
	% within the position	.0%	.0%	28.6%	14.3%	14.3%	28.6%	14.3%	100.0%
Director	Count	0	0	0	0	0	0	2	2
	% within the position	.0%	.0%	.0%	.0%	.0%	.0%	100.0%	100.0%
Total	Count	3	2	8	5	9	3	10	40
	% within the position	7.5%	5.0%	20.0%	12.5%	22.5%	7.5%	25.0%	100.0%

Source: Primary data

The findings in table 4.5 indicate that most of the respondents in their respective official positions are reported to have worked in those positions for more than two years.

Sampling some of the official positions, officers and supervisors were considered. For the case of officers, the study established that those who have worked as officers for the last two years and below represent 25 percent (Total of one year and two years on the table) of all respondents. This leaves 75 percent of the respondents who are reported to have worked as officers for three years

and above. This is an indication that majority of officers who were contacted for the study had worked for three years and above. This implies that there is a very high chance for the respondents in the capacity of officers to give reliable responses for the study. This was further considered to be very important in establishing the level of compliance to internal controls as well as quality of financial management in EACAA as a government agency.

Second important group for consideration is that of the supervisors. Basing on the findings in table 4.7, the study established that all the respondents (100 percent) in the category of supervisors are reported to have worked in that capacity for a period of three years and more. The same is reported to be the case for the other categories of official positions identified in table 4.4.

Findings in table 4.5 indicate that majority of respondents have been in their respective official positions for a period of three years and above. This therefore implies that there are good chances that the responses obtained from these groups of respondents are relevant for the study.

#### **4.1.8 Specialization of respondents**

In the process of carrying out this study, it was established that there was need to identify the specializations of the respondents concerned. According to the acting Director, the academy is basically a technical unit that is why they employ more engineers. This was considered necessary by the study since the study was carried out in a specialized organization – EACAA. Basing on this, the study wanted to establish whether the respondents were actually as specialized as the organization itself. Descriptive analysis in relation to this was carried out. Findings in relation to this are presented in table 4.6 below.

**Table 4.6: Specializations of respondents**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Accountancy	3	7.5	7.5
ICT	7	17.5	25.0
Secretarial	7	17.5	42.5
Engineering	16	40.0	82.5
Marketing	3	7.5	90.0
Economics	1	2.5	92.5
Law	3	7.5	100.0
<b>Total</b>	<b>40</b>	<b>100.0</b>	

**Source:** Primary data

The findings in table 4.6 indicate that majority of the respondents are Engineers. These are reported to have composed 40 percent of all the respondents contacted for the study. Next in the order of arrangement is groups of those respondents who specialize in ICT and Secretarial services. Each of these groups is represented by 17.5 percent of the total respondents.

Findings in table 4.6 reveals that the respondents were of technical nature, especially for the case of Engineers. Basing on the title of the organization, majority of the respondents were expected to be Engineers which is the case as per the findings presented in table 4.6. This therefore means that the study managed to get the correct group of respondents for the study.

#### **4.2 The Level of employee ethics**

The first objective for this study was to establish the level of employee ethics in government agencies in Uganda. To establish this, a case study of EACAA was considered being one of the prominent government agencies in Uganda. Looking at EACAA, two important aspects of employee ethics were considered in this study. The aspects were personal use with an element of conflict of interest and paddling of expenses with a component of falsifications and deception by employees. These aspects were considered to be important measures to check whether there is

employee ethics in these government agencies or not. The study considered the ideal procurement process in paragraphs 4.2.1 and findings in relation to employee ethics are reported in paragraphs 4.2.2 and 4.2.3 below.

#### **4.2.1 Procurement process**

In Uganda as in other countries, procurement is one of the government sectors most vulnerable to corruption. Large sums of funds (60%) are spent through procurement and the high levels of discretion and bureaucracy often involved in such processes provide incentives for rent seeking behaviours.

Procurement encompasses the whole process of acquiring goods and/or services. It begins when an organization has identified a need and decided on its procurement requirement.

Procurement continues through the processes of Preparation of bid document, Submission of bid document to Contracts Committee for approval of the procurement method. Publication of the Bid Notice, clearly indicating the bidding period of 22 (twenty two)/33 (Thirty Three) working days, respectively, the deadline for submission of bids, the method purchase of bid document and the cost of each bid document.

Receipt of bids, which may either, be in person or using a bid box. Late Bids must be rejected. Bids are received in the presence of a member of the contracts Committee. Bid Opening, which is done immediately the bid submission is closed and in the presence of a member of the contracts committee. Submission of proposed evaluation Committee to Contracts Committee for approval and Bid Evaluation which Commences immediately after bid Opening.

Submission of Evaluation Report to PDU indicating the best evaluated bidder and the reasons for disqualification of those who have not succeeded and PDU submits to contracts committee a

recommendation for award. The Contracts Committee decision on the best evaluated bidder is submitted to PDU. Best Evaluated Bidder Notice issued to all bidders who participated and also pinned on the PDE Notice Board for 5 (Five) working days.

In case there is no complain from any of the other bidders who participated, a Notice of Award is issued to the Best Evaluated Bidder. Draft Contract is submitted to the office of the Solicitor General for approval. Upon receipt of the approval of the contract document, the contract is signed between the successful bidder and the PDE. Deliveries are made and receipt is acknowledged by the user department. Documents forwarded to accounts for payments.

#### **4.2.1.1 Open International / Domestic bidding**

Open domestic bidding is a procurement method which is open to participation on equal terms by all providers through advertisement of the procurement opportunity. Foreign or international bidders can participate in open domestic bidding whereas Open international bidding specifically seeks to attract foreign providers. The high risk contracts constituted 96 percent of all procurements. Regulation 106(4) stipulates that the choice of procurement method shall be in accordance with thresholds issued by the Authority. Guideline 1/2003 provides the thresholds for procurement methods. In EACAA, two tenders totaling Ugx 435,426,314 i.e supply of aviation fuel and lubricants and supply of motor vehicle fuel and lubricants, the thresholds were not adhered to and Restricted Domestic Bidding method was used rather than open bidding.

#### **4.2.1.2 Restricted international/Domestic bidding**

Restricted domestic bidding is the procurement method where bids are obtained by direct invitation without open advertisement. Restricted domestic bidding is used to obtain competition

and value for money to the extent possible, where the value or circumstances do not justify or permit the open bidding procedure. Restricted international bidding includes foreign providers.

#### **4.2.1.3 Request for quotation/Proposal**

Request for Quotation and Proposals are simplified procurement methods which compare price quotations obtained from a number of providers. The Quotation and Proposal method shall be used to obtain competition and value for money to the extent possible, where the value or circumstances do not justify or permit open or restricted bidding procedures.

#### **4.2.1.4 Direct procurement**

Direct procurement or disposal is a sole source procurement method for procurement requirements where exceptional circumstances prevent the use of competition. Direct procurement is used to achieve efficient and timely procurement or disposal, where the circumstances do not permit a competitive method. Regulation 119 (1) states that “a procurement process under direct procurement shall follow the procurement rules and process set out in Part V”. Part V further states that “direct procurement may be used where there is insufficient time for any other procedure such as in an emergency situation.” The Authority noted that the Entity used the direct method procurement without sufficient justification for procurements totaling Ugx 395,042,361.

#### **4.2.1.5 Micro Procurement**

Micro procurement is a simple direct procurement method which is used for very low value procurement requirements. Micro procurement is used to achieve efficient and timely procurement where the value does not justify a competitive procedure. The arrangement,

particularly for micro procurement is that an Entity staff signs for cash from Accounts which he/she then uses to procure and pay the providers. Payments were not made in the name of the provider contrary to Reg. 254(1). Cash payments to a PDE staff rather than the provider may provide grounds for abuse.

#### **4.2.2 Personal use**

Value for money is the core principle underpinning public procurement, incorporating ethical behaviour and the ethical use of resources. The application of the highest ethical standards will help ensure the best achievable procurement outcome.

According to the acting Director, he has not known any personal use of the Academy resources for personal gain given the nature of operations of the Academy. He acknowledged that the period covered by the study had anomalies which were reported by PPDA audit and have been rectified by means of requesting for some waivers from them for procurements of specialised nature.

In this subsection, there was need to establish whether the respondents had any knowledge in relation to personal use of the resources of EACAA. Results in relation to this aspect are displayed in table 4.7.

**Table 4.7: Employee Ethics - Personal Use**

	Min	Max	Mean	Std. Dev
Officers in EACAA use public resources for the benefit of the whole public	1.00	5.00	3.1000	1.35495
In case EACAA enters into contract with service provider, officers in charge ensure that all clauses in the contract are properly attended to	1.00	5.00	3.6500	1.25167
Cases of collusion of staff members at EACAA are hardly there	1.00	5.00	3.5526	1.26699
Rules and procedures at work in EACAA are always followed by every employee	1.00	5.00	3.3077	1.10391
Any problem at work in EACAA is brought to the attention of management by whistle blower	1.00	5.00	3.3750	1.29471
Any problem at work in EACAA is brought to the attention of a concerned government body at Ministry level by a whistle blower	1.00	5.00	2.9750	1.54401

**Source:** Primary data

According to the findings in relation to personal use of public resources at EACAA, employee ethics at EACAA are good. Majority of the respondents indicated that in case EACAA enters into contract with service provider, officers in charge ensures that all information needs in the contract are properly attended to (mean = 3.6500). Additionally, it is reported that cases of collusion of staff members at EACAA are hardly there (mean = 3.5526). On operations in EACAA, respondents indicated that rules and procedures at work in EACAA are always followed by every employee (mean = 3.3077). Respondents further indicated that any problem at work in EACAA is brought to the attention of management by whistle blower (mean = 3.3750). However, fairly big number of respondents indicated their disagreement to the aspect that any problem at work in EACAA is brought to the attention of a concerned government body at Ministry level by a whistle blower (mean = 2.9750). This is an indication that the government body at Ministry levels are rarely informed of any wrong things taking place at EACAA. This findings implies that regardless of the good findings in relation to employee ethics at EACAA

reported, there is low chance for the relevant government ministry to know the bad things happening to EACAA. This is a sign of collusion on the side of employees which is one of the dangerous ethical aspect which must be avoided in a government agency. Additionally, the finding indicates that there is big ethical challenge that the entity is faced with.

From a general point of view however, these findings indicate that operations at EACAA are improving. This could be attributed to possible improvements between 2012 and 2013. Additionally, for the respondents to point out that there is rare use of public resources at EACAA is an indication that the ethical aspects at EACAA improved for the better. However, the low levels of whistle blowing indicate that there is still a challenge in the ethical requirements of employees. This implies that whereas the employees could have improved their ethical levels at work, there is still something to be done as far as whistle blowing is concerned and hence a challenge on the expected improvement in ethical levels of employees at EACAA. Considerin EACAA as a case study, these findings are considered to be inferred to reflect the situation in government agencies in Uganda.

Looking at the standard deviations, the values range between 1.1 and 1.5, this indicates the respondents level of understanding of the situation at EACAA. This is deduced from the value of standard deviation being above 0. Further to that, the standard deviations are not above 1. This implies that even when there is variation in the level of responses, it is relatively small meaning that the respondents were more or less with similar responses for the question items that were presented to them. This further increased the confidence of the findings given by the respondents.

### **4.2.3 Paddling of expenses**

Falsification of documents was acknowledged by the deputy director where individual officers would submit in various tender documents with the aim of circumventing the procurement process for their benefit. This could be seen, particularly for micro procurement in that, an Entity staff signs for cash from Accounts which he/she then uses to procure and pay the providers. Payments were not made in the name of the provider contrary to Reg. 254(1)

In line with the use of public resources, the study wanted to establish whether the officials of EACAA did anything related to spending unethically or with intention of getting personal benefits. To achieve this, the researcher carried out descriptive analysis. Findings from this analysis are presented in table 4.8.

**Table 4.8: Employee Ethics - Paddling of expenses**

	Min	Max	Mean	Std. Dev
Officers at EACAA have a tendency of following the requirements in the contract of employment they sign	1.00	5.00	3.2821	1.35625
Officers at EACAA follow terms in a contract when making purchases for supplies required in the academy	1.00	5.00	3.3590	1.26672
Officers at EACAA have concern for the needs of the suppliers in contracts they enter into	1.00	5.00	3.3846	1.11486
Officers at EACAA tend to make timely payments in contracts they enter into with suppliers	1.00	5.00	3.3056	1.41056
Officers at EACAA rarely communicate wrong information to suppliers they deal with	1.00	5.00	3.4722	1.18288
Officers at EACAA rarely anticipate gaining from information they communicate to the suppliers	1.00	5.00	3.2632	1.34936
Officers at EACAA rarely give higher payment than the one agreed in a contract document	1.00	5.00	3.2368	1.17253
Officers at EACAA always perform up to the standards required in a contract arrangement they have with management of EACAA	1.00	5.00	3.4615	1.12029
Officers at EACAA always perform up to the standards required in a contract arrangement they have with suppliers and service providers of EACAA	1.00	5.00	3.3333	1.45699
Officers at EACAA rarely compromise quality problems in their operations	1.00	5.00	3.5250	1.10911
Officers at EACAA rarely wrongly blame subordinate employees for something that has gone wrong at work	1.00	5.00	3.1795	1.51955

**Source:** Primary data

Findings from table 4.10 indicate that officers at EACAA follow terms in a contract when making purchases for supplies required in the academy (mean = 3.3590). Respondents further indicated that officers at EACAA have concern for the needs of the suppliers in contracts they enter into (mean = 3.3846). In line with this, the respondents highlight that officers at EACAA rarely communicate wrong information to suppliers they deal with (mean = 3.4722). This is an indication that the officials concerned at EACAA try their best most of the time to communicate correct information in relation to the contracts entered into. Still in relation to contracts, the

respondents state that officers at EACAA always perform up to the standards required in a contract arrangement they have with management of EACAA (mean = 3.4615). It is also reported that officers at EACAA always perform up to the standards required in a contract arrangement they have with suppliers and service providers of EACAA (mean = 3.3333). This is an indication that there has been improvement in the way the officers at EACAA handle their contracts. In line with this improvement, the respondents also indicate that officers at EACAA rarely compromise quality problems in their operations (mean = 3.5250).

From these findings it can be inferred that EACAA has undergone a great deal of transformation from the way it used to be especially concerning ethical component of employees paddling of expenses. The study further managed to establish that the respondents had more hope in the current EACAA as compared to the way it was previously.

Findings in relation to employee ethics point to the fact that there is a great improvement in the ethical aspects of employees at EACAA. The findings indicate that most if not all employees are ethical and act ethically especially in contracts where they are supposed to represent the interests of EACAA. This is an indication that to a greater percentage, employees of EACAA are ethical and paddling of expenses low.

Looking at the standard deviations, the values range between 1.1 and 1.5, this indicated the respondents level of understanding of the situation at EACAA. This is deduced from the value of standard deviation being above 0. Further to that, the standard deviations are not above 1. This implies that even when there is variation in the level of responses, it is relatively small meaning that the respondents were more or less with similar responses for the question items that were

presented to them. This further increased the confidence of the findings given by the respondents.

### **4.3 Internal control compliance levels**

According to the Accountant, the internal control compliance levels were satisfactory as a case were reports are submitted by the various departments.

In line with the second objective, there was need to establish the internal control compliance levels in EACAA as an inference to internal compliance levels of government agencies in Uganda. For the purpose of this study, the internal control compliance levels were measured by considering the existence and use of internal audit reports, external audit reports as well as term reports. Recommendations for implementation from these reports also need to be considered and acted upon as one of the ways to improve the compliance to internal control. In relation to this, a descriptive analysis was carried out to establish the internal control compliance levels in EACAA. To establish this, the study carried out analyses covering the aspects of internal audits, external audits as well as term reports. Findings in relation to this aspect are reported in paragraphs 4.3.1, 4.3.2 and 4.3.3.

#### **4.3.1 Internal audit**

The researcher carried out descriptive analysis into the establishment of the activities of the internal audit department at EACAA. Findings in relation to this are displayed in table 4.9.

**Table 4.9: Compliance to internal controls - Internal Audit**

	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
EACAA has a full time internal auditor	1.00	5.00	3.6486	1.39873
EACAA has a committee assisting the internal audit department to carry out its tasks	1.00	5.00	3.8718	1.12810
The internal auditor at EACAA communicates all to all staff members of what is expected to be the best accounting practice	1.00	5.00	3.4615	1.09655
The internal audit department is reported to have a backlog of issues to attend to	1.00	5.00	3.4211	1.36820
The internal audit department conducts reviews of all departments in EACAA on a regular basis	1.00	5.00	3.5556	1.20581
The internal audit department follows up to ensure that the recommendations made previously are followed by the department concerned	1.00	5.00	3.6316	1.02459
The internal audit department of EACAA handles the error checking exercise of documents sent to them	1.00	5.00	3.5385	1.23216
The internal audit department of EACAA handles the checking of transactions of EACAA to ensure that to ensure that they are in line with the policies set	1.00	5.00	3.6750	1.26871
The internal audit department of EACAA participates in reviewing the operational policies of EACAA	1.00	5.00	3.4054	1.34287

**Source:** Primary data

Findings from table 4.9 indicate that EACAA has a full time Internal Auditor (mean = 3.6486). In line with this, the respondents indicate that EACAA has a committee assisting the internal audit department to carry out its tasks (mean = 3.8718). Findings further indicate that the internal auditor at EACAA communicates all to all staff members of what is expected to be the best accounting practice (mean = 3.4615). From the findings however, it is revealed that the internal audit department is reported to have a backlog of issues to attend to (mean = 3.4211). This is an indication that the internal audit department is likely to be under-staffed. The under-staffed nature of the Internal Audit Department indicates signs of substandard work in the department. This substandard work is further linked to low levels of internal control compliance levels at EACAA.

Majority of the respondents contacted for the study further indicated that the Internal Audit department conducts reviews of all departments in EACAA on a regular basis (mean = 3.5556). The internal audit department is further charged with the responsibility of reviewing the operational policies of EACAA from time to time (mean = 3.4054). On top of conducting reviews of operational policies, it is further reported that the internal audit department follows up to ensure that the recommendations made previously are followed by the department concerned (mean = 3.6316). This is further reported to involve the error checking exercise of documents sent to EACAA by the external stakeholders who could either be suppliers or people making payments (mean = 3.5385).

Looking at the standard deviations, the values range between 1.1 and 1.4. This is an indication that the respondents according to their level of understanding of the situation at EACAA. This is deduced from the value of standard deviation being above 0. Further to that, the standard deviations are not above 1. This implies that even when there is variation in the level of responses, it is relatively small meaning that the respondents were more or less with similar responses for the question items that were presented to them. This further increased the confidence of the findings given by the respondents.

These findings imply that the Internal Audit Department of EACAA is working properly and in accordance with the requirements for the operation of the Internal Audit Department. Basing on this finding, high compliance levels to internal controls at EACAA could have been registered. However, considering that the department (Internal Audit) is reported to be understaffed, there are high chances of the employees being over loaded with work. To a great extent, this is considered to be one of the sources of errors at work. Even when the respondents indicate that the error checking is conducted, the error checking exercise is likely not to be exhaustive

considering the under staffed nature of the department. To a great extent therefore, there are high chances of there being low levels of compliance to internal controls at EACAA. This is basing on the substantive and rational point of view as deduced from the findings presented from the respondents contacted for the study.

#### 4.3.2 External Audit

In line with the internal audit activities, external audit activities were considered important to review. This was done by carrying out descriptive analysis of key items that the study managed to establish as important in the operations of the external audit department. Findings in relation to this are displayed in table 4.10.

**Table 4.10: Compliance to Internal Controls - External Audits**

	Min	Max	Mean	Std. Dev
EACAA gets audited by external auditors every financial year	1.00	5.00	3.2895	1.39319
Internal auditors of EACAA work hand in hand with the external auditors	1.00	5.00	3.3421	1.25798
Implementation of recommendations from external auditors is always carried out when required to be carried out	1.00	5.00	3.4444	1.18187
Internal auditors ensure that the recommendations of external auditors are carried out in the operations of EACAA	1.00	5.00	3.8158	1.13555

**Source:** Primary data

Findings in table 4.10 indicate that according to the majority of the respondents contacted, internal auditors of EACAA work hand in hand with the external auditors (mean = 3.3421). This is an indication that there is good relationship between the external and internal auditors at EACAA. Additionally, the respondents highlight that implementation of recommendations from external auditors is always carried out when required to be carried out (mean = 3.4444). This is an indication that there is a good plan out of events and how the external auditors liaise with the internal auditors. It further implies that the internal auditors understand well the requirements set

forth by the external auditors. This is further manifested by the agreement that the respondents had by indicating that internal auditors ensure that the recommendations of external auditors are carried out in the operations of EACAA (mean = 3.8158).

Looking at the standard deviations, the values range between 1.1 and 1.4. This is an indication that the respondents according to their level of understanding of the situation at EACAA. This is deduced from the value of standard deviation being above 0. Further to that, the standard deviations are not above 1. This implies that even when there is variation in the level of responses, it is relatively small meaning that the respondents were more or less with similar responses for the question items that were presented to them. This further increased the confidence of the findings given by the respondents.

#### **4.3.3 Term reports**

Apart from the works of internal auditors and external auditors, the researcher wanted to establish whether there are any reports that are issues within the entity to track the operations of an entity. This was considered necessary as part of an internal management indicator highlighting possible changes in case the reports suggests so. Findings in relation to this objective are displayed in table 4.11.

**Table 4.11: Compliance to internal Controls - Term Reports**

	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
All departments in EACAA prepare reports after every term	1.00	5.00	3.2857	1.46672
The biggest proportion of the term reports is a report relating to the performance of the different departments in that term	1.00	5.00	3.4324	1.14359
Same issues are reported as challenges in every term report prepared by heads of departments	1.00	5.00	3.4167	1.10518
Term reports portray what is actually happening in the departmental operations of the different departments	1.00	5.00	3.6486	1.08567
Term reports are always reviewed by the internal auditor to check any improvements in their operations	1.00	5.00	3.6757	1.37546

**Source:** Primary data

Findings as reported in table 4.11 indicate that the reporting mechanism in EACAA is good though some challenges could be highlighted that could raise questions to the effectiveness of reporting mechanism as well as the whole internal control system. Basing on the responses of the selected respondents, it was established that all departments in EACAA prepare reports after every term (mean = 3.2857). The biggest proportion of the term reports has information relating to the performance of the different departments in that term (mean = 3.4324). Good thing about these reports is that they portray what is actually happening in the departmental operations of the different departments (mean = 3.6486) and that they are always reviewed by the internal auditor to check any improvements in their operations (mean = 3.6757). Apart from all these positive findings, majority of the respondents contacted indicated that same issues are reported as challenges in every term report prepared by heads of departments (mean = 3.4167).

Looking at the standard deviations, the values range between 1.1 and 1.5. This is an indication that the respondents according to their level of understanding of the situation at EACAA. This is deduced from the value of standard deviation being above 0. Further to that, the standard

deviations are not above 1. This implies that even when there is variation in the level of responses, it is relatively small meaning that the respondents were more or less with similar responses for the question items that were presented to them. This further increased the confidence of the findings given by the respondents.

From the findings presented, it can be inferred that internal control environment of EACAA as far as term reports are concerned is good though the department(s) concerned are not in position to handle the challenges faced as supposed. This is inferred from the finding indicating that the same types of events are reported in every term report prepared. This further reflects the earlier finding which indicated that there is a possibility of under staffing in the department of internal audit.

Basing on the findings obtained in relation to compliance to internal controls reveals that the compliance is actually there. This is manifested by the staffs responsible in EACAA carrying out their tasks as supposed. The compliance component however is reported not to have taken into consideration of the possible challenges that the staffs concerned may face in the process of carrying out their tasks. This is reflected in the findings where it is reported that the same issues are reported in the term reports every time the reports are prepared (*Ref: 3<sup>rd</sup> question item in table 4.11*). This is an indication of lack of advancement in activities. This is coupled with the fact that there is a lot of backlog in the works of the staffs in the internal audit department. This implies that there is a lot to do and few people to do the work signifying high levels of understaffing.

#### **4.4 Quality of public fund management**

This study was centred on establishing the quality of public fund management at EACAA. This was the third objective that was set out to be achieved. In this study, quality of public fund

management was considered to be measured by the levels of efficiency, effectiveness and economy at EACAA. Quality of these three aspects in EACAA in relation to fund management was expected to be in position to give a picture of the overall fund management at EACAA. These are discussed in detail in the subsections that follow.

#### 4.4.1 Effectiveness of public fund management

The term effectiveness refers to the concept of doing the right thing or “doing it right”. Considering its use in public fund management of EACAA, the study wanted to establish whether the responsible officers were doing the right thing as far as public fund management for EACAA is concerned. Findings in relation to this are presented in table 4.12.

**Table 4.12: Quality of Public Fund Management - Effectiveness**

	Min	Max	Mean	Std. Dev
All activities that involve money at EACAA are carried out in line with the budget set	1.00	5.00	3.1818	1.33357
Budget process at EACAA involves all members of the institution	1.00	5.00	3.4848	1.39466
Expenditures at EACAA are effected only when the accounting officer considers them appropriate	1.00	5.00	3.5429	1.03875
All expenditures at EACAA are supported by accountability report	1.00	5.00	3.3030	1.40278
Money disbursed to a particular unit in EACAA is accompanied by an outline on how such money should be spent	1.00	5.00	3.4571	1.29121
The activities of all units and departments in EACAA are subject to audit	1.00	5.00	3.5294	1.07971
Before expenditure is effected, the internal audit of EACAA reviews it	1.00	5.00	3.7647	1.12973

**Source:** Primary data

Findings displayed in table 4.12 indicate that there is fairly middle position as far as effectiveness in public fund management at EACAA is concerned. A sizeable number of respondents highlight that all activities that involve money at EACAA are carried out in line with the budget set (mean

= 3.1818). Majority of the respondents stated that budget process at EACAA involves all members of the institution (mean = 3.4848). This is considered to be good since it is important for all the employees to be involved in the budget process. Further to that, findings indicate that all expenditures at EACAA are supported by accountability report (mean = 3.3030). Money disbursed to a particular unit in EACAA is accompanied by an outline on how such money should be spent (mean = 3.4571). These measures are considered to be important check points in the public management process. Further to that, majority of the respondents contacted indicated that the activities of all units and departments in EACAA are subject to audit (mean = 3.5294) and that before expenditure is effected, the internal audit department of EACAA reviews (mean = 3.7647). Apart from all that is reported so far, the study established that expenditures at EACAA are effected only when the accounting officer considers them appropriate (mean = 3.5429).

Looking at the standard deviations, the values range between 1.1 and 1.4, this indicated the respondents level of understanding of the situation at EACAA. This is deduced from the value of standard deviation being above 0. Further to that, the standard deviations are not above 1. This implies that even when there is variation in the level of responses, it is relatively small meaning that the respondents were more or less with similar responses for the question items that were presented to them. This further increased the confidence of the findings given by the respondents.

These findings imply that EACAA as an institution has tried to ensure that public fund in its coffers is effectively managed as expected. However, the same findings indicate that expenditures are made only when the accounting officers find them worthy for such. This is an indication that there are no systems in place to effectively handle cash disbursement and even if

it is there, it is not being followed. This therefore implies that there is existence of a challenge in the effectiveness of public fund management at EACAA though it may not be severe.

#### 4.4.2 Efficiency in public fund management

Efficiency is in line with the concept of effectiveness. This is in line with the in-put out-put relationship. By looking at efficiency, the study wanted to establish whether there were any delays in the fund management process. The focus here is in the time taken to make the necessary funds available for use in the activities of EACAA. Findings in relation to efficiency are displayed in table 4.13.

**Table 4.13: Quality of Fund Public Management – Efficiency**

	Min	Max	Mean	Std. Dev
Disbursement of funds in EACAA is done at the time when the funds are required by a particular unit or department	1.00	5.00	3.4167	1.20416
Tendencies of delays in fund disbursements in EACAA are rare	1.00	5.00	3.0294	1.50726
The staffs in EACAA are knowledgeable of the tasks they do in their various departments	1.00	5.00	3.4571	1.03875
The staffs in EACAA are good at what they do in their variuos departments	1.00	5.00	3.5429	1.14642
The service providers to EACAA rarely complain of late payment of the fees they charge EACAA	1.00	5.00	3.2857	1.46672

**Source:** Primary data

Findings in table 4.13 indicated that the funds are most times made available at the right time when they are needed (mean = 3.4167). This implies that tendency of delay in disbursements of funds for the various programmes of the EACAA is most likely to be less of a challenge in the operations of the entity. This is further supported by the finding indicating that service providers rarely complain of late payment of fees they charge EACAA (mean = 3.2857).

Looking at the standard deviations, the values range between 1.1 and 1.5. This is an indication that the respondents according to their level of understanding of the situation at EACAA. This is deduced from the value of standard deviation being above 0. Further to that, the standard deviations are not above 1. This implies that even when there is variation in the level of responses, it is relatively small meaning that the respondents were more or less with similar responses for the question items that were presented to them. This further increased the confidence of the findings given by the respondents.

These findings imply that the responsible staffs of EACAA make it a point to ensure that the funds are available at the right time for different activities in the operations of an entity. To a greater extent therefore, efficiency in public fund management is realized by the staffs of EACAA.

#### 4.4.3 Economy aspect in public fund management

Like for the case of efficiency and effectiveness, there was a need to establish the whether there was value for money in the different transactions that the entity has been entering into. To establish this, descriptive analysis was carried out with findings presented in table 4.14.

**Table 4.14: Quality of Public Fund Management – Economy**

	Min	Max	Mean	Std. Dev
EACAA follows PPDA principles in evaluating bidders	1.00	5.00	3.2973	1.26633
The management of EACAA are interested in realizing value in all activities carried out	1.00	5.00	3.4054	1.38362
Staffs employed at EACAA are employed on the basis of their competence	1.00	5.00	3.1143	1.13167
All equipment brought for use at EACAA are bought after a careful analysis of the value they can bring to the institution	1.00	5.00	3.3056	1.30536
All decisions made by management are based on the value to be realized by the institution by carrying them out	1.00	5.00	3.2162	1.51172

**Source:** Primary data

Findings in table 4.14 indicate that the transactions of EACAA have been carried out with the concept of economy in mind. This is manifested by the finding that EACAA follows PPDA principles in evaluating bidders (mean = 3.2973). The respondents further stated that the management members of EACAA are interested in realizing value in all activities carried out (mean = 3.4054). To further ensure that the concept of economy is upheld, the study managed to establish that all equipment brought for use at EACAA are bought after a careful analysis of the value they can bring to the institution (mean = 3.3056). This means that the concept of economy is considered to be important in the operations of the entity. The respondents further highlighted that all decisions made by management are based on the value to be realized by the institution by carrying them out (mean = 3.2162).

Looking at the standard deviations, the values range between 1.1 and 1.5, indicates the level of understanding of the situation at EACAA by the respondents. This is deduced from the value of standard deviation being above 0. Further to that, the standard deviations are not above 1. This implies that even when there is variation in the level of responses, it is relatively small meaning that the respondents were more or less with similar responses for the question items that were presented to them. This further increased the confidence of the findings given by the respondents.

From the findings in table 4.14, the researcher managed to establish that the transactions of EACAA were of economy in nature. This helped to establish that relevant staffs in EACAA were in good position to work hard and ensure that all transactions in EACAA were carried out with the concept of economy in mind. Relating this to the findings of understaffing as reported in relation to internal audit department, the concept of economy in EACAA disappears. This is based on the actual meaning of economy at work place. Being economical implies that all

activities of an entity are carried out but at the lowest market cost possible. The fact that there were reports of understaffing, there is an indication that some of the departments of EACAA were lacking meaning that operations were not as economical as portrayed by respondents.

#### **4.5 Relationship between employee ethics, compliance to internal controls and quality of public fund management**

In the process of carrying out this research, the study had an objective to establish the influence of employee ethics and compliance to internal controls on quality of public fund management. This was the general objective of the study which also formed the main purpose for conducting the research.

Two types of analyses were considered to establish findings for this objective, the correlation analysis and regression analysis. These are further explained in the subsections that follow.

##### **4.5.1 Correlation analysis**

Correlation analysis was carried out to establish the degree of association of the variables considered in the analysis. This mainly focused on the strength and direction of the relationships of the variables under consideration. Results in relation to this analysis are presented in table 4.15.

**Table 4.15: Results from correlation analysis**

	<b>1</b>	<b>2</b>	<b>3</b>
<b>Employee Ethics (1)</b>	1		
<b>Compliance to Internal Control (2)</b>	.652**	1	
<b>Quality of Public Fund Management (3)</b>	.745**	.796**	1

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

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

**Source:** Primary data

These findings imply that both employee ethics and compliance to internal controls have significant association with the quality of public fund management at EACAA ( $r = 745$ ;  $r = 796$ , respectively). Both of them are reported to have a significant relationship with quality of public fund management at the level of 0.01 (2-tailed). This finding implies that improvement in employee ethics from the state reported in the previous findings in this study is likely to boost the quality of public fund management. Quality of public fund management is likely to further improve if the compliance to internal controls by employees at EACAA is adhered to. These inferences are obtained from the findings in the correlation analysis table (Table 4.15).

Considering the findings from descriptive analysis, it was established that the quality of public fund management was not effective as well as not being economical. Findings from the correlation analysis imply that this could change with an improvement in employee ethics as well as compliance to internal controls. The need for improvement in employee ethics as well as compliance to internal controls is further stated here because basing on the findings from descriptive analysis, both ethical levels of employees and compliance to internal controls are reported not to be good.

#### **4.5.2 Regression analysis**

To augment the findings from the correlation analysis, the regression analysis was carried out. This was mainly carried out with an aim of establishing whether there is some level of influence that the independent variables (*Employee Ethics and Compliance to internal controls*) have onto the dependent variable (*quality of public fund management*). Findings from this analysis are reported in table 4.16.

**Table 4.16: Results from regression analysis**

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.974	.256		3.807	.001
Employee Ethics	.304	.092	.391	3.305	.002
Compliance to Internal Control	.393	.086	.539	4.557	.000
<b>Independent variable:</b>	Public fund management				
<b>R:</b>	.849				
<b>R-Square:</b>	.721				
<b>Adjusted R - Square:</b>	.705				
<b>F-statistic:</b>	45.186				
<b>Sig:</b>	.000				

**Source:** Primary data

Findings from the regression analysis as displayed in table 4.16 indicate that compliance to internal controls (Beta = 0.539) is more influential onto public fund management in EACAA compared to employee ethics (Beta = 0.391). Additionally, the findings indicate that both employee ethics and compliance to internal controls are significant predictors of public fund management in EACAA and other public agencies in Uganda. This is deduced from the significance levels reported to be 0.002 and 0.000 respectively. This is an indication that indeed employee ethics and compliance to internal controls have significant influence onto public fund management in public agencies in EACAA and Uganda at large.

Considering the group effect of employee ethics and compliance to internal controls, the results indicate that the two influence up to 70.5% of the changes in public fund management in EACAA. Considering this to be a reflection of all government agencies in Uganda, it can be concluded that the two variables; employee ethics and compliance to internal control have a great influence on management of public funds in public agencies in Uganda.

The influence that the combined effect of employee ethics and compliance to internal controls have onto public fund management cannot however overshadow the existence of other factors that may be influential to the public fund management in EACAA and other government agencies in Uganda. This is from the point of view of the fact that these other factors influence the remaining 29.5% of the changes in public fund management quality in public agencies in Uganda. These other factors include the existence of the controls, existence of qualified staffs and even the existence of strong management body.

#### **4.6 Summary of the findings**

Basing on the demographic characteristics, the detailed characteristics of the respondents were obtained. These characteristics indicate that the respondents were relevant for the study. The aspects of education level, experience of the respondents as provided by the tenure of employees as well as the distribution of the official position of the respondents indicate that the respondents were very relevant for the study. This further implies that the findings obtained from this group of respondents can be trusted and based upon to make conclusions about the study conducted although there are cases of the respondents fearing to give the true picture of what happens.

Focusing on the main findings of the study as provided by the relevant group of respondents, it is evident that there is great influence onto public fund management in EACAA arising from the internal control compliance levels. This means that the more compliant to internal controls officers become, the greater will be the realization of improved public financial management in EACAA. In the same vein, the level of employee ethics is also considered to be equally influential onto public fund management though it follows next to internal control compliance levels.

## **CHAPTER FIVE**

### **DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

The study was carried out to establish the influence that compliance to internal controls and employee ethics have onto quality of public fund management at EACAA. EACAA was considered to be the case study for the exercise. The study was successfully carried. In this chapter, the researcher presents the discussion of findings, conclusion and recommendation in relation to this study which was carried out.

The chapter is organized in four sections. The first section has information about the discussion of findings. The second section has information about the conclusion of the whole research work. This is followed by a section of recommendation and lastly there is a section where the researcher suggests areas for further study.

#### **5.1 Discussion of findings**

Discussion of findings was carried out to compare the current research findings to findings of previous researchers in related study areas. This discussion is mainly focused on the relationship of the variables of the study as established by previous researchers. These are discussed in the sub-sections below.

##### **5.1.1 Employee ethics and quality of public fund management**

The research findings from the descriptive analysis conducted revealed that there were some challenges in the level of employee ethics at EACAA. Specifically, the findings pointed out the aspect of whistle blowing which was missing on the side of EACAA. This is considered to be one of the serious ethical issues which could be part of the concept of collusion. This can be

compared to the case of ENRON which led to the collapse of one of the renowned audit firms in the world. The collapse of this firm was due to lack of whistle blowing of the wrong things taking place in the company by then (Bryce 2002). This therefore means that EACAA is likely to suffer the same consequences if the aspect of whistles blowing is not taken seriously in the management of the entity especially in the quality of public fund management.

Focusing on the quality of public fund management, there is a reported influence on the findings of regression analysis indicating that employee ethics has a significant influence onto the quality of public fund management. This explains why currently the quality of public fund management at EACAA has challenges. Since this management of public funds is influenced by the employee ethics which is in itself already questionable as per the findings, the quality of management of public funds gets affected negatively as reported in the descriptive analysis of the quality of public fund management. This provides the relationship between employee ethics and quality of public fund management manifested in the results of both the regression and correlation analyses.

These findings are in line with the findings of Jones (2013). According to Jones, there is a very high need for employees to be ethical at work place. He further stressed that at work place, employees work on behalf of the directors in form of an agency though not a direct one. This therefore means that they need to be in position to actually iron out the challenges they have as far as balancing between personal needs and organizational needs. Jones stresses that it is only at this point that the employees will be considered to be ethical. In the process, the entity where these employees work will be able to get a fair share of what belongs to the entity leading to improved fund management.

### **5.1.2 Compliance to internal controls and quality of public fund management**

In line with the concept of employee ethics, findings were also obtained in relation to compliance to internal controls in EACAA. The findings from the regression analysis revealed that there is a very positive and significant relationship between compliance to internal controls and quality of public fund management at EACAA. The strong, positive and significant relationship between compliance to internal controls and quality of public fund management points out that low levels of compliance to internal controls are also a reason why there was a challenge in the quality of public fund management at EACAA. This is in addition to the effect brought about by the low levels of employee ethics crystallised by the unwillingness to whistle blow. This therefore means that low levels of compliance to internal controls greatly influenced the challenging situation in the quality of public fund management at EACAA.

The findings obtained from the regression analysis (Table 4.18) are in line with previous findings obtained by Simson, Sharma & Aziz (2011). In their research, the trio indicated that there internal controls are more of a check to tell management how the internal organization of an entity is. They are actually referred to as the litmus paper to check whether an entity is in the right direction in its operations or not. Once the internal controls are not operating well, there is a very high chance that there will be loss of revenue in the entity. The controls in place act like a stabilizer in that they can influence a person to act normally and ethically or they can influence the same person (employee) to act unethically and steal from a business where they are operating. Having good controls in place therefore supersedes the need for employees to be ethical since the employees will be forced to be ethical unless they decide to beat the system of controls in place. In the process, the quality of fund management will be improved greatly.

The findings of research conducted by Simson, Sharma & Aziz (2011) further support the current findings at the point where the current researcher pointed out that compliance to internal controls has a lower predictive power of quality of public fund management as compared to employee ethics as a variable. This indicates that the current research findings are a manifestation of the previous findings that other researcher in the same field of study managed to get.

In line with Simson, Sharma & Aziz (2011), a report from the Legislative Assembly of Northern Territory (2011) revealed that public and or state agencies are answerable to the Public Accounts Committees (PACs) of their respective countries especially on how the funds disbursed to them were spent and whether they were spent well or not. This need to be answerable is reported to have been helpful to improve the controls in many of the government agencies and parastatals leading to quality public fund management. This is further reported to be in line with the current findings of the research study which indicate that the EACAA has improved its compliance to internal controls making it possible for it to be regarded as having good public fund management.

## **5.2 Conclusion**

The research study conducted and the discussion of findings accompanying it indicate that employees of EACAA have a challenge in whistle blowing reducing their ethical credibility as far as employee ethics is concerned. This however does not rule out the possibility of them being ethical in their internal dealings though some high levels of collusion could be established amongst the employees and management. The compliance levels to internal controls in the entity are reported to be affected by the low level of staffing. The few people who are there could be doing a good job though with adequate staff levels, compliance levels could be better than they

way they are now. As a result of the challenges in employee ethics as well as compliance to internal controls, quality of public fund management is also reported to have challenges. This is mainly in the effectiveness as well as the economic aspects of public fund management at EACAA.

### **5.3 Recommendations**

Basing on the conclusion to the study as well as the discussion of findings before it, the following recommendations were found to be useful for the study;

- i.) The management through the director of Human Resources needs to create a culture of good employee ethics and belonging in the entity. This will be an indication of the commitment of the management towards bringing on board the ethical climate of employees. Bringing this on board shall further be considered to be a right step in the right direction to counter react to the current tendency of low levels of whistle blowing in the entity. To a greater extent still, tendencies of collusion in the entity will be controlled to benefit of the entity (EACAA). This way, many things regarding the performance of employees at EACAA will be streamlined. This can be done by motivating employees financially and otherwise and open up on avenues for whistle blowing.
  
- ii.) The management of EACAA should focus on improving the control environment at work place. Currently the findings reveal that the compliance to internal controls is affected by staffing issues to ensure that the compliance is actually taking place practically. Basing on this, the staffing levels of the internal audit department needs to be boosted to ensure that the compliance checks are done adequately and effectively. This is likely to be helpful to the management and staffs in general to enable continuous good results in the

overall performance of the entity and not just in the management of public funds given to EACAA.

- iii.) With respect to public fund management, the management of EACAA needs to consider putting into practice the aspects of effectiveness, efficiency and economy since they form the basis of good fund management by utilising the funds for their intended purpose that is value for money. This will be able to avoid tendencies of funds being spent only when the accounting officers want them to be spent.

#### **5.4 Areas for further study**

In the process of carrying out the research exercise, the researcher limited the study through the specification of the scope of the research study. In line with this, the researcher realized some study areas in line with this research study that could be useful research areas for future researchers. These areas are documented in the subsections below.

- i) Effectiveness of the control environment and public fund management in government agencies in Uganda
- ii) Review of the influence of employee collusion in the effectiveness of public fund management in government entities in Uganda.
- iii) Review of the quality and level of accountability in public fund management in relation to effective public fund management in public entities in Uganda.

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## QUESTIONNAIRE

Dear respondent,

You are most welcome to take part in this research survey aiming at establishing the impact of employee ethics and internal control compliance levels on the quality of public fund management in government agencies in Uganda. This research study is being carried out as a requirement for the award of a Masters degree in Business Administration of Kyambogo University. The answers you are going to provide in relation to this research survey shall be kept very confidential. The use of the data shall be for academic reasons only. Once again, thank you and please go ahead with the survey through the various sections.

### SECTION A: Background information

In this section, tick the most correct answer that explains you as a respondent. This section is mainly for personal characteristics related to the whole research study.

1. Gender/ Sex

- a. Male
- b. Female

2. Age

- a. Less than 20 yrs
- b. More than 20 yrs but less than 30 yrs
- c. More than 30 yrs but less than 40 yrs
- d. More than 40 yrs but less than 50 yrs
- e. More than 50 yrs but less than 60yrs
- f. More than 60 yrs

3. Marital Status

- a. Single
- b. Married
- c. Divorced
- d. Separated

4. The organization I work in is called (*Please write it down*)

---

5. I have worked in this organization for a period of

- a. 1 year [ ]
- b. 2 years [ ]
- c. 3 years [ ]
- d. 4 years [ ]
- e. 5 years [ ]
- f. 6 years [ ]
- g. More than 6 years [ ]

6. The position I have in my work place is

- a. Officer [ ]
- b. Supervisor [ ]
- c. Manager [ ]
- d. Director [ ]
- e. Any other, please specify \_\_\_\_\_

7. I have worked in the position stated in number 6 above in my organization for a period of

- a. 1 year [ ]
- b. 2 years [ ]
- c. 3 years [ ]
- d. 4 years [ ]
- e. 5 years [ ]
- f. 6 years [ ]
- g. More than 6 years [ ]

8. Education levels attained

- a. Non [ ]
- b. Primary [ ]
- c. Secondary [ ]
- d. Tertiary [ ]
- e. University [ ]

9. My field of specialization is;

- a. Accountancy [ ]
- b. ICT [ ]
- c. Secretarial [ ]
- d. Engineering [ ]
- e. Marketing [ ]
- f. Economics [ ]
- g. Law [ ]

h. Any other, please state it here \_\_\_\_\_

In sections that follow, tick the most appropriate answer reflecting your level of agreement with the statement in the question items. The codes and their meanings are, **SD=Strongly Disagree = 1; D=Disagree = 2; U=Undecided or not sure = 3; A=Agree = 4; SA=Strongly Agree = 5.** These numbers are further provided in the question items in the section

<b>SECTION B: Employee Ethics</b>						
<i>This section has question items that measure the level of ethics that employees in public institutions have. Please tick in the appropriate box to show your level of agreement to these question items. The question items are further categorized into two Parts; Personal Use and paddling of expenses. These form the two parts below.</i>						
<b>Part 1</b>	<b>Personal Use</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
	1) Officers in East African Civil Aviation Academy use public resources for the benefit of the whole public	1	2	3	4	5
	2) In case EACAA enters into a contract with a service provider, officers in charge ensure that all clauses in the contract are properly attended to.	1	2	3	4	5
	3) Cases of collusion of staff members at EACAA are hardly there	1	2	3	4	5
	4) Rules and procedures at work in EACAA are always followed by every employee	1	2	3	4	5
	5) Any problem at work in EACAA is brought to the attention of management by a whistle blower	1	2	3	4	5
	6) Any problem at work in EACAA is brought to the attention of a concerned government body at Ministry level by a whistle blower	1	2	3	4	5
<b>Part 2</b>	<b>Paddling of expenses</b>					
	1) Officers at EACAA Have a tendency follow the requirements in the contract of employment they sign	1	2	3	4	5
	2) Officers at EACAA follow terms in a contract when making purchases for supplies required the academy.	1	2	3	4	5
	3) Officers in EACAA have concern for the needs of the suppliers in contracts they enter into.	1	2	3	4	5
	4) Officers at EACAA tend to make timely payments in contracts they enter into with suppliers	1	2	3	4	5
	5) Officers at EACAA rarely communicate wrong information to suppliers they deal with.	1	2	3	4	5
	6) Officers at EACAA rarely anticipate gaining from information they communicate to the suppliers.	1	2	3	4	5
	7) Officers at EACAA hardly give higher payment than the one agreed in a contract document	1	2	3	4	5
	8) Officers at EACAA always perform up to the standards required in a contract arrangement they have with management of EACAA	1	2	3	4	5
	9) Officers at EACAA always perform up to the standards required in a contract arrangement they have with suppliers and service providers	1	2	3	4	5

	of EACAA					
	10) Officers at EACAA rarely compromise quality problems in their operations	1	2	3	4	5
	11) Officers at EACAA rarely wrongly blame subordinate employees for something that has gone wrong at work.	1	2	3	4	5

### SECTION C: Compliance to Internal Controls

*This section has questions that are geared towards measuring the internal controls of EACAA as a case study representing all the other public institutions in Uganda. Questions in this section have been designed to check whether internal controls are followed. These questions are designed in three important parts; Internal audits, external audit and term reports.*

<b>Part 1</b>	<b>Internal Audits</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
	1) EACAA has a full time internal auditor	1	2	3	4	5
	2) EACAA has a committee assisting the internal audit department to carry out its tasks	1	2	3	4	5
	3) The internal auditor at EACAA communicates to all staff members of what is expected to be the best accounting practice	1	2	3	4	5
	4) The internal audit department is reported to have a backlog of issues to attend to	1	2	3	4	5
	5) The internal audit department conducts reviews of all departments in EACAA on a regular basis	1	2	3	4	5
	6) The internal audit department follows up to ensure that the recommendations made previously are followed by the department concerned	1	2	3	4	5
	7) The internal audit department of EACAA handles the error checking exercise of documents sent to them	1	2	3	4	5
	8) The internal audit department of EACAA handles the checking of transactions of EACAA to ensure that they are in line with the policies set	1	2	3	4	5
	9) The internal audit department of EACAA participates in reviewing the operational policies of EACAA.	1	2	3	4	5
<b>Part 2</b>	<b>External Audits</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
	1) EACAA gets audited by external auditors every financial year	1	2	3	4	5
	2) Internal auditors of EACAA work hand in hand with the external auditors.	1	2	3	4	5
	3) Implementation of recommendations from External auditors is always carried out when required to be carried out	1	2	3	4	5
	4) Internal auditors ensure that the recommendations of external auditors are carried out in the operations of EACAA	1	2	3	4	5
<b>Part 3</b>	<b>Term reports</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
	1) All departments in EACAA prepare reports after every term	1	2	3	4	5
	2) The biggest proportion of the term reports is a report relating to the performance of the different departments in that term	1	2	3	4	5
	3) Same issues are reported as challenges in every term report prepared by heads of departments	1	2	3	4	5
	4) Term reports portray what is actually happening in the departmental operations of the different departments	1	2	3	4	5
	5) Term reports are always reviewed by the internal auditor to check	1	2	3	4	5

	any improvements in their operations					
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**SECTION D: Quality of Public Fund Management**

*This section has information related with the quality of fund management in public institutions in Uganda. With the focus in EACAA, the questions in here are designed to capture the information in relation to the quality of fund management. The questions are organized in three parts; efficiency, effectiveness and economy in relation to public fund management.*

<b>Part 1</b>	<b>Effectiveness</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
	1) All activities that involve money at EACAA are carried out in line with the budget set	1	2	3	4	5
	1) Budget process at EACAA involves all members of the institution	1	2	3	4	5
	2) Expenditures at EACAA are effected only when the accounting officer considers them appropriate	1	2	3	4	5
	3) All expenditures in EACAA are supported by accountability report	1	2	3	4	5
	4) Money disbursed to a particular unit in EACAA is accompanied by a outline on how such money should be spent	1	2	3	4	5
	5) The activities of all units and departments in EACAA are subject to audit.	1	2	3	4	5
	6) Before expenditure is effected, the internal audit of EACAA reviews it.	1	2	3	4	5
	7) All activities that involve movement of funds in EACAA are carried out in line with the laid down policies and procedures.	1	2	3	4	5
<b>Part 2</b>	<b>Efficiency</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
	1) Disbursement of funds in EACAA is done at the time when the funds are required by a particular unit or department	1	2	3	4	5
	2) Tendencies of delays in fund disbursements in EACAA are rare	1	2	3	4	5
	3) The staffs in EACAA are knowledgeable of the tasks they do in their various departments	1	2	3	4	5
	4) The staffs in EACAA are good at what they do in their various departments	1	2	3	4	5
	5) The service providers to EACAA rarely complain of late payment of the fees they charge EACAA.	1	2	3	4	5
<b>Part 3</b>	<b>Economy</b>	<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
	1) EACAA follows PPDA principles in evaluating bidders	1	2	3	4	5
	2) The management of EACAA are interested in realizing value in all activities carried out.	1	2	3	4	5
	3) Staff employed at EACAA are employed on the basis of their competence	1	2	3	4	5
	4) All equipment bought for use at EACAA are bought after a careful analysis of the value they can bring to the institution	1	2	3	4	5
	5) All decision made by management are based on the value to be realized by the institution by carrying them out.	1	2	3	4	5

***Thank you so much for taking time to feel this questionnaire. GOD Bless You!!!***





**KYAMBOGO UNIVERSITY**

P. O. BOX 1 KYAMBOGO Tel: 0414 – 285037, 289267 Fax: 256-41-220464 Website [www.kyu.ac.ug](http://www.kyu.ac.ug)

*Office of the Dean Graduate School*

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Your ref.....

Our ref: KYU/GSch/01/13

28<sup>th</sup> August, 2013

*To Whom It May Concern*

Dear Sir/Madam

**RE: LETTER OF INTRODUCTION**

This is to introduce to you **ABUNYANG FELIX WILLIAM** registration number **2011/HD/341/MBA** who is a student of Kyambogo University pursuing a Master of Business Administration of Kyambogo University.

He is carrying out a research on ***“Management of Public Funds in Uganda Government Agencies”*** A case study of east African civil aviation, in partial fulfillment of the requirements for the award of Master of Business Administration of Kyambogo University.

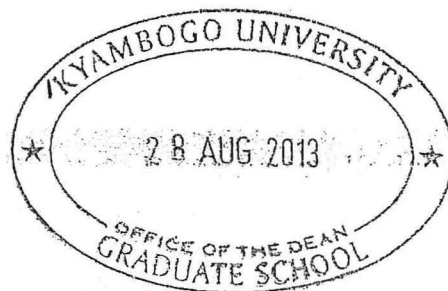
This is to kindly request you to grant him permission to carry out this study in your establishment.

Any assistance rendered to him will be highly appreciated.

Yours faithfully,



Dr. M.A. Byaruhanga Kadoodooba  
Dean, Graduate School




**Government of the Republic of Uganda  
EAST AFRICAN CIVIL AVIATION ACADEMY, SOROTI  
Financial Statements for the Financial Year ended 30th June 2012**

**Statement of Financial Performance for the year ended 30th June 2012  
[Based on classification of expenditures by nature]**

	Notes	Actual 30th June 2012 Shs	Actual 30th June 2011 Shs
<b>Operating revenue</b>			
Grants from foreign Governments	2		
Grants from International Organizations	3		
Transfers received from the Treasury	4	2,487,357,265	4,375,143,176
Transfers received from other Gov't units	5		
Non-Tax Revenues	6	453,012,230	170,400,000
Miscellaneous Revenue	7		
<b>Total operating revenue</b>		<b>2,940,369,495</b>	<b>4,545,543,176</b>
<b>Operating expenses</b>			
Employee costs	8	1,063,772,959	860,436,634
Goods and services consumed	9	1,646,032,536	3,282,106,342
Consumption of property, plant & equipments	10		
Interest expense	11		
Subsidies	12		
Transfers to other Organizations	13		
Social benefits	14		
Other expenses	15		
Foreign exchange losses (gains)	16		
<b>Total operating expenses</b>		<b>2,709,805,495</b>	<b>4,088,542,976</b>
<b>Excess of revenue over expenditure from operating activities</b>		<b>230,564,000</b>	<b>457,000,200</b>
Finance costs	17		
Transfers to Treasury	18	0	204,042,401
Losses of cash only (refer to Statement of reported losses)			
<b>Excess of revenue over expenditure for the year</b>		<b>230,564,000</b>	<b>252,957,799</b>

The accounting policies and notes set out on pages 24 to 41 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on 03<sup>rd</sup> September 2012

  
 Eng. J.R. Lodiog  
 Accounting Officer

Mr. Louis Aikanying	Accounts Assistant	Member
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**22<sup>nd</sup> March Todate**

Name	Staff Title	CC Designation
Mr. Ronald J. Lodiog	Chief Aircraft Maintenance Engineer	Chairman
Mr. John Hatemere	Principal Engineering Instructor	Secretary
Ms. Teddy Asio	Ground Instructor	Member
Mr. Ayikanying Louis	Accounts Assistant	Member
Mr. Samuel Ejoku Oonyu	Senior Resident State Attorney	Member

**1.9.3 The Procurement and Disposal Unit (PDU)**

Names	Position	Qualifications	Date of joining the PDU
Mr. Kamara Jeffrey	Procurement Officer		
Mr. Mulumba Mathias	Asst. Procurement Officer	Logistics & Materials Administration	July 2007

**1.9.4 User Departments**

The East African Civil Aviation Academy had five departments namely:

1. Engineering Training School
2. Ground School
3. Pilot School
4. Administration and Finance
5. Aircraft Maintenance

**2.0 ANALYSIS OF AUDIT FINDINGS**

**2.1 Planning and initiation**

**2.1.2 User Department work plans**

Regulation 96 requires the User department to prepare work plans and submit them to the PDU for consolidation. Whereas the entity had a consolidated procurement plan, there was no evidence that the user departments prepared work plans for consolidation into the procurement plan by the PDU.

**Implication**

The procurement plan may not reflect the actual needs of the Entity hence, procuring outside the plan.

**Recommendation**

At the beginning of each financial year the User Departments should submit work plant to the PDU for consolidation into the annual procurement plan in accordance with Reg. 96(1).

**2.1.3 Use of PP Form 20**

Regulation 104(1) requires that procurement requirements are documented using PP form 20. There was no evidence of use of PP Form 20 in 90% of the contracts reviewed.

**Implication**

Without PP Form 20, the audit could not confirm whether the procurements are sanctioned by the Accounting Officer and whether availability of funds was confirmed.

**Recommendation**

All procurements should be initiated on PP form 20 in accordance with Regulation 104 of the Act.

**2.1.4 Procurement reference numbers**

Regulation 104 (3) demands that a specific reference number is allocated to each procurement requirement at the initiation stage. All the micro procurements were not allocated reference numbers contrary to the above Regulation.

**Implication**

Without a reference number, transactions relating to the procurement cannot be easily traced.

**Recommendation**

The Head PDU should ensure that all procurements are allocated reference numbers, including micro procurements

**2.2 Prequalification****2.2.1 Limited number of prequalified firms**

Regulation 120(2)(d) states that prequalification may be used for a group of contracts. Although the entity had a prequalified list of providers, the number of providers for each category was limited. There was no single category with more than two providers on the list.

**Implication**

Where the number of providers for a prequalified category is limited, the Entity cannot raise sufficient numbers to attract competition.

**Recommendation**

The entity should update the prequalified list, including using the prequalified list from other Entities or the PPDA list in accordance with Reg. 126(6).

**2.2.2 Failure to rotate providers on successive shortlists**

According to Regulation 126(4), a PDE should rotate prequalified providers on subsequent shortlists. For cleaning materials the Entity used only one provider (Uga Furnitures & Builders) although there were two providers (including Bena General Agencies) contrary to Reg. 126(4)

**Implication**

Failure to rotate shortlisted bidders breeds bidder discontent and loss of confidence in the procurement system.

**Recommendation**

The PDU should ensure that bidders are rotated on successive shortlists in accordance with Reg. 126(4).

**2.2.3 Use of bidders not on the prequalified list**

In the engraving of assets Epaja Simon who is not prequalified was contracted leaving out Tete General Stores and Avis Electro Centre who were prequalified for engraving

**Implication**

Contracting non prequalified bidders when there are prequalified bidders breeds bidder discontent and loss of confidence in the procurement system.

**Recommendation**

The Contracts Committee should ensure that when short listing bidders, priority is given to those bidders who are prequalified with the entity.

**2.3 Methods of procurement****2.3.1 Use of wrong/inappropriate procurement methods**

Regulation 106(4) stipulates that the choice of procurement method shall be in accordance with thresholds issued by the Authority. Guideline 1/2003 provides the thresholds for procurement methods. In two tenders totaling Ugx 435,426,314 i.e supply of aviation fuel and lubricants and supply of motor vehicle fuel and lubricants, the thresholds were not adhered to and Restricted Domestic Bidding method was used rather than open bidding.

Regulation 119 (1) states that “a procurement process under direct procurement shall follow the procurement rules and process set out in Part V”. Part V further states that “direct procurement may be used where there is insufficient time for any other procedure such as in an emergency situation.” The Authority noted that the Entity used the direct method procurement without sufficient justification for procurements totaling Ugx 395,042,361.

**Implication**

Use of a less competitive procurement method denies the Entity the possible value for money that can be achieved from wider competition if more competitive methods are used.

**Recommendation**

The PDE must adhere to the appropriate procurement methods stipulated by the law and Guideline 1/2003.

**2.3.2 Usurping the role of the PDU**

It is the role of the PDU to manage all procurement and disposal activities. The audit noted that requisition for direct and micro procurements were prepared by the User Department and submitted to the Accounting Officer who sanctions payment without the PDU identifying and inviting the providers. Procurements worth Ugx 419,903,863 were conducted in this manner.

**Implication**

Conducting procurements without involving the PDU implies the Entity will not benefit from the technical expertise of the procurement professional that may compromise value for money.

**Recommendation**

The Accounting Officer should ensure that all requisition are routed through the PDU in accordance with Section 31(a) of the PPDA Act 2003 or the Accounting Officer should

formally delegate to the user department the specific procurement s to be conducted by the User departments in accordance with Reg. 62(1).

## **2.4 Bidding**

### **2.4.1 Solicitation Documents**

In all the procurements, PPDA standard bidding documents were not used contrary to Reg. 128.

#### **Implication**

Without an SBD, the Entity cannot effectively communicate the rules of the tender process, the specifications, evaluation criteria and draft contract.

#### **Recommendation**

The HPDU and CC should always ensure that standard documents are used in accordance to PPDA Regulation 128.

## **2.5 Evaluation Process**

### **2.5.1 Evaluation reports**

In all the procurements where the Direct Procurement method was used totaling Ugx 395,042,361 evaluation procedures were not followed and evaluation reports were not prepared contrary to Reg.168 and 195.

#### **Implication**

Without evaluation reports the audit cannot establish the basis of award.

#### **Recommendation**

The Head PDU should be cautioned for failing to prepare evaluation reports.

## **2.6 Contract Award and Commencement**

### **2.6.1 Contracts Committee Award**

In all the procurements where the Direct Procurement method was used totaling Ugx 395,042,361, the CC was not involved in award.

#### **Implication**

Lack of CC involvement implies there is no control over the procurement activities of the Entity which may be a recipe for mis-procurement or failure to achieve value for money.

#### **Recommendation**

The Accounting Officer should prevail and ensure that no procurement conducted without the CC involvement..

### **2.6.2 Best Evaluated Bidder Notice**

The Entity did not display the Notice of BEB e.g in the case of purchase of motor vehicle fuel and lubricants.



**THE REPUBLIC OF UGANDA**

**THE CODE OF CONDUCT AND ETHICS  
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**Ministry of Public Service  
P. O. Box 7003  
KAMPALA – UGANDA  
Tel: 041 – 251002  
Fax: 041 – 255463  
E-mail: Psmgs @ imulco.../**

**July 2005**

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## **PREFACE**

This Code of conduct and Ethics for Uganda Public Service, sets out standards of behaviour for Public Officers in the Uganda Public Service.

It is designed to ensure the impartiality, objectivity, transparency, integrity, efficiency and effectiveness of Public Officers when performing their duties. It is intended to guide Public Officers in their behaviour and how they relate to each other and the public.

While there are ethical obligations and Codes of Conduct specific to each profession within the Public Service like, Education, Medical, Judicial, Engineering, Accounting and so on, the Public Service Code of conduct and Ethics is based on ethical standards or guiding principles which apply to the entire Public Service.

This Code has been reviewed to improve accessibility and response to the new demands placed on the Public Service arising from the Constitution, democratisation, decentralisation, liberalisation and reform of Public Service. It also addresses the global trends in Public Administration that emphasise customer care, value for money and professionalism.

In essence, the Code of conduct and Ethics shall be imbued to promote good governance, transparency and accountability among Public Officers and improve the image of the Public Service.

Public Officers are enjoined to conform to the Code of conduct and Ethics and promote its observance. Likewise, customers of the Public Service and the general public are encouraged to access the Code of conduct and Ethics and report any behaviour by Public Officers that breach this Code.

Jimmy R. Lwamafa  
**PERMANENT SECRETARY**  
**MINISTRY OF PUBLIC SERVICE**

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**Transparency** A Public Officer shall be as open as possible about all the decisions and actions taken. He or she must always be prepared when called upon to give reasons for the decisions he or she has taken.

## **4.0 WORK ETHICS**

### **4.1 Attendance to duty**

- (i) A Public Officer shall observe the official working days in accordance with the regulations and shall always be available for official duty when called upon.
- (ii) A Public Officer shall without exception perform his or her duty in a manner that conveys professionalism, respect and conforms to morally accepted standards.
- (iii) A Public Officer shall commit working hours to official duties.
- (iv) A Public Officer in position of authority shall exercise such authority with due diligence and trust and shall demonstrate a high standard of Performance of duty and conduct.
- (v) A Public Officer shall not hold two jobs at any point in time (moonlighting), and shall not draw two salaries from government payrolls.
- (vi) A Public Officer shall be results-oriented and committed to the performance of his or her duties.
- (vii) A Public Officer shall set clear standards of performance that customers can reasonably expect.

## 4.2 Time management

- (i) A Public Officer shall have strict regard to the working hours. He or She shall not come late to office meetings and Official functions without reasonable cause.
- (ii) A Public Officer shall endeavour to accomplish planned activities on time. He or she shall desist from engaging in behaviour or conduct that disrupts or interferes with the work of other officers, such as, but not limited to: -
  - (a) Being lazy and idle at work.
  - (b) Full time reading newspapers, keeping the radio loud as to disrupt concentration, playing computer games or surfing the Internet irresponsibly. The only exceptions are training-related Television and video programmes, Video Conferencing, Open and Distance Learning.
  - (c) Transacting private business in office and during office hours.
  - (d) Engaging in private conversation and gossip during working hours
- (iii) Unless otherwise stated, the official working hours are:-
  - Monday – Friday: 8.00a.m – 12.45p.m
  - 2.00p.m – 5.00 p.m

### **4.3 Absence from duty**

- i) A Public Officer shall seek and obtain permission from his or her supervisor to be absent from duty. Permission shall not be unreasonably denied or granted.
- ii) A Public Officer shall, during official working hours, report his or her absence from office to his or her immediate supervisor or relevant persons.

### **4.4 Sexual Harassment**

- (i) A Public Officer shall avoid unethical and unbecoming behaviour such as use of rude, abusive and obscene language, indecent dressing, hard supervision and sexual suggestive gestures which constitute sexual harassment and hence a violation of human rights.
- (ii) A Public Officer shall not subject others or be subjected to conduct of a sexual nature affecting his or her dignity, which is unwelcome, unreasonable and offensive to the recipient.
- (iii) A sexually suggestive and offensive behaviour may manifest itself in such forms:
  - (a) An employee being forced to choose between acceding to sexual demands or losing job benefits (sexual blackmail).
  - (b) Verbal and non-verbal sexually offensive behaviour exhibited by colleagues (or even customers).
- (iv) A Public Officer who is subjected to sexual harassment overtures shall report such a case with the adduced evidence, where applicable, to the department of Government that is responsible for investigating civil and criminal offences with a view to obtaining redress.

- (v) A Public Officer who has lodged any complaint regarding sexual harassment using the established complaints procedure shall not be unduly victimised.
- (vi) Remedies for sexual harassment shall be those prescribed under the civil or criminal laws.

#### **4.5 Customer Care**

A Public Officer shall serve customers with fairness, transparency, promptness, clarity, respect and courtesy with a view to ensuring customer satisfaction and enhancing the image of the public service. Therefore, a Public Officer shall:-

- i) Serve every customer in a professional manner in accordance with the set standards.
- ii) Not discriminate or harass any customer and ensure that the services are available and applied equally to all.
- iii) Accord courtesy, empathy and fairness to all customers with special attention to persons with disabilities, the aged, sick and expectant mothers.
- iv) Respond to all customers' requests with promptness and clarity.
- v) Uphold teamwork and advance the public good for efficient service delivery.

#### **4.6 Conflict of interest**

- (i) In the execution of official government business, a public officer shall not put himself or herself in a position where his or her personal interest conflicts with his or her duties and responsibilities as a public officer. The Public Officer is required to inform his or her supervisor of the nature and extent of his or her interest.

- (ii) A Public Officer shall not either directly or indirectly enter into any contracts with Government. This is unethical since it affects the impartiality of a Public Officer and mars his or her reasonable judgement.
- (iii) Any Public Officer infringing this regulation shall be liable to disciplinary action.

#### **4.7 Financial Credibility**

A Public Officer shall not engage in any arrangement that would cause him or her financial embarrassment, e.g. bankruptcy.

#### **4.8 Communication of Information**

##### ***4.8.1 Secrecy and Confidentiality***

- (i) A Public Officer is a custodian of official information that comes into his or her possession in the course of his or her duty in the Public Service. The release of such information must be guided by the laws relating to rights of access to information as prescribed in the Official Secrets Act and other relevant laws that may be enacted from time to time.
- (ii) A Public Officer shall continue to maintain secrecy and confidentiality of official information even after he or she has left the Public Service. Such information shall not at any point in time be used against the government.
- (iii) A Public Officer shall not at any time engage himself or herself in loose talk and make unguarded statements.

#### ***4.8.2 Publishing of official information***

- (i) A Public Officer shall not publish any official information in any document, article, book, play, film or otherwise without **explicit permission** from the Responsible Officer.
- (ii) For Royalties, Patents and Copyrights, a Public Officer shall notify his or her Responsible Officer if he or she creates what is believed to be an invention.

#### ***4.8.3 Communication to the Press***

- i) A Public Officer shall not communicate with the media on issues related to work or official policy without due permission from the authorizing officer.
- ii) Official information will be released to the media by officials who have been authorised to do so according to the laid down procedures.

#### ***4.8.4 Anonymous communication***

A Public Officer is prohibited from writing or disseminating anonymous and malicious letters and printing of graffiti intended to demean the image of Government or public institution, public officer or any other person.

#### ***4.8.5 Use of official information for personal gain***

A Public Officer shall not use official information acquired in the course of official duties to advance personal gain.