
**INTERNAL CONTROLS, ORGANIZATIONAL CULTURE AND FINANCIAL ACCOUNTABILITY IN
UGANDA
A CASE OF NORTH BUKEDI SUB-REGION DISTRICT LOCAL GOVERNMENTS**

BY

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DECLARATION

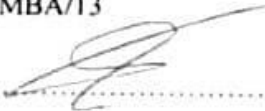
DECLARATION

I **Okiria Silvester** do confirm that this research dissertation is my original work and has not been submitted for examination in this university and any other university for academic purposes.

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APPROVAL

APPROVAL


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DEDICATION

I dedicate this Dissertation to the Lord Almighty for the wisdom, good health and protection to me during my studies, my mother Naikesa Margaret and my beloved wife, Namukasa Lovise and children for inspiring me to read.

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LIST OF ABBREVIATIONS

PDLG	Pallisa District Local Government
BU	Busitema University
GOV'T	Government
PFMA	Public Finance Management Act
PPDA	Public Procurement and Public Disposal of Public Assets
RDC	Resident District Commander
SDG	Sustainable Development Goals
SFG	School Facilitation Grant
PTC	Pallisa Town Council
CAO	Chief Administrative Officer
CFO	Chief Finance Officer
DHO	District Health Officer
CIA	Chief Internal Auditor
IC	Internal Controls
OC	Organization Culture
FA	Financial Accountability
UWEP	Uganda Women Entrepreneurship Program
YLP	Youth Livelihood Program
MOFPED	Ministry Of Finance, Planning and Economic Development
PAC	Public Accounts Committee
IGG	Inspectorate Of Government
OAG	Office of Auditor General

GAO	Government Accounting Office
LGA	Local Government Act
LG FAR	Local Government Financial and Accounting Regulations
LG FAM	Local Government Financial and Accounting Manual
LGIAM	Local Government Internal Audit Manual
SCDO	Senior Community Development Officer
PAS	Principal Assistant Secretary
SACAO	Senior Assistant Chief Administrative Officer
PDM	Parish Development Model
CEO	Chief Executive Officer
USA	United States of America
UNDP	United Nations Development Program
MDA	Ministry, Departments and Agencies
IA	Internal Auditor
TC	Town Council
SATC	Senior Assistant Town Clerk
SPSS	Statistical Package for Social Sciences
PWCs	Price Water Coopers
MOLG	Ministry Of Local Government
TT	Town Treasurer
SAA	Senior Assistant Accountant
AfDB	African Development Bank
IMF	International Monetary Fund

ABSTRACT

Financial accountability was crucial for individuals, businesses and government entities alike, to manage their financial sources and expenditures prudently, without it, there would be endless financial problems. Despite the extensive researches carried out on the effects of internal controls on financial accountability Ong'gunya & Kalenzi, (2019); Bainomugisha et al., (2023). Most researchers have focused on internal controls and financial accountability in government public hospitals, higher institutions of learning and foreign countries Adeyemi & Olarewaju, (2019). This calls for further research on why there is lack of compliance with internal controls and financial accountability in local governments in Uganda. A cross-sectional research design was adopted for this study. Primary data was collected from a sample of 70 local governments from North Bukedi sub region with 65 local governments responding giving a response rate of 92%. Closed-ended questionnaires were used to collect data and SPSS was used to analyse data. The correlation results revealed that internal controls positively and significantly affect financial accountability. In addition, the study indicated that internal controls had a positive and significant effect on organization culture. The findings further showed that organization culture, positively and significantly affects financial accountability. whereas the regression results showed, internal controls had a significant and positive effect on financial accountability, a unit change in internal controls causes a unit change in financial accountability. Internal controls and organisation culture, the results showed that internal controls had a significant and positive effect on organisation culture, implying a unit change in internal controls causes a unit change in organisation culture. Organisation culture and financial accountability, the results showed that organisation culture had a significant and positive effect on financial accountability, a unit change in organisation culture causes a unit change in financial accountability. Finally, the results showed that organisation

culture partially mediates the relationship between internal controls and financial accountability. It was therefore recommended that, district local governments in Bukedi North Sub Region needed to align organization cultures with internal controls in order to enhance financial accountability, through training their staff regularly on the importance of internal controls and financial accountability. The study was anchored on the agency and accountability theory. The agency theory prescribes the process of establishing and managing organizations, businesses and entities where one person (principal) defines the duties to be performed by another person (agent) with the objective to make the best use of the principal's interest. The accountability theory is justified for making people to feel accountable for their actions or inactions towards others and for the processes by which decisions and judgement have been reached.

CHAPTER ONE

1.0 INTRODUCTION

The chapter comprises of the background of the study, statement of the problem, purpose of the study, specific objectives, research hypotheses, significance of the study, scope of the study, subject scope, geographical scope and conceptual framework.

1.1 BACKGROUND OF THE STUDY

Financial accountability, drew its origin from financial accounting, the way books were kept and how money was spent (Rabrenovic, 2020), it justifies the sources and application of public funds (Nani and Ali, 2020), it related to monitoring and managing government behaviour (Seller and Scharff, 2020). It was the obligation of power holders to take responsibility for their actions, to the citizens (UNDP). Financial accountability was related to internal controls in the way that, robust internal controls reduce the operations and ethical gaps as they integrated all organizations activities, plans, attitudes, policies and efforts of organization teams to achieve the intended objectives. Also, internal controls through good control environment, risk assessment, control activities, information and communication and monitoring aid financial accountability and enhance the organizations reputation. The other thing that linked culture to financial accountability was consequences and enforcement which could play important roles in financial accountability, as people fear to spoil their names/ reputation or to be tried for wrong doing or social stigma, also served as a powerful deterrent, leading individuals to be more accountable for their actions or inactions.

Globally, financial accountability had been deteriorating over the years. For instance, financial accountability mis-management was an endemic issue in the United States of America (USA), the recent and worst being the one revealed by the audit of the USA government financial statements for financial year 2021/2022, resulting in a multi-trillion Dollar mis-management for the Covid-19 pandemic response Funds (GAO 2023 report), which led to GAO to be unable to

form an audit opinion due to poor accounting for transactions between government agencies. Also, the US education department failed to adequately support the cost of its loan programs and improper payments totalling to US\$ 247 billion GAO, (2023). In China, a survey carried out in Nanjing revealed that ineffective budgeting and accountability systems in the Chinese local governments caused fund irregularities and inter-governmental disputes on the division of financial responsibility, in the provinces of Shanghai, and Guangdong leading to improper financial accountability Wong, (2022).

Africa was no exception to financial accountability scandals, in South Africa, auditors refused to sign Steinhoff's company financial statements complaining that Steinhoff's chief executive officer had resigned due to unethical behaviour and false accounting that eroded more than 85% of the share price value of that company, and that the financial statements of the company had also been over valued by \$ 6.5 billion in irregular transactions Rossouw and Styan, (2019). In Kenya, Internal Audit and financial accountability of western Kenya Grubor, (2020), revealed that despite the existence of internal audit function, county governments were still faced with financial accountability challenges. Busia county local government for example had un-vouched expenditure of Kshs. 242.5 million with no supporting documents, this resulted in delays of paying employees and government projects stalled, Auditor general's report, (2019).

Uganda was equally affected by financial accountability failures, both at the central and the local government levels despite the numerous financial accountability reforms and regulations put in place to regulate accountability, such as, the Public Accounts Committee of Parliament, the Inspectorate of Government, the Office of the Auditor General, the Anti-Corruption Court to mention but a few. The country had been losing money to fraud with limited financial accountability. For instance, the auditor general's report for financial year 2019/2020 revealed that, over 9.4 billion in domestic arrears were paid without supporting documents like invoices, Goods Received Notes (GRNs) and Completion Certificates, while UG Shs 640 million was undisclosed as it related to the previous financial year. In addition, the government received cash

donations amounting to UG shs. 11.6 billion and donations in kind worthy UG 23 billion from private citizens, UG shs. 27.23 billion from the contingent fund and 29.5 billion in form of grants for covid-19 interventions. However, the management of covid-19 funds was marred with several accountability challenges, such as, funds not utilized yet planned for 6.68 billion, procurements not adhering to the PPDA laws and regulations 166 billion, un accounted for funds 0.758 billion, funds diverted 10.5 billion Auditor General's report, (2020/2021).

In Pallisa district, UG shs. 765 million was transferred to 45 PDM SACCOs, despite the fact that they were not registered under the Co-operative Societies Act and had not signed the Project Revolving Fund (PRF), Financing agreements contrary to guideline 16 of the PDM, and the Permanent secretary/ Secretary to the Treasury (PSST) letter to all Accounting officers of district local governments referenced EDP86/103/02 of 25th May, 2022, to register PDM SACCOs on IFMS before being funded, thus negatively affecting proper financial accountability of the PDM funds. Repurposing and utilization of PDM funds, the district also diverted 60% of PDM budget of 147.339 million meant for gadgets and tools to pay administrative expenses jeopardizing PDM intentions and accountability. Also, in the year 2021/2022 a review of the payroll register (IPPS) and the IFMS payments in Pallisa district local government revealed that the district over paid UG shs. 10.428 million in respect of salaries and pensions thereby irregularly over stating salaries and pensions expenditure, this was caused by failure to prepare monthly financial accountabilities and reconciliations, Auditor General's Report, (2022).

In order to address the decline in financial accountability in public sector institutions in Uganda, (local governments), this study was guided by the Agency theory as proposed by Jensen & Meckling, (1976). According to Jensen and Meckling, the theory postulates that, shareholders who are the principals of the entity hire the agents to carry out the work and delegate to them decision making authority on their behalf. The theory focused on the control of the local governments, the state and the citizens as principals and that the employees and the elected leaders as the agents. The theory assumed that agents could be self-interested thus, rational actors,

with divergent goals and information asymmetry, led to agency costs Clarke, (2003). Nonetheless, through moral hazard, offered performance-based incentives, monitor the agent's activities, and aligned the interests of the principals and those of agents, financial accountability would be enhanced.

Numerous studies all over the world showed that internal controls affected financial accountability (Baker & Falah, 2023; Adase, 2022). This was because internal controls benefit LGs. This was through their ability to enhance efficiency and effectiveness in control environment, risk assessment, control activities, information and communication, and monitoring. However, these studies do not show the mechanism through which internal controls influenced financial accountability, and with no such relationship it remained a puzzle. Paais & Pattiruhu, (2020) advised for the introduction of a third variable to explain the relationship between the internal controls and the financial accountability. In this regard Denison's, (2020) suggested organization culture which included mission, involvement, adaptation and consistency as a mediation variable, so as to bridge the existing knowledge gap, this study sought to establish the mediating role of organization culture on the relationship between internal controls and financial accountability.

In addition, most of these studies had been carried out in foreign countries, in the USA (GAO, 2023), in China (Wong, 2022), in South Africa (Rossouw & Stylianou, 2019), in Kenya (Atieno & Kiganda, 2020). These studies were carried out in different institutions and organizations, which made it difficult to hypothesize the findings from those countries and scenarios to suggest conditions of financial accountability in the local governments in Uganda, yet these studies had basic and linear relationship with Uganda.

1.2 STATEMENT OF THE PROBLEM

Financial accountability was crucial for individuals, businesses and government entities alike, to manage their financial sources and expenditures prudently, without it, there would be endless

financial problems. Uganda continued to face financial accountability problems despite numerous interventions put in place Bainomugisha et al, (2023). 98.5% of the local governments in financial year 2019/ 2020 failed to account for funds OPM internal assessment performance report, (2020). In North Bukedi sub region, UG shs. 10.428 million in respect of salaries and pensions was over paid in Pallisa district, in Butebo district, UG shs. 120.878 million meant for wages was diverted and UG shs. 38.526 million was not accounted for in the year 2021, in Kibuku, UG shs. 580.9 million (70%) was not disbursed to SACCOs under the PDM and Budaka district failed to account and remit back to the consolidated fund account UG shs. 24.738 million that was advanced to the district by the ministry of finance, (OAG, 2022). These problems impeded informed decision making and effective financial accountability within North Bukedi sub-region district local governments. It was in the view of the above discrepancies that this study sought to conduct an in-depth investigation into the effect between internal controls, organization culture on financial accountability in North Bukedi sub-region district local governments. Internal controls were preferred for the study because, they ensure compliance with applicable laws and regulations foster accurate and timely financial reporting and data collection, help maintain operational efficiency by identifying problems and correcting lapses before going out of hand, on the other hand, a strong organisation culture enhances employee engagement, drives motivation and aligns the organisation workforce towards common organisation goals hence accountability.

1.3 PURPOSE OF THE STUDY

The purpose of the study was to examine the mediating effect of organisation culture on the relationship between internal controls and financial accountability in Uganda. North Bukedi sub-region district local governments.

1.4 SPECIFIC OBJECTIVE

i. To examine the effect of internal control on financial accountability in North Bukedi sub-region district local governments.

- ii. To determine the effect of internal control on organization culture in North Bukedi sub-region district local governments.
- iii. To evaluate the effect of organizational culture on financial accountability in North Bukedi sun-region district local governments.
- iv. To examine the mediating effect of organizational culture on the relationship between internal controls and financial accountability in North Bukedi sun-region district local governments.

1.5 RESEARCH HYPOTHESES

The study tested the following hypotheses;

H₀₁. Internal controls have no significant effect on financial accountability.

H₀₂. Internal controls have no significant effect on organizational culture.

H₀₃. Organizational culture has no significant effect on financial accountability.

H₀₄. Organizational culture has no significant mediating effect on the relationship between internal controls and financial accountability.

1.6 SIGNIFICANCE OF THE STUDY

To the **Government**, the study could yield data and information that would be useful for proper planning and decision making at the ministry of local government for usage in inspection and monitoring of local governments (districts).

To Practitioners, the study could help the practice to understand how internal controls, organization culture and its effect on financial accountability in local governments as their decisions and actions would be taken on concrete knowledge from research findings.

To scholars, the study could provide knowledge and skills to researchers and could form a basis for further research on internal controls on financial accountability in local governments and

other government institutions; this may lead to the generation of new ideas for the better and more efficient management of government institutions in Uganda and local governments too.

1.7 SCOPE OF THE STUDY

1.7.1 SUBJECT SCOPE

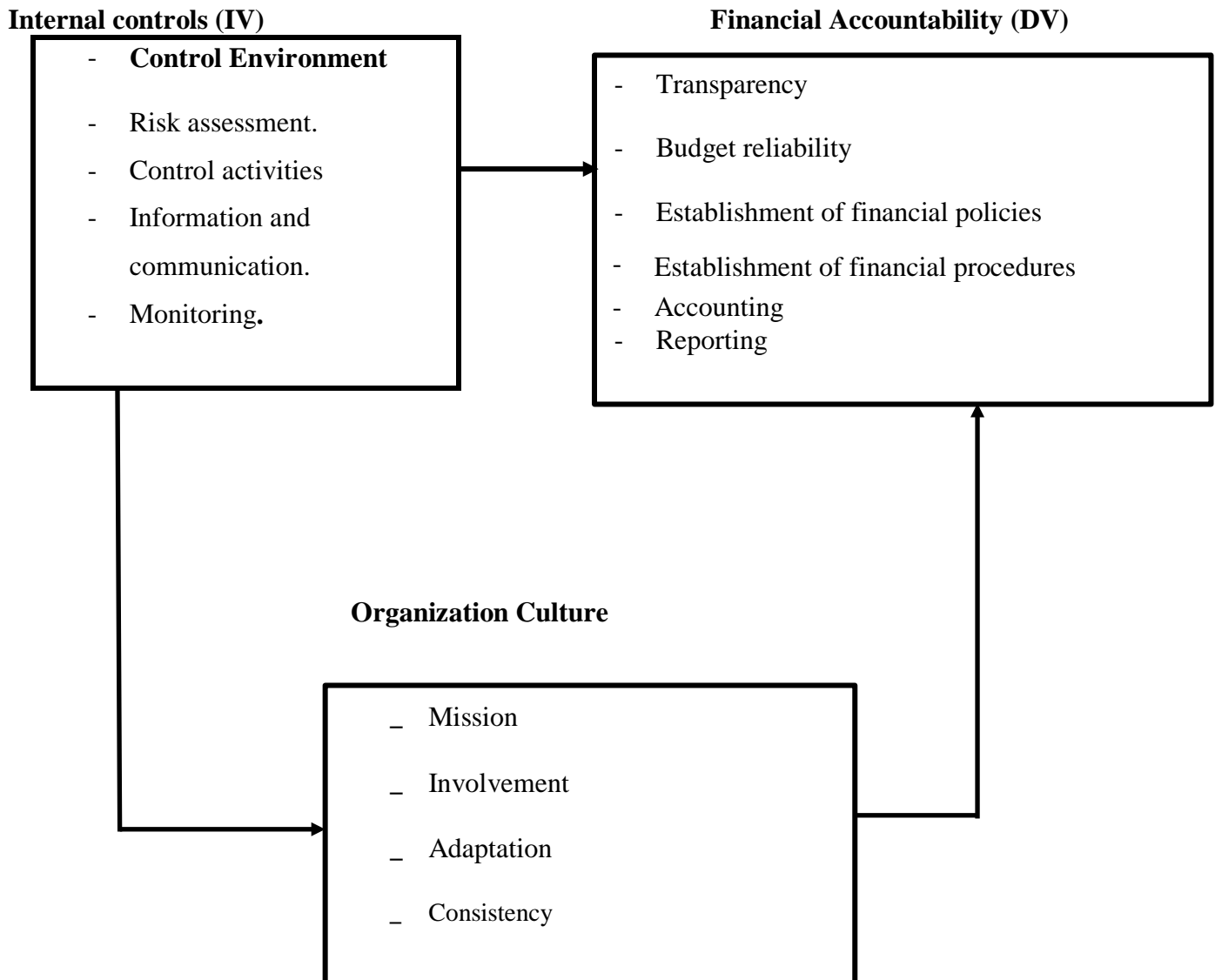
The study examined the effect of internal controls as measured by control environment, risk assessment, control activities, information and communication and monitoring and its effect on financial accountability which was measured by transparency, budget reliability, establishment of financial policies and procedures, accounting and reporting and the effect of the mediating role of organizational culture on internal controls and financial accountability in local governments in Uganda.

1.7.2 GEOGRAPHICAL SCOPE

The study was carried out in North Bukedi sub-region district local governments in 60 sub counties, 20 town councils and 04 district headquarters, because North Bukedi sub-region district local governments experienced rampant challenges in financial accountability (lower local government's performance assessment reports, 2021/2022 (OPM); Auditor General's report, (2022)).

1.8 CONCEPTUAL FRAMEWORK

Figure 1.1: Conceptual framework.



Adapted from the COSO (2013), (2020), Denison's (2020), Nani and Ali, (2020)

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter presents a review of literature which included conceptual review, theoretical review, empirical literature review and a summary of the literature review.

2.1 CONCEPTUAL LITERATURE REVIEW

2.1.1 FINANCIAL ACCOUNTABILITY

According to Nani and Ali (2020), Financial accountability required the government to justify the source and usage of public funds. In this instance, financial accountability related to monitoring and managing government behaviour, limiting the accumulation of power and enhancing the learning capacities and efficiency of public administration. Financial accountability entails the use of a variety of mechanisms to explain organizational policies and activities such as public hearing Barazas in Uganda, the dissemination of government reports in mass media and even real time communication tools that allowed citizens to communicate directly with government officials (Sellers and Scharff, 2020). Relatedly, Brown et al (2019), conceptualized financial accountability to refer to the manner in which resources were used in relation to the objectives of the entity. Financial accountability, drew its origin from financial accounting which focused on checking the way the books were kept and how the money was spent (Rabrenovic, 2020). It was the obligation for public official to report on the usage of public resources and to achieve set performance standards. Financial accountability in working terms dealt with how government power was exercised and how resources were mobilized, managed, controlled and utilized for the benefit of the people and it was based on the principle that “Citizens grant” their governments the power to tax, to spend, to enact and enforce laws and policies. In return citizens expected the government to explain and justify the use of power and to take corrective measures when needed. In Uganda, financial accountability is a key pillar of the institutional frame work at all levels of government, including local governments.

The 1995 constitution of the republic of Uganda as amended, provides the central basis for accountability of government, that all power belongs to the people. Financial accountability therefore, was concerned with tracking and reporting on collection, allocation, disbursement and utilization of financial resources, using the tools of, budgeting, accounting and auditing (Brinker Hoff, 2019). The concept of local government financial accountability, therefore, was the degree to which the local government explained or justified what it had done or fail to do to the public or people within its jurisdiction. It connotes the degree to which those entrusted with public funds apply it for the purpose meant and ensure that public money was used in a responsibly and productive manner. It involves the verification of legality and regularity of financial accounts to ensure that the rules and regulations in relations to the programs and projects under taken by local governments were complied with and also that value for money was attained in the use of those resources (Rabrenovic, 2020).

The measurements of financial accountability include, transparency, which entails being open and making sure financial information, activities, decisions and performance is visible and accessible, providing regular updates on financial information to those interested in it, inviting them to be part in planning and budgeting. Financial accountability in today's business environment was complex as the world is a global village with a lot of interconnections, whereby accountability and transparency become important pillars for trustworthiness and organizational integrity, donors, shareholders, customers, investors and the general public demand transparency in how organizations make decisions and manage their finances, organizations that are transparent in their dealings meet financial accountability standards, comply with regulations, reduce risks and mitigate litigations (Krah and Mertens, 2023; Kim and Lee, 2019). Budget reliability, is another measure for financial accountability, realistic and reliable budgets were very important tools for good financial practices and were essential for long term sustainability, budgets are relied on to measure financial accountability by adhering to implementing only projects that have been put in the budgets and also by not exceeding the amounts allocated to

those projects and should be reviewed and monitored regularly to uphold commitment accounting (Kim and Lee, 2019).

Another financial accountability measurement is the establishment of financial policies and procedures, which are guidelines organizations establish to help in controlling financial activities and ensure adherence to regulations. Financial policies and procedures serve as important framework for financial accountability in any organization, when organizations adhere to these guidelines, they can enhance transparency, accountability and operational efficiency, which can result in their long-term financial stability. The next measurement for financial accountability is accounting and financial reporting, which cannot be under looked in enhancing financial accountability, because, they underpin how society operates and organizations function or rather the way systems work. They are very important in ensuring transparency, maintaining trust and can be used to discover and rectify errors and fraud. Accounting and financial reporting help citizens to exercise their rights to know how their taxes have been used, by holding their leaders accountable, by verifying accountabilities and interpreting financial reports or statements.

2.1.2 INTERNAL CONTROLS

Internal controls are the fundamental mechanisms established by the entity's management for ensuring transparent financial accountability (Arun, 2019). Internal controls are also defined as the whole system of controls, financial and otherwise, established by management of the entity to carry out the tasks of the local government in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of records (LGIAM 2010). "Internal" means events/ issues, aspects happening within an organization without external interference.

"To control is to manage, restrict, limit or to regulate something". Internal controls are the integral collection of control components and activities that are used by organizations to enable them achieve their objectives and goals. The presence of effective internal controls directly affects the transparency and integrity of financial accountability within an organization. The measurement components of internal controls include; control environment, this sets the atmosphere in which

organizations operate. It is the foundation on which all other components of internal controls are based. Its factors include; integrity, ethical values and competence of employees, management philosophy and operating style, management assignment of authority and responsibility and attention and direction provided by management comprise the control environment that enhances financial accountability. Risk assessment is another measure of internal control, it is the concept used to express uncertainty about events and their outcomes that could have material effect on the goals of the entity. It is the potential for loss through errors, fraud, inefficiencies and actions that damage the reputation of an organization. Risk assessment is a systematic process of identifying, assessing, managing and controlling potential events or situations in order to provide reasonable assurance regarding the achievement of organization's objectives. The management of the entity establishes strategic and operational objectives, it identifies and analyses risks that may impend the achievement of those objectives. Control activities as measures of internal controls, are policies and procedures established by the management of an organization to aid the directives issued by management in ensuring that the activities of the organization are carried out in compliance with the established standards and laws or any other policy guidelines, management must take necessary steps to control activities that occur throughout the entity in form of, approval, authorization, verification, reconciliation, segregation of duties and safeguarding of assets to enhance financial accountability. Information and communication, are other measures of internal controls, relevant information should be identified, captured and communicated in a form and timeframe that enables people in the entity to carry out their responsibilities in an orderly manner, the management of the entity should prepare statutory reports upon which significant control procedures are taken, channels exist within which information flows from up to bottom and vice versa, and also ensures that, there exists effective communication with external parties like suppliers and regulators. Monitoring, the entity's internal controls should be effectively monitored, and control deficiencies (if any) are reported up-stream.

2.1.3 ORGANIZATION CULTURE

Is the general beliefs, values and attitudes in any organization and how they influence the behaviour of its members, it includes the purpose – that is, why the organization exists, values – the way we act and expect others to act, the traits – that distinguish the characteristics of the organization and its members. It is a foundation set of beliefs shaped by the members of an organization through external adaptation or through internal integration (Sarhan et al, 2020). A strong organization culture enhances employee’s engagement, drives motivation and aligns the work force towards common organizational goals resulting in increased performance and financial accountability improvements (Carvalho et al, 2023). The measurements of organization culture include; mission, which explains the purpose and values of the existence of the organization, it forms the important part of the organization and helps in developing the culture of the organization, by making people work as a team, boost morale and actions of individuals are aligned to the objectives of the organization which makes them remain focused and make right decisions which are in sync with the vision, core values and purpose of the organization(mission) hence cultural unity that enhances financial accountability. Involvement as a measure of organization culture underscores an internal arrangement to involve and let every person in the organization to participate and quickly adapt to any changing needs in the business environment.

Involvement plays an important role of meeting the changing needs of the organization and of its people and the organization shall be taken to be like a family that embraces everybody, it is achieved by people participating in key management meetings, open communication across all levels of the organization, sharing insights and concerns, effective problem solving, resulting in robust financial accountability. Adaptation is another measure of organization culture, these are the conditions that make organizations respond to changes in the business environment, so as to cope with dynamic environments and motivate their employees over time, this has to begin with having clear creative organization policies which help individuals in the organization to

incorporate new changes in order to own their environments which would result in adapting to new financial accountability requirements thereby enhancing financial accountability. Consistency is another measure of organization culture that contributes to the improvement of the organization image and reputation, as it depicts the ability and trustworthiness to shareholders. It can be achieved through effective decision making, communication and establishment of clear expectations and guidelines, it results in stability, adherence to establish processes, procedures and routines, consistency is learned and shared through people and that, it is common to society and world over (Denison's, 2020).

2.2 THEORETICAL REVIEW

A theory is a collection of concepts about the reality, which facilitates explaining and predicting the situation. Theories explain why and as to why things occur the way they do (Asher, 2020).

This study is supported by agency and accountability theory.

2.2.1 AGENCY THEORY

This theory was postulated by Jensen and Meckling (1976). The theory describes how best to establish and manage associations, organizations or companies, where, one party (principal) defines the duties to be carried out by a different party (agent) to do the work or to accomplish a commission on behalf of the principal. The assumption here presupposes that the organization's objective is to make best use of the shareholders resources (Jensen and Meckling, 1976). The Agency theory suggests that organizations or companies are made up of owners of economic resources (principals) and the managers of the owners' resources (agents). However, the agents do not at all times share in the principal's interest and may perhaps at times act to promote their own interest at the principals' expense. This situation is further escalated by the delegation of execution of authority to the Agents by the Principals. This gives rise to the principal agency problem where the agents pursue their own interests/self-centeredness (Habbe et al, 2019). The owners (principals) commit their resources in business with the aim of maximizing their wealth.

They agree to employ agents to run their businesses after they have identified opportunities to grow their wealth. This delegated responsibility allows agents to act unethical at the detriment of the owner's prosperity. In corporate organization, principals are the owners of the company, entrusting agents, that is directors and managers to run the company on their behalf. The agency theory assumes that both the owner and managers are driven by egoism (Beerli et al, 2019).

The agency theory suggests several control mechanisms to safeguard owners returns and how to manage to align the principal-agent interests that include: rewards to agents that adhere to the company's codes of ethics and performance, financial incentives to best performers, designing appropriate board structures for the organizations that would include increasing the number of external board members to perform oversight audits and assessments (Roberts, Terry and Styles, 2020). To solve the delegation shortcomings of the agency theory, the principals employ initiatives such as internal controls which when put in practice protect the owner's assets, sanction the accounting records, ensure that managers act in the interest of the shareholders meanwhile adhering to the available organization culture (Denison's, 2020). This would minimize agency loss, which is the variance between the best conceivable outcome for the owners and consequences of the action of the agents, when the agents act in good faith the owner's interests are protected and the agency loss is zero and vice-versa. Agency cost is minimized where the principal and the agents have mutually agreed on some results to achieve and how to act in the agreed way. Internal controls lessen agency costs, organizations and local governments that have established and employed effective internal controls experience better financial managements and Financial Accountability (COSO, 2019). Agency theory may not simply help to clarify the effects of internal controls, organization culture on financial Accountability in local governments, but can be used to align the different interests of stakeholders in local government to enhance financial accountability (Jensen and Meckling, 1976).

Agency theory is relevant to this study in that, in Uganda, local governments setting is that, the elected leaders and civil servants act as the agents, engaged by the electorates / citizens and

government, to run and manage the local governments on their behalf. The elected leaders and civil servants should therefore act in the best interest of the electorates/ citizens and government and be accountable to the electorates and government for all the funds allocated to the local governments for the provision of services and goods for the people, and ensure that the objectives and goals of the local governments are achieved. Since elected leaders and civil servants may have conflicting interests with those of the government and electorates and other stakeholders, the local governments have to put in place internal controls and establish organization cultures that ensure, that funds in local governments are managed prudently, efficiently and effectively (agency costs are reduced). Hence financial accountability, to protect the interests of the government, electorates and other stakeholders.

2.2.2 ACCOUNTABILITY THEORY

This theory was originally developed by Tetlock et al. (1999). The theory explains how there is perceived need to justify one's actions or rather behaviour towards another party, it causes one to reject and feel accountable for the process by which decisions and judgments have been reached. In turn, this perceived need to account for a decision-making process and the outcome increases the likelihood that one will think deeply and systematically about one's procedural actions (Tetlock et al, 1999). The theory suggests two useful ways to understand accountability as a virtue and as a mechanism. As a virtue, accountability is seen as a quality in which a person displays willingness to accept responsibility, a desirable trait in public officials, government agencies and firms, hence in this use, accountability is a positive feature of an entity, government, and individuals. As a mechanism, accountability is seen as a process in which a person has a potential obligation to explain his or her actions to another party who has the right to pass judgement on the actions, as well as to subject the person to potential consequences for his or her actions or inactions. The theory focusses on the process of accountability that encompasses, identifiably, that is a person's "knowledge, that his or her output could be linked to him" and thus reveal his or her true identity (Williams, Harkins and Latane, 2019).

Expectations of evaluation, is the belief that one's performance will be assessed by another party according to some normative ground rules and with some implied consequences (Tetlock et al, (1999). Awareness of monitoring is a user's state of active cognition that his or her system related work is being monitored (Vance, Lawry and Eggett, 2019). Social presence is the awareness of other users in the system (Vance et al., 2019). Accountability theory is relevant to this study because it could help in understanding ways through which financial accountability could be enhanced through establishing effective internal controls, mediated by Organization culture. The perceived need to account for one's actions, decision-making process and its outcomes, will escalate the likelihood that one, will think deeper and systematically about their actions, this would therefore be a virtue that if adopted by the elected leaders and the civil servants, then there shall be a high degree of answerability. The expectations of evaluation, awareness of monitoring and social presence through internal controls would mean that the elected leaders and civil servants are aware that the government and citizens (electorates) will verify their financial accountabilities through oversight organizations that would give their reports, for which lack of compliance would be punishable. The fact that other stakeholders are interested in monitoring financial accountability in local governments is the social presence, which enhances transparency and reduces fraud, Accountability theory is therefore, relevant to the local government setting in Uganda and to this study.

2.3 EMPIRICAL LITERATURE REVIEW

2.3.1 INTERNAL CONTROLS ON FINANCIAL ACCOUNTABILITY

Internal controls are defined as the whole system of controls, financial and otherwise, established by the management of the organization to carry out the tasks of the organization in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of records (COSO, 2013; LGIAM, 2010). An empirical investigation of internal controls and financial accountability in a public health sector of a local government in Uganda, Ong'gunya and Kalenzi (2019), carried out a study to examine the effects of internal control system on financial

accountability in greater Iganga local government health sector using cross-sectional research design, with a sample of 127 health centres as a unit of analysis, data was collected using questionnaires which was aggregated. The SPSS was used to measure correlation and regression, and the results showed that internal controls positively and significantly affect financial accountability in the local government health sector of Iganga local government. Nyakariumi et al. (2020) carried out a study with the aim of establishing the effects between internal controls and fraud in deposit taking financial institutions in Kenya. The internal controls were tested basing on its five components i.e., control environment, risk assessment, control activities, information and communication and monitoring. Using quantitative and qualitative research designs and approaches such as stratified random sampling, ANOVA and descriptive research were employed. Questionnaires were used to collect data from managers and supervisors from various deposit taking financial institutions in Imenti north sub county, a sample of 92 respondents from a population of 120 was used to analyse data using SPSS. The study established a significant effect between internal controls and fraud control. Kangola (2022) carried out a study to investigate the effect between internal control system and financial accountability of local governments in Uganda, a case of Iganga local government, questionnaires were used to collect data, the SPSS version 2022 and Pearson correlation were employed to determine the relationship of the variables under study, the findings revealed that a strong effect between internal controls and financial accountability existed. However, some of the results of these studies were inconclusive, and hence we cannot use them to generalize the effect of internal controls on financial accountability in Uganda as some were carried out from outside countries under different legal frameworks and business environments. Thus, the current study will seek to adopt a cross-sectional design and a questionnaire approach to add on the available body of knowledge.

2.3.2 INTERNAL CONTROL ON ORGANIZATION CULTURE

Organization culture is the general beliefs, values and attitudes in an organization and how they influence the behaviour of its members (Denison's, 2020). A study was conducted in China empirically to examine how the culture of a firm would affect the quality of its internal controls, Sari et al (2019) collected data from 270 Indonesian businesses through a survey to examine the effects between organizational culture and internal controls and found out a positive significant effect between internal controls and organization culture. Hoai et al, (2022) studied that transformational leadership creates a significant effect with the internal controls, by top management positively supporting the internal controls and organization culture positively affects the quality of internal controls. Handoyo and Bayunitri (2021) investigated that, enhanced ethical organization culture and behaviours, strengthens organizational mindfulness and internal controls resulting in better financial accountability. Based on the performance data of China's listed companies, Wu and Zeng (2022) studied the effect of internal controls on enterprise culture. They found that internal controls positively affect organizational culture. Pakurar et al, (2019) assessed the effect between internal controls and financial accountability for banks in Jordan and it was found out that internal controls significantly affect their performance and culture. Joseph and Kibera (2019) studied the effect of organization culture on financial performance of microfinance institutions using a descriptive cross-sectional research design, selected measures of market, adhocracy, clan and hierarchical were used in this study and the results were positive and significant. Nani and Ali et al, (2019) in Malaysia studied organizational culture and its impact on corporate financial accountability and found that clan, and market were significant predictors for financial performance while hierarchical and adhocracy were immaterial. Different scholars as seen from above, used various facets to study the effect of internal controls on organization culture, as such, there were inconsistent findings regarding the predictive power of organization culture on internal controls and as such the results cannot be generalized.

2.3.3 ORGANIZATION CULTURE ON FINANCIAL ACCOUNTABILITY

Organization culture is one of the intangible assets that organizations have and which is difficult to copy by others and has enormous implications for the organization`s financial accountability (Joseph and Kibera, 2019). Organization culture`s basic functions are affected by internal and external environments. Numerous changes in the business environment influence organizational culture directly, making it increasingly difficult to master organizational challenges. Local governments with strong organization cultures have outperformed those with weak cultures (Jamali et al, 2022). Empirical studies confirm that local government`s culture has a positive effect on organizational financial accountability. In the Kenyan microfinance industry, Joseph and Kibera (2019) revealed that besides the positive effect of organization culture on organizational performance, it is also a significant source that provides sustainable competitive advantage. However, based on previous studies, it is hypothetical that organization culture has a direct effect on financial accountability in North Bukedi sub region district local governments.

Financial accountability is important for enhancing a culture of trust, responsibility and high performance in organizations. When organization members are accountable, they own their actions or inactions and decisions leading to more engaged and well-motivated work force. A culture of trust and accountability ensures transparency in operations by enabling organization members to understand their duties and roles clearly and how to fit into larger organizational goals, aligns their expectations, reduces confusion, streamlines work, increasing efficiency, productivity and financial accountability. In Indonesia, a study by Wisna (2015), on the influence of organization culture on the quality of accounting information revealed that organization culture directly affects accounting information and accountability. However, the study did not reflect on how accounting information and accountability relates to organization culture, as some organization resist change, therefore, it cannot be generalized that culture influences organizational financial accountability.

2.3.4 EFFECTS OF ORGANIZATION CULTURE ON THE RELATIONSHIP BETWEEN INTERNAL CONTROLS AND FINANCIAL ACCOUNTABILITY

Organization culture directly affects financial accountability, Paais & Pattiruhu, (2020). However, these studies did not show how organization culture affects financial accountability as averred by Paais and Pattiruhu (2020) and Kwarteng and Aveh (2019) who maintained that the relationship between independent variable and dependent variable was insignificant without a third mediating variable. Denison's (2020) studied how organization culture affects the relationship between internal controls and financial accountability, he examined that culture through, mission, involvement, adaptation and consistency have vast effects on internal control and financial accountability. The study suggests that organization culture partly mediates the relationship between internal control and financial accountability which in turn increases stakeholders trust and organizational performance. But the extent to which internal controls and financial accountability is mediated by organizational culture was studied by different researchers in developed countries and in different organizations, whereas, this study tends to be carried out in Uganda particularly, a case of local governments, having different settings for comparison. Price Waters Coopers, Global Culture Survey, (2021) of 3200 leaders and employees found out that 66% of C-suite board members and executives agreed that culture was more important to organizational performance than strategy. Good organization culture, is one of the ways by which organizations maintain their legitimacy in society, by adhering to their roles in the community Solikhah et al, (2022).

2.4 SUMMARY OF THE LITERATURE GAP

Despite the extensive researches carried out on the effects of internal controls on financial accountability Ong'gunya & Kalenzi, (2019); Bainomugisha et al., (2023). Functionality of local governments accountability mechanisms and structures in Uganda, there still exists a research gap in terms of understanding the effectiveness of internal controls in enhancing financial accountability in local governments. Financial accountability flaws are still pervasive in local

governments. Most researchers have focused on internal controls and financial accountability in government public hospitals, higher institutions of learning and foreign countries Adeyemi & Olarewaju, (2019). This calls for further research on why there is lack of compliance with internal controls and financial accountability in local governments in Uganda.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0. INTRODUCTION

This chapter entails, research design, study population, sample size, sampling technique, data collection methods, reliability and validity, measurement of variables, data analysis and ethical considerations.

3.1 RESEARCH DESIGN

A cross-sectional research design was adopted for this study. The design was the most appropriate for this study because of the nature of the variables in the study that required to find out the correlational/associational effect that existed between internal controls and financial accountability, by collecting data from many different individuals at a single point in time, it was also cheap, faster and multiple variables could be analysed and it could lead to additional research to be performed. Osa and Onen, (2020). This corresponded with the purpose of the study which was to establish the mediating effects of organization culture in the relationship between internal controls and financial accountability. The study employed a quantitative and qualitative research approaches, since the approaches enable establishment of measurable relationships between the study variables (Creswell, 2014).

3.2 STUDY POPULATION

The target population refers to the total number of subjects or the total environment of interest to the researcher. This study targeted 84 local governments in North Bukedi sub region (District Five-year development plans 2021-2025). These included 04 districts headquarters (higher local governments), 60 sub counties and 20 town councils (lower local governments). This formed the unity of analysis.

3.3 SAMPLE SIZE

Table 3.1: Sample size

Strattera	Population size	Sample size
Higher local governments (district headquarters)	04	04
Lower local governments	80	66
Total	84	70

Source: Pallisa, Butebo, Kibuku and Budaka districts Five-year development plans 2021-2025

The sample size of 70 local governments was obtained based on Krejcie and Morgan (1970) table for sample size selection. Given the heterogeneity of the study population, stratified sampling technique was used to select the sample of 70 local governments from the population. Two respondents who included the accounting officer and the finance officer were selected from each local government, that is, 140 who acted as the unit of inquiry.

3.4 DATA COLLECTION METHODS

The researcher, used both primary and secondary sources / methods of data collection. Primary data was collected using closed- ended self-administered questionnaires distributed to the respondents in the field and collected later, analysed using statistical packages for social sciences which enabled the researcher to draw conclusions and recommendations. Closed ended questions were used because they were easy & simple to administer and make evaluation, they were cheap in terms of time and money (Kombo and Tromp, 2019). Questionnaires were found to be comparatively economical, simple and clear. Secondary data was obtained through analysis of published journals, articles, audited financial statements from the district local governments, five-year development plan, work plans and client charters from the district local governments. The questionnaire items were anchored on a 5-point Linkert scale, ranging from 1-strongly disagree to 5-strongly agree.

3.5 VALIDITY AND RELIABILITY OF THE INSTRUMENTS

Validity is the process used to collect data with instruments already designed, to aid the process of measuring and validation, Saunders and Lewis, (2009). In this study, validity of the questionnaire was determined by computing the content validity indices (CVI) for each study variable. Using the formula,

$$CVI = \frac{\text{Relevant items}}{\text{Total number of items}}$$

then the CVI ratios of relevant items were ascertained by using the threshold ratios value of 0.7 and above as significant Kimberlin and Winterstein, (2008); Kothari (2004).

Reliability is the degree to which the items under study yield consistent results in a given period Kothari, (2004). The researcher, distributed questionnaires to 15 sib counties outside Bukedi North sub region in Mbale district. Reliability Cronbach Alpha Coefficients that were above 0.7 were considered acceptable Nunnally, (1978).

Table 3.2: Validity and Reliability

Variable	Number of Items	Cronbach's alpha	Content validity Index (CVI)
Internal controls	30	.758	.881
Organization culture	24	.788	.808
Financial Accountability	24	.810	.760

Source: Primary data (2024)

3.6 MEASUREMENTS OF VARIABLES

The variables of the study were internal controls, which was measured using, control environment, risk assessment, control activities, information and communication and monitoring COSO, (2013). The variable had thirty (30) questions adopted and modified to suit the study context and anchored on a five point Linkert scale.

Financial accountability was measured using transparency, budget reliability, establishment of financial policies and procedures, accounting and reporting adopted and modified from Nani and Ali (2020). The variable had twenty-four (24) questions adopted and modified to suit the study context and anchored on a five point Linkert scale.

Organizational culture was measured by mission, involvement, adaptation and consistency adopted and modified from Denison's (2020). The variable had twenty-four (24) questions adopted and modified to suit the study context and anchored on a five point Linkert scale.

3.7 DATA ANALYSIS AND PRESENTATION

The data collected was cleaned, coded, aggregated and analysed at the unit of analysis level, that was, (Local governments). Both descriptive and inferential statistics were used to analyse the data collected. Descriptive statistics comprised, frequency distribution tables, mean, standard deviation. Inferential statistics were used to measure the relationship between variables, these comprised of Pearson product moment correlation analysis and regression analysis. The correlation analysis was carried out to establish the extent of the direction and degree of relationship among the variables of the study, whereas the regression analysis was used to predict the power of independent variables (internal controls and organization culture) and the dependent variable (financial accountability) and mediation tested by the help of Baron and Kenny 1986 process macro V3 to establish the relationship between internal controls, organization culture and financial accountabilities.

3.8 ETHICAL CONSIDERATION

The researcher, adhered to the required ethical conduct needed of a researcher as the issues under the study were confidential in nature to the local governments. The researcher got an introductory letter from the university fully endorsed by the University supervisor and the researcher sought informed consent of the respondents and adequately informed the respondents the purpose and

procedures of the study, expected duration, any unforeseen risk or discomforts to the respondents, any benefit to the respondents, their privacy and the researcher's responsibility to human dignity all was put into consideration by the researcher and was communicated to the respondents before participation.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.0 INTRODUCTION

This chapter consists of the analysis of data, presentation of data and interpretations of the findings. Specifically, this chapter entails the response rate, demographic characteristics of the respondents, descriptive statistics, correlation testing, regression analysis and testing of the mediation effect.

4.1 RESPONSE RATE

The study targeted 70 local governments of North Bukedi sub region district local governments. Sixty-five local governments responded to the study questions indicating a response rate of 92.9%. Table 4.1 below shows an acceptable response rate above the 70% threshold suggested by Mugenda and Mugenda (2008).

Table 4.1: Response Rate

	Frequency	Valid Percent (%)
Response rate	65	92.9
Non response rate	05	7.1
Total	70	100

Source: Primary Data (2024)

4.0 DEMOGRAPHIC CHARACTERISTICS

Table 4.2: Demographic characteristics of respondents

Variable	Category	Frequency	Percent (%)
Gender	Male	42	64.6
	Female	23	35.4
Subtotal		65	100.0
Age Bracket	21-25	01	1.5
	26-30	08	12.3
	31-35	06	9.2
	36-40	07	10.8
	41-45	11	16.9
	46-50	13	20.0
	51-55	14	21.5
	55 and above	05	7.7
Subtotal		65	100.0
Position	CAO	03	4.6
	SACAO	27	41.5
	CFO	03	4.6
	CIA	03	4.6
	SAA	19	29.2
	TT	10	15.4
	Subtotal		65
Length of Service	Less than a year	02	3.0
	1 year	08	12.3
	2 years	16	24.6
	3 years	09	13.8
	4 years	16	24.6
	5 years and above	14	21.5
Subtotal		65	100.0
Highest Level of Education	Diploma	16	24.6
	Degree	45	69.2
	Masters	04	6.2
Subtotal		65	100.0

Source: Primary data (2024)

Based on the findings in Table 4.2 above, a frequency distribution table was drawn from raw data to present sex, age, length of service, education level and percentages, 64.6% of the respondents were male while 35.4% were female. The male majority suggests that, men occupy more

positions than women and could be more involved in establishing internal controls and financial accountability compared to women, within district local governments, which could affect the organization culture and the effectiveness of internal controls, improvement in organization culture and internal controls could result in enhanced financial accountability in district local governments in North Bukedi sub-region.

Additionally, the respondents were fairly distributed across various age brackets, with the majority being in the 51-55, 46-50, and 41-45 age ranges giving (21.5%), (20.0%) and (16.9%) respectively. This implies that the majority of respondents are in late stages of their careers, which comes along with significant amounts of experience, knowledge and understanding of internal controls, organization culture and their effect on financial accountability, at the late years of work people tend to be more productive, ethical. competent with integrity, this could result in improved financial accountability in North Bukedi district local governments.

Also, a significant portion of respondents had served in their organizations for 4 and 2 years giving (24.6%) and 5 years (21.5%) respectively being the highest. This suggests that the respondents have worked in their roles long enough to be familiar with the organization culture and internal controls. with this experience in internal controls mediated by good organization culture its likely to result in improved financial accountability. Furthermore, the majority of respondents hold a degree (69.2%) followed by Diplomas (24.6%), with a smaller percentage having a Master's degree (6.2%). The high level of education indicated that the respondents are likely to be well-informed and capable of understanding complex issues related to internal controls, organization culture, and financial accountability, highly educated and informed staff adhere to policies, procedures and regulations which could improve financial accountability in district local governments of North Bukedi sub-region.

4.3 CORRELATION RESULTS

The researcher relied on Pearson’s correlation coefficient (r) to determine the strength and direction of the linear relationship between independent and dependent variables. The results of the analysis are shown in the table below.

Table 4.3: Correlation results

Variable	(1)	(2)	(3)
Internal Controls (1)	1		
Organizational Culture (2)	.590**	1	
Financial Accountability (3)	.740**	.608**	1

****.** Correlation is significant at the 0.01 level (2-tailed $n= 65$)

Source: Primary data (2024)

4.3.1 INTERNAL CONTROL AND FINANCIAL ACCOUNTABILITY

The study sought to examine the effect of internal controls on financial accountability in North Bukedi sub-region DLGs. The results in Table 4.3, above indicated that there was a positive and significant effect between internal controls and financial accountability ($r=.740$, $p<0.01$). This implies that an improvement in internal controls triggers an improvement in financial accountability and vice versa.

4.3.2 INTERNAL CONTROL AND ORGANIZATIONAL CULTURE

Additionally, the study intended to examine the effect of internal controls on organizational culture. The correlation results indicate that there was a positive and significant effect between internal controls and organizational culture ($r=.590$, $p<0.01$). These results suggest that an improvement in internal controls leads to an improvement in organizational culture.

4.3.3 ORGANIZATIONAL CULTURE AND FINANCIAL ACCOUNTABILITY

Finally, the study sought to examine the effect of organization culture on financial accountability in North Bukedi sub-region DLGs. The findings indicate that there was a positive and significant effect between organization culture and financial accountability ($r=.608$, $p<0.01$). These findings indicate that an improvement in organizational culture will trigger an improvement in financial accountability and vice versa.

4.5 REGRESSION ANALYSIS

In order to test the research hypothesis, a regression analysis was carried out to ascertain the predictive power of the independent variables (Internal controls and Organizational culture) on the dependent variable (Financial accountability).

4.5.1 INTERNAL CONTROLS AND FINANCIAL ACCOUNTABILITY

Table 4.4: Regression Analysis of Internal Controls and Financial Accountability

Model	Coefficients				t	Sig.
	Unstandardized, Coefficients		Standardized Coefficients			
	B	Std. Error	β			
(Constant)	1.01	.27			3.74	.000
Internal controls	.76	.08	.79		9.42	.000
	R = .79 R ² = .62		Adj. R ² = .61		F = 88.71	.000

a. Dependent Variable: **Financial accountability**

Source: Primary Data, 2024

The results in Table 4.4 above, indicate that 61% variation in financial accountability was explained by internal controls (Adj. R²=.61, $p<0.01$). This implies that 39% variance was as a result of other factors not included in this study. The results also showed that internal controls had a significant and positive effect on financial accountability ($F=88.71$, $p<.0.05$). The results further showed a standardized beta coefficient ($\beta=.79$, $p<.0.05$). This indicated that a unit change

in internal controls causes a 0.79 change in financial accountability. Hypothesis H₁ which states that “Internal controls has no significant and positive effect on financial accountability” was rejected based on this finding.

4.5.2 INTERNAL CONTROLS AND ORGANIZATIONAL CULTURE

Table 4.5 below shows the regression results for internal controls on organizational culture.

Table 4.5: Regression Analysis of Internal Controls and Organization culture

Model	Coefficients				Sig.
	Unstandardized, Coefficients		Standardized Coefficients	t	
	B	Std. Error	β		
(Constant)	1.85	.36		5.08	.000
Internal controls	.52	.11	.54	4.80	.000
R = .54	R ² = .40	Adj. R ² = .28		F = 23.08	.000

a. Dependent Variable: **Organizational culture**

Source: Primary Data (2024)

The results in Table 4.5 above, indicate that 28.0% variance in organizational culture is as a result of internal controls (Adj. R²=.28, p<0.05) and 72% is as a result of other factors not included in the study. The results also show that internal controls have a positive and significant effect on organization culture (F=23.08, P<.05). The result further shows a standardized beta coefficient ($\beta = 0.54$, p<.05) which indicates that internal controls significantly affect organization culture. The results imply that a unit change in internal controls results into a 0.54 change in organizational culture. Hypothesis, (H₂) which states that “Internal controls has no significant effect on organizational culture” was rejected based on the results.

4.5.3 ORGANIZATION CULTURE AND FINANCIAL ACCOUNTABILITY

In order to assess the predictive power of organization culture on financial accountability, regression analysis was conducted. The results are shown in the table 4.6 below.

Table 4.6: Regression Analysis of organization culture and Financial Accountability

Model	Coefficients				Sig.
	Unstandardized, Coefficients		Standardized Coefficients	t	
	B	Std. Error	β		
(Constant)	1.34	.39		3.45	.000
Organization culture	.61	.11	.60	5.61	.000
	R = .60	R ² = .36	Adj. R ² = .35	F = 31.47	.000

a. Dependent Variable: **Financial accountability**

Source: Primary data (2024)

The results in Table 4.6 above, demonstrate that 35.0% variation in financial accountability is as a result of organizational culture (Adj. R²=0.35, p<0.05). The other 65.0% is as a result of factors not included in the model. Furthermore, the results are supported by a positive and significant effect between organizational culture and financial accountability (F=31.47, p<.005). The results further showed that organizational culture improves financial accountability with a standardized beta of (β =0.60, P<.005). The results indicated that a unit change in organizational culture caused a 0.60 change in financial accountability. Based on these findings, hypothesis three (H₃) which states that “Organization culture has no significant effect on financial accountability” was rejected.

4.5.4 TESTING FOR MEDIATION

The researcher sought to examine the mediating effect of organization culture on internal controls and financial accountability. In order to do so, Hayes (2022) process macro V3 was used as guided by Baron and Kenny (1986). Approach by 3 steps, to establish why internal controls affect financial accountability, internal controls predict organisation culture and how internal controls, organization culture predict financial accountability. The results are indicated in the table below;

Table 4.7: Mediating role of Organization Culture on Internal Controls and Financial Accountability.

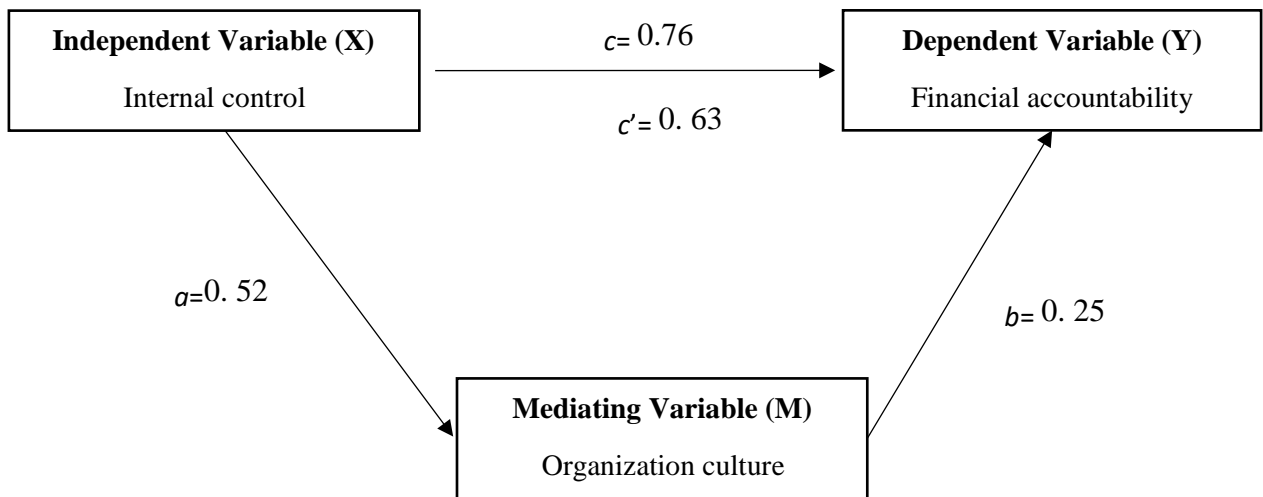
Path	Coefficient (β)	Standard Error (SE)	t- value	P-	LLCI	ULCI
Indirect effects (Path a and b)						
Internal Controls (X) → Organizational Culture (M) (a)	0.52	0.11	4.80	.000	0.31	0.74
Organizational Culture (M) → Financial Accountability (Y) (b)	0.25	0.10	2.65	.002	0.07	0.44
Total effect (Path c)						
Internal Controls (X) → Financial Accountability (Y) (c)	0.76	0.10	8.33	.000	0.58	0.94
Direct effect (Path c')						
Internal Controls (X) → Financial Accountability (Y) (c')	0.63	0.10	6.89	.000	0.44	0.81
Mediation effect (a*b)						
Internal Controls (X) → Organizational Culture (M) → Financial	0.13	0.10	0.8		-0.00	0.29

Source: Primary data (2024)

From the Table 4.7; above, the findings demonstrate that path *a* ($\beta = 0.52$, $p < 0.05$), path *b* ($\beta = 0.25$, $p < 0.05$), and path *c* ($\beta = 0.76$, $p < 0.05$) were all significant. This shows that there was a significant and positive effect between internal controls and organizational culture, organizational culture and financial accountability, and internal controls and financial accountability respectively. However, when the mediating variable (organizational culture) was introduced into the model, the total effect of internal controls on financial accountability reduced from ($\beta = 0.76$, $p < 0.05$) to ($\beta = 0.63$, $p < 0.05$) and yet the p value remained significant. These results imply that organization culture partially mediates the effect between internal controls and financial accountability.

Additionally, the results posited a ratio index of 17.3% (mediating effect/total effect *100). This suggested that, 17.3% of the effect of internal controls on financial accountability was explained by organization culture while 82.7% was as a result of the direct effect. Based on these findings, hypothesis four (H_4) which stated that organization culture has no mediating effect on the relationship between internal controls and financial accountability” was rejected. The figure below further explains the mediation effect of organizational culture.

Figure 4.1: Mediation effect of organization culture on the relationship between internal controls and financial accountability



4.6 SUMMARY OF HYPOTHESES TESTED

Table 4.8: Summary of Hypothesis tested.

Code	Tested Hypothesis	Results
H_1 :	Internal controls have no significant effect on financial accountability.	Rejected
H_2 :	Internal controls have no significant effect on organization culture.	Rejected
H_3 :	Organization culture has no significant effect on financial accountability.	Rejected
H_4 :	The mediating role of organization culture has no effect on internal controls and financial accountability	Rejected

CHAPTER FIVE

DISCUSSION, CONCLUSION, AND RECOMMENDATION

5.0 INTRODUCTION

The chapter presents the discussion of findings, conclusions and recommendations of the study. The chapter is sub-divided into five sub-sections namely; the discussions, conclusions, recommendations, limitations, and areas of further research.

5.1 DISCUSSIONS OF FINDINGS

5.1.2 INTERNAL CONTROLS AND FINANCIAL ACCOUNTABILITY

The study sought to examine the effect of internal controls on financial accountability in district local governments in north Bukedi sub-region. The findings indicated that internal controls were a positive and significant predictors of financial accountability. The results indicated that a positive change in internal controls, that is, the control environment, risk assessment, control activities, information and communication and monitoring triggers a positive change in financial accountability measured in terms of transparency, budget reliability, establishment of financial policies and procedures, and accounting and reporting. These findings seemed to align well with those by Adeyemi and Olarewaju (2019) and Kangola (2022), who found a significant and positive effect between internal controls and financial accountability in similar contexts.

Also, these findings seemed to suggest that, when employees in local governments have integrity, are ethical and competent, would enhance transparency, would adhere to the budgets, practice good accounting policies and procedures and financial reporting thereby improving financial accountability. These findings are supported by Nyakariumi et al (2020) who emphasized the role of creating a conducive control environment that fosters integrity and ethics in curbing fraud. Furthermore, the findings also seemed to suggest that increasing monitoring, and having a functional internal audit gives reasonable assurance that financial reports, budgets, and accountabilities would be free from fraudulent tendencies which improves financial

accountability. These findings aligned well with COSO (2013) which emphasized that monitoring, control activities, such as auditing, and segregation of duties improves performance resulting in improved financial accountability. Also, the findings continued to uphold the assumptions of the agency theory that in order to improve performance, there was need to have internal controls in place that aligned the interests of the principals and those of the agents so as to promote financial accountability.

5.1.2 INTERNAL CONTROLS AND ORGANIZATIONAL CULTURE

The study also sought to assess the effect of internal controls on organization culture in district local governments in North Bukedi sub-region. The findings indicated that internal controls have a positive and significant effect on organizational culture. These findings aligned with the results of several previous studies. For instance, the works of Sari et al. (2019) in Indonesia found a positive and significant effect between organization culture and internal controls. Also, the findings agreed with those of Wong (2022) who found that internal controls positively affected organization culture in china local government provinces. The findings therefore indicated the universal nature of the relationship between internal controls and organization culture in promoting financial accountability.

Additionally, the findings seemed to suggest that a control environment that emphasizes integrity, ethical conduct, and competence of employees fosters the development of an organization culture that focuses on financial accountability. These findings were in sync with those of Handoyo and Bayunitri (2021), who found that enhanced ethical organization culture and behaviours, strengthens organizational mindfulness and internal controls resulting in better financial accountability. The findings also appeared to indicate that clear channels of communication were pivotal in shaping and enhancing organizational culture. Specifically, when communication was transparent and well-structured, employees were more likely to align their actions with the organization's mission and values, leading to a consistent organization culture that enhanced financial accountability. These findings were in line with those of Pakurar et al (2019) who found

that information and its communication, not only influenced performance, but also affected the organization culture.

The study's findings reinforced both Agency Theory, by Jensen and Meckling, (1976) and Accountability Theory by Tetlock, et al (1999). In line with the agency theory, internal controls help align the interests of agents with those of principals, thereby reducing agency costs. However, according to Accountability Theory, internal controls, became a virtue, where accountability was embedded within the organization culture thereby encouraging responsible and ethical behaviour among employees in the organization, hence improving financial accountability.

5.1.3 ORGANIZATIONAL CULTURE AND FINANCIAL ACCOUNTABILITY

The study sought to examine the effect of organization culture on financial accountability in district local governments in north Bukedi sub region. The findings indicated that organizational culture significantly affected financial accountability. The findings of this study are consistent with previous researches that established a positive and significant effect of organizational culture on financial accountability such as Joseph and Kibera (2019) and Jamali et al. (2022) who found that organizational culture was a significant predictor of financial accountability in institution.

The findings seemed to suggest that local governments with well-established cultures that emphasized values and norms such as mission, involvement, adaptation and consistency were more likely to show higher levels of financial accountability. This was consistent with the views expressed by Joseph and Kibera (2019) and Jamali et al. (2022), who argued that organization culture was a key driver of financial accountability. The findings also suggested that cultivating a culture that emphasized consistency and compliance with financial regulations influences transparency, budget reliability, and trust in financial accountability reports. The results aligned well with those of Wisna (2015), who found that organizational culture directly affected the quality of accounting information and accountability in financial institutions.

Also, the positive impact of organizational culture on financial accountability emphasized the role of mission, involvement, adaptation and consistency in promoting ethical behaviour. This was consistent with the accountability theory's principle that justified one's actions or rather behaviour towards other parties, individuals and organizations were more likely to act responsibly when they anticipate being held accountable. Similarly, the results suggested that a good organization culture reduced agency costs by encouraging behaviours that aligned with the organization's goals and the expectations of the principals.

5.1.4 THE MEDIATING ROLE OF ORGANIZATION CULTURE IN THE RELATIONSHIP BETWEEN INTERNAL CONTROLS AND FINANCIAL ACCOUNTABILITY

The researcher also sought to examine the effect of the mediating role of organization culture on the relationship between internal controls and financial accountability. The findings indicated that organization culture had a significant partial mediation role in the relationship between internal controls and financial accountability. These findings were in line with those of Denison's (2020), who observed that organization culture affected internal controls and financial accountability through factors such as mission involvement, adaptation, and consistency. Additionally, the findings implied that while enhancing organization culture could improve financial accountability, robust internal controls remained crucial and must be effectively implemented to achieve desired financial accountability outcomes in terms of control environment, risk assessment control activities, information and communication and monitoring. These findings were consistent with findings of Solikhah et al. (2022), who argued that a good organization culture was essential for maintaining an organization's legitimacy in society and adhering to its roles within the community.

The findings of this study also provided valuable insights into both agency theory and accountability theory by emphasizing the importance of organization culture in mediating the relationship between internal controls and financial accountability. According to the agency

theory, the results suggested that, a positive organization culture can reduce agency costs and enhanced the alignment of agent's actions with principal's interests. Additionally, for accountability theory, the findings highlighted that a strong organization culture was essential for making accountability a virtue within the district local governments and ensuring that internal controls were effective in promoting financial transparency and responsibility.

5.2 CONCLUSIONS

Based on the findings of the study discussed above, the researcher made the following conclusions as guided by the research objectives.

Firstly, the study sought to examine the effect of internal control on financial accountability in North Bukedi sub-region district local governments. The findings indicated that internal controls in terms of control environment, risk assessment, control activities, information and communication and monitoring had a positive and significant effect on financial accountability as indicated by transparency, budget reliability, establishment of financial policies and procedures, and accounting and reporting. Therefore, the study concluded that, internal controls affected financial accountability in local governments in north Bukedi sub-region.

Secondly, the study sought to determine the effect of internal control on organization culture in North Bukedi sun-region district local governments. The findings indicated that there was a positive and significant effect of internal controls on organizational culture in terms of mission, involvement, adaptation and consistency. Therefore, the study concluded that, internal controls affected organizational culture in district local governments in North Bukedi sub-region. Thirdly, the study sought to investigate the effect of organizational culture on financial accountability in North Bukedi sun-region district local governments. The findings indicated that organizational culture had a positive and significant effect on financial accountability. Therefore, the study concluded that organizational culture affected financial accountability in district local governments in North Bukedi-sub region.

Finally, the study aimed to examine the mediating effect of organizational culture on the relationship between internal controls and financial accountability in district local governments in North Bukedi sub-region. The findings indicated that organizational culture partially mediated the relationship between internal controls and financial accountability. Therefore, the study concluded that organization culture partially mediated the relationship between internal controls and financial accountability in north Bukedi sub-region local governments.

5.3 RECOMMENDATIONS

Based on the study findings, discussion and conclusions, the researcher made the following recommendations.

5.3.1 INTERNAL CONTROLS AND FINANCIAL ACCOUNTABILITY

District local governments should conduct training programs for government officials and staff on the importance of internal controls, control environment, risk assessment, information and communication and monitoring to enhance financial accountability. These trainings should be tailored to different levels of staff in the district local governments. Through these trainings, management and employees would be able to understand the significance of having internal controls in the districts.

5.3.2 INTERNAL CONTROLS AND ORGANIZATIONAL CULTURE

District local governments should focus on integrity, ethical values, and competence of staff and cultivating a culture that supports financial accountability. This includes promoting values such as mission, involvement, adaptation, and consistency within the districts. Also, regular reviews of the cultural practices and their impact on financial practices should be conducted to ensure that the culture remains relevant in pursuing improved financial accountability.

5.3.3 ORGANIZATIONAL CULTURE AND FINANCIAL ACCOUNTABILITY

In order to exploit the positive impact of internal controls on financial accountability, district local governments should recognize the role of organization culture as a mediator. District local

governments should align organization culture with internal control practices, ensuring that both variables work together to strengthen financial accountability. This can be achieved through cultural adjustments, leadership development programs, and continuous evaluation of the interplay between Organization culture and internal controls.

5.3.4 THE MEDIATING EFFECT OF ORGANIZATION CULTURE IN THE RELATIONSHIP BETWEEN INTERNAL CONTROLS AND FINANCIAL ACCOUNTABILITY

The findings showed that organization culture plays a significant mediation effect in the relationship between internal controls and financial accountability. In light of these findings, management of local governments should ensure joint investment in internal controls and organization culture for enhanced financial accountability. Secondly, effort should be put in training leaders in features such as transparency, accountability and self-awareness as these are important in promoting financial accountability.

5.4 LIMITATIONS OF THE STUDY

Despite the significant findings posited by this study, it was not without limitations. Below are the various limitations to this study.

The study used a descriptive research design where data was collected from the respondents just once. Therefore, the researcher was unable to capture changes about the relationship between variables over time. Secondly, the study used a structured questionnaire as tool for data collection. Questionnaires often restrict responses to predefined questions which may not capture the full depth of a respondent's thoughts, feelings, or experiences about the relationship between the variables in the study. Also, the study focused on district local governments in North Bukedi sub-region. This limits the generalizations of the study's findings to all local governments in Uganda as well as other sectors.

5.5 AREAS FOR FURTHER RESEARCH

In order to address the limitation presented by the descriptive research design in this study, future researcher should consider conducting a longitudinal study to test the relationship between variables in this study over time. Secondly, the closed ended questionnaire in this study presented numerous limitation such as inability to capture qualitative views of the respondents. In order to address this limitation, future researchers should conduct a qualitative study to test the relationship between the variables. Also, this model should be tested on a wider scope, such as a bigger region, or even country wide scope, and also in different contexts such as project management, production, and construction in order to increase the generalizability of the findings.

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APPENDIX I. INTRODUCTORY LETTERS



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Email: info@busitema.ac.ug
www.busitema.ac.ug

FACULTY OF MANAGEMENT SCIENCES

Date: ^{the} 24 July 2024

To: The Chief Administrative
Officer, Pallisa District Local
Government

① Permission granted
Ateyeyi
20/7/2024

Dear Sir/Madam,



For CHIEF ADMINISTRATIVE OFFICER
PALLISA

RE: Mr Okinga Silvester BU/CS22/MBA/13.

On behalf of Busitema University, Faculty of Management Sciences, please allow me extend my appreciation to your organization for the continued support and commitment to providing services to our community. The Faculty looks forward to continuously partner with your organization in pursuance of excellence of our students by exposing them to practical learning experiences.

It's a University requirement that every student must carry out research and write a report in order to satisfy the requirement for the award of a Master's Degree. The purpose of this letter is therefore to humbly request you to allow our fore mentioned student, who is in 2nd year of study on a programme of Master of Business Administration / Public Administration of Busitema University, to carry out research by way of collecting data in your esteemed organization.

We look forward to your supportive and positive response to our request above.

Yours faithfully,

Esuku Joseph

+256772181090/+256701181090
BUSITEMA UNIVERSITY
P.O. Box 230 PALLISA
esukj01@gmail.com

Ag. HOD (Economics & Management).





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Pursuing Excellence

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FOR: Chief Administrative Officer
20240800

FACULTY OF MANAGEMENT SCIENCES

Date: 23/08/2024

To: The Chief Administrative
Officer Butebo District Local
Government

No objection

FOR: Chief Administrative Officer
4/9/2024

Dear Sir/Madam,

RE: Okirog R. Waster BU/G522/MBA/13

On behalf of Busitema University, Faculty of Management Sciences, please allow me extend my appreciation to your organization for the continued support and commitment to providing services to our community. The Faculty looks forward to continuously partner with your organization in pursuance of excellence of our students by exposing them to practical learning experiences. It's a University requirement that every student must carry out research and write a report in order to satisfy the requirement for the award of a Master's Degree. The purpose of this letter is therefore to humbly request you to allow our fore mentioned student, who is in 02nd year of study on a programme of Master of Business Administration / Master of Public Administration of Busitema University, to carry out research by way of collecting data in your esteemed organization.

We look forward to your supportive and positive response to our request above.

Yours faithfully,

Esuku Joseph

+256772181090/+256701181090 Esuku01@gmail.com.

Ag. HOD (Economics & Management).

H.O.D ECONOMICS & MANAGEMENT
FACULTY OF MANAGEMENT SCIENCES
22 AUG 2024
BUSITEMA UNIVERSITY
BOX 53, PALLISA



FACULTY OF MANAGEMENT SCIENCES

Date: 26/08/2024

To: The Chief Administrative Officer
Budaka District Local Government

For: CHIEF ADMINISTRATIVE OFFICER
BUDAKA DISTRICT

Granted
Amep
26/08/2024

Dear Sir/Madam,

RE: Okiring Shwester BU/GSS22/MBA/13

On behalf of Busitema University, Faculty of Management Sciences, please allow me extend my appreciation to your organization for the continued support and commitment to providing services to our community. The Faculty looks forward to continuously partner with your organization in pursuance of excellence of our students by exposing them to practical learning experiences.

It's a University requirement that every student must carry out research and write a report in order to satisfy the requirement for the award of a Master's Degree. The purpose of this letter is therefore to humbly request you to allow our fore mentioned student, who is in 02nd year of study on a programme of Master of Business Administration / Master of Public Administration of Busitema University, to carry out research by way of collecting data in your esteemed organization.

We look forward to your supportive and positive response to our request above.

Yours faithfully,

Esuku Joseph

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P.O. Box 53, Pallisa
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Ag. HOD (Economics & Management).

H.O.D ECONOMICS & MANAGEMENT
FACULTY OF MANAGEMENT SCIENCES
22 AUG 2024
BUSITEMA UNIVERSITY
P.O. BOX 53, PALLISA

TELEPHONE CONTACT:

CHAIRPERSON: 0782485156

CAO: 0772586423

PAS: 0779215067

CFO: 0755000017



KIBUKU DISTRICT LOCAL GOVERNMENT,
OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER
P.O. BOX 150,
MBALE

In any correspondence on this subject please quote: CR/156/1

The Republic of Uganda DATE: 4TH SEPTEMBER, 2024

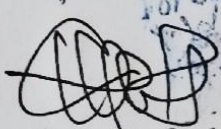
Mr. Okiria Silvestre

Reg No: BU/GS22/MBA/13

FIELD RESEARCH IN KIBUKU DISTRICT.

You are hereby permitted to carry out research in Kibuku District on the Topic **“Internal controls, organization culture and financial accountability”**.

Liaise with all Heads of Department, all Town Clerks and all Senior Assistant Secretaries during your field work. The Principal Assistant Secretary will provide you with all the required support.


For CHIEF ADMINISTRATIVE OFFICER
KIBUKU DISTRICT
LOCAL GOVERNMENT

Bankyayé Gelard

For: **CHIEF ADMINISTRATIVE OFFICER**

Copy: The Director Graduate Studies and Research, **Busitema University.**

The District Chairperson /**Kibuku**

The Chief Finance Officer/**Kibuku**

APPENDIX II. QUESTIONNAIRE FOR SELECTED STAFF OF NORTH BUKEDI SUB REGION DISTRICTS LOCAL GOVERNMENTS.

Dear respondent, my name is Okiria Silvester carrying out a research study on the effects of internal controls, organization culture and financial accountability in Uganda, a case of North Bukedi sub region local governments. You have been selected for this study to provide required information to enable me achieve the study objectives. I therefore request you to spare some time from your busy schedule and fill this questionnaire. The information obtained will be for academic purpose and will be treated with the out most privacy and confidentiality. Thank you for your corporation.

SECTION A: PERSONAL DATA

Please tick the option that best describes you

1. Gender:

Male Female

2. Age of the respondent

18-20 26-30 36-40 46-50 55 and above
21- 25 31-35 41-45 51-55

3. Position held in the organization

TC CAO CFO CIA
SAA SACAO TT

4. Duration worked in the organization

Less than a year 1 Year 2 Years 3 Years 4 Years
5 years & above

SECTION B: OPINION OF THE RESPONDENTS ON INTERNAL CONTROLS, ORGANIZATION CULTURE AND FINANCIAL ACCOUNTABILITY IN UGANDA A CASE OF NORTH BUKEDI SUB REGION DISTRICT LOCAL GOVERNMENTS.

Please indicate the extent to which you agree/ disagree with the statement i.e. 1-Strongly

Disagree (SD), 2- Disagree (D), 3- Neutral, 4- Agree (A) and 5- Strongly Agree (SA).

S/N	INTERNAL CONTROLS	SD	D	N3	A	SA
	Control environments	1	2	3	4	5
1.	The local government employees are of integrity, ethical competence.					
2.	The philosophy and operating style of the local government leaders.					
3.	The way the local government leaders assign authority and responsibility					
4.	The local government council provides attention and directs the leaders.					
5.	The council makes policies to be implemented					
6.	The council sits at least 6 times in a year					
	Risk assessment	1	2	3	4	5
1.	The local government establishes strategic and operational objectives.					
2.	The local government identifies and analyses relevant risks that impend achievement of their objectives.					
3.	The internal audit is functional					
4.	The district undertakes value for money audit					

5.	Financial transactions are handled by more than one person					
6.	The head of finance advises on the risk policy annually					
	Control activities	1	2	3	4	5
1.	The local government complies with policies and procedures embedded in laws and other policy guidelines.					
2.	The local government takes necessary actions to address risk.					
3.	Control activities occur throughout the local government for example approval and authorization etc.					
4.	Council committee sits regularly to discuss reports					
5.	Controls are in place to check on over expenditure of allocated funds					
6.	Revenue and expenditure reviews are carried out					
	Information and communication	1	2	3	4	5
1.	Relevant information is defined and communicated					
2.	The urgent of the local government prepares statutory reports.					

3.	There exists clear channel of communication from top to bottom and vice versa.					
4.	There exists effective communication					
5.	Relevant information is shared between departments					
6.	The required information is always communicated timely					
	Monitoring	1	2	3	4	5
1.	The internal control system is monitored regularly					
2.	The deficiencies in the internal control system are identified, corrected and reported upstream					
3.	The district council monitors the district projects and makes recommendations					
4.	The technical people implement the recommendations of the district council					
5.	The higher local government monitors lower local governments					
6.	The ministry of local governments monitors district local government					
	FINANCIAL ACCOUNTABILITY	SD	D	N3	A	SA
	Transparency	1	2	3	4	5
1.	Management acts with great degree of integrity in execution of their roles.					
2.	Ethical values are upheld in all management decisions.					

3.	Management provides feedback about operations.					
4.	There is participatory budgeting practice in the district					
5.	Local revenue reports are shared on the district notice board					
6.	Funds and priorities are objectively allocated					
	Budget reliability	1	2	3	4	5
1.	The district follows the budget cycle					
2.	The stakeholders are all involved in the budgeting process					
3.	The budget monitoring and evaluation mechanisms are in place.					
4.	The budget conference is held annually					
5.	There is bottom-up budgeting					
6.	The budget includes national priorities					
	Established financial policies and procedures	1	2	3	4	5
1.	The ministry sets the budget policies and procedures					
2.	The district budget desk is in place and coordinates budgeting process					
3.	The district follows the minimum requirements for local revenue and grants.					
4.	The council reviews policies to match with changing needs					

5.	MOLG makes policies and supervises the district					
6.	The local government finance commission mentors the district					
	Accounting and reporting	1	2	3	4	5
1.	The monthly, quarterly, annual and ad-hoc reports are produced.					
2.	Financial statements are submitted to auditor general annually on time					
3.	Audit recommendations are adhered to by the district					
4.	The finance committee sits monthly to discuss and review financial reports					
5.	The chart of accounts is followed strictly					
6.	The district adopts the new financial reporting requirements					
	ORGANIZATIONAL CULTURE	SD	D	N3	A	SA
	Mission	1	2	3	4	5
1.	The district has a clear mission that guides the measure achievements					
2.	The district mission units and motivates employees					
3.	The district heads of department set goals for their subordinates that are ambitious but attainable					
4.	The district has clear objectives to be met					

5.	The district performance is tracked to the stated objectives					
6.	The district has a long-term purpose and direction					

	Involvement	1	2	3	4	5
1.	Decisions in the district are made at the level where the best information is required					
2.	Information is shared by all and can easily be got when required.					
3.	Teamwork is the philosophy that guides employees at the district.					
4.	The district carries out capacity building for its employees					
5.	The district relies on horizontal and vertical coordination of tasks					
6.	The views of subordinates are relied on for decision making					
	Adaptability	1	2	3	4	5
1.	The district easily and continuously adopts to new and improved work methods.					
2.	The district reviews its performance against the budgets and make improvements where necessary.					
3.	The district encourages innovation and staff inputs and rewards best performance.					

4.	Operating changes in the district are due to suggestions from outsiders					
5.	Outsider inputs directly influences district decisions					
6.	The comments of outsiders are always ignored					
	Consistency	1	2	3	4	5
1.	The district follows the budgeting cycle as required by the public finance management Act.					
2.	The financial statements are prepared following the reporting guideline					
3.	Correct and persistent information is provided on time as required and when required					
4.	The district council sits at least once in a quarter					
5.	The district executive committee sits monthly					
6.	Internal controls are closely monitored in the district					

Thank you for sparing your time to complete this questionnaire.

+256 772 562 450/ +256 702 562 450

APPENDIX III. LISTS OF DISTRICT LOCAL GOVERNMENTS AND THEIR ADMINISTRATIVE UNITS IN NORTH BUKEDI SUB REGION.

1. Pallisa district local government:

Sub Counties.

Pallisa rural, Kamuge, Puti-puti, Bolisio, Kibale, Opwateta, Akisim, Kameke, Agule, Chelekura,

Apopong, Kaukura, Gogonyo, Obutet, Kasodo, Olok and Omatakojo

Town councils.

Pallisa, Kibale, Kamuge and Agule.

2. Butebo district local government:

Sub counties:

Butebo, Kabwangasi, Kakoro, Petete, Kanginima, Kapunyasi, Kanyum, Kadokolene, Kachuru,

Kabelai, Maizimasa and Puti.

Town councils:

Butebo, Kabwangasi, Kakoro, Petete and Kanginima.

3. Kibuku district local government:

Sub counties.

Kibuku, Bulangira, Buseta, Kadama, Kagumu, Kirika, Tirinyi, Kasasira, Kabweri, Kituti,

Nankodo, Lwatama, Nandere, Kakutu, Goli-Goli, Nabiswa and Kekembu.

Town councils.

Kubuku, Kadama, Tirinyi, Kasasira and Bulangira.

4. Budaka district local government:

Sub counties.

Budaka, Iki-Iki, Kaderuna, Kameruka, Kamonkoli, Kakoli, Tademere, Kakule, Katira, Mugiti, Kadimikoli, Kabuna, Nansanga and Kachomo.

Town councils.

Budaka, Kamonkoli, Iki-Iki, Lyama, Kachomo and Naboia.

APPENDIX IV: KREJCIE AND MORGAN TABLE FOR SAMPLE SIZE DETERMINATION.

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	373
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	225	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Krejcie and Morgan (1970)

Key: “N” is population size, “S” is sample size