

POLICY GUIDELINES AND EFFICIENCY IN PUBLIC FINANCES

THE CASE STUDY OF CIVIL AVIATION AUTHORITY IN

ENTEBBE UGANDA

BY

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DEDICATION

This work is dedicated with love to My Father Mr. James Odhiambo, My Mother Mrs. Alice Odhiambo, My Uncle Mr. Julius Oloo, My Daughter Lucky Alice Anyango, Sisters; Lillian Beatrice, Rosy and Christen, My Brother Tobias and Musa Odhiambo, in law Easter Amadi and James Andere, Hillary, Codos, Erick for the immeasurable support towards my education.

ACKNOWLEDGEMENT

Many individuals and institutions have facilitated the accomplishment of this work. Their moral and material support has supplemented my own efforts and initiatives. Thus I strongly acknowledge them all. It is however, not easy to list all of them in this limited space but a few worth noting are hereby mentioned.

First and foremost, I would like to extend my heartfelt gratitude to my supervisor Mr. Michael Ruteganda, Lecturer, Kampala International University; His readiness to supervise me despite having a lot of commitments is highly appreciated. Furthermore, I sincerely thank him for his input through reading my draft proposal and chapters, criticizing and appreciating where necessary and above all; suggesting improvements to the work. To him I owe much.

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My grandmother, Clementine deserves much thanks for her patience, understanding and moral support which were of great help in the accomplishment of this dissertation. She lovingly accepted to take care of our daughter Lucky Alice Anyango throughout the duration of the course.

I wish also to reiterate my deep felt gratitude to uncle, Aunties and other relatives for their moral assistance to me.

DECLARATION

I Doreen Apiyo Odhiambo, hereby declare that this work titled policy

Guidelines and efficiency use of public finance is my own original work and it has never been presented by any other person or institution for any academic award in and outside Kampala International University.

Sign 

APPROVAL

his work titled policy guidelines and efficiency use of public finance has been prepared under my supervision.

NAME; MR. MICHAEL RUTEGANDA

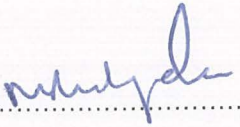
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ABBREVIATION

PFDA	-	Public finance and Disposal of Public Assets
SWIFCO	-	SWISS finance Company.
IGG	-	Inspector general of Government
FDES	-	financial and Disposal entities (entity)
URA	-	Uganda Revenue Authority.
FU	-	Financial Unity
CFAR	-	Country financial Assessment Report.
MOFFED	-	Ministry of Finance Planning and Economic development.
CAA	-	Civil Aviation Authority.
CID	-	Criminal Investigation Department.
PFA	-	Public finance Act.

CHAPTER ONE

1.0 Introduction

This chapter entails the background of the study statement of the problem purpose of the study research questions, scope and significance of the study.

1.1 Background of the study

The Civil Aviation Authority was created by an Act of Parliament in 1994 as a state agency of the Ministry of Transport, Housing and communication. The mandate of the CAA is to coordinate and oversee Uganda's aviation industry, including licensing; regulation, and rescue; air traffic control; ownership of air transports and aerodromes; Uganda and international aviation law; representing Uganda in an international capacity to the aviation capacity to the aviation community; and to all other aviation matters. Civil Aviation Authority (CAA) is a government statutory entity responsible for the promotion of the safe, secure and efficient development of civil Aviation inside and outside Uganda Head offices are at Entebbe International Airport in Kampala

Finance is a department that is responsible in provided information on how many has been arculatry within the organization (the public finance and disposal of public asset authority (PFDA) 2002)

The public finance and disposal of public assets authority (PFDA) was established by the public finance and disposal of public assets Act 1 of 2003 as the principle regulatory body for public finance and disposal. Prior to this, public finance was governed by the 1997 public finance (tender board) regulations under the public finance Act of 1964. The system was centralized and had been in operation for over thirty years. The reforms were initiated against the back drop of lack of accountability and transparency and absence of a culture of value for money and disposals. The development pattern had also recommended to governments to put in place appropriate public finance practices based on international standards which are transparent, competitive and non discriminatory to all potential providers of goods and work.

Finance is a danger zone in all sectors. It is in education, local government or private sector. Corruption is rampant one of the managers of the former Swiss finance company

(SWIFCO) said that 30% of the annual budget meant for the purchase of goods and services is wasted in the hands of corrupt incompetent officials. The services are wasted in the hands of corrupt incompetent officials. He further said that politicians exert under influence in the process of awarding tenders and blamed members of the tender boards for peddling illegal influence in the technical evaluation committee of which leads to the award of tenders to incompetent contractors.

In the government plan action to fight corruption cases are financial related 65% of this according to the inspector general of government (IGG) corruption related cases in financial finance of government services and workers.

According to Agaba (2006), financial procedures are not adhered to due to poor planning skills and refusal to follow guidelines. Criminal prosecutions for corrupt cases are rare because of under reporting, poor investigative capacity, corruption and susceptibility is political influence.

1.2 Statement of the problem

The PFDA provides guidelines that public entities follow in finance effort (PFDA Act, 2003). However, available information indicated that corruption has reached unprecedented levels (Tumwesigye, 2003). This can be attributed to failure to adhere to policy guidelines. Thus, it is against the knowledge gap that the researcher to intends to analyze the place of policy guidelines in efficiency in public sectors

1.3 The purpose of the Study

The researcher intended to find out the impact of policy guidelines and efficiency in public finance

1.4 Objectives of the Study

- (i) To establish policy guidelines used in public finance
- (ii) To determine the reason why policy guidelines were put in place.
- (iii) To assess the impact of policy guidelines and efficiency in public finance

1.5. Research questions

- (i) What policy guidelines are used in public finance?
- (ii) Why were policy guidelines established in public finance?
- (iii) How have policy guidelines affected efficiency in public finance?

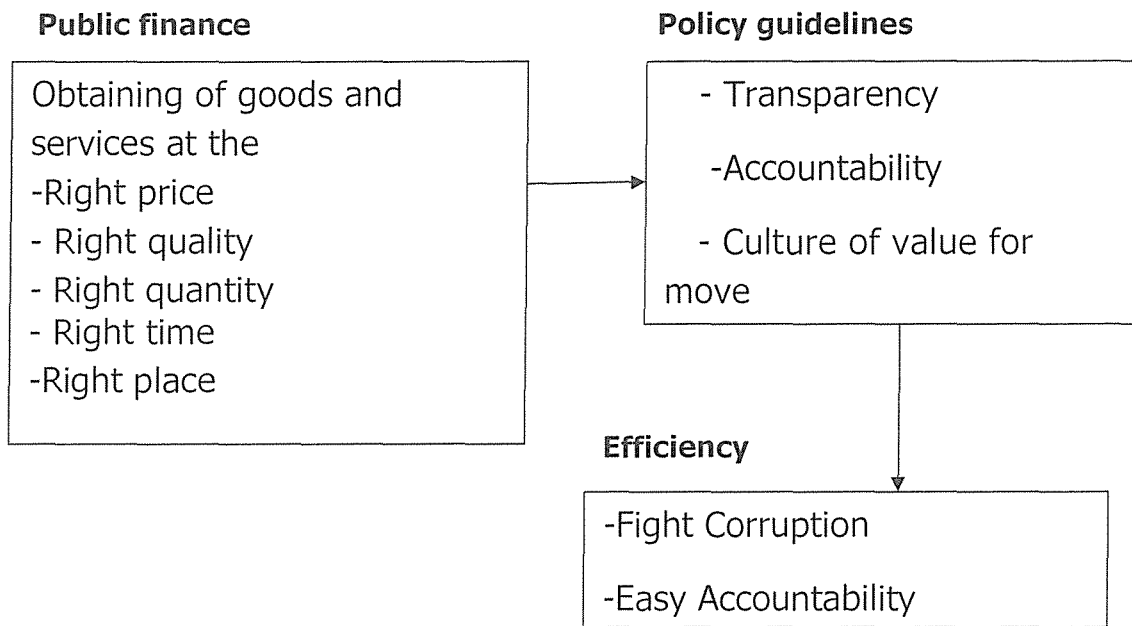
1.6 Scope of the Study

This was focused on policy guidelines and financial efficiency since they are the variables.

1.7 Significance of the Study

The study will be of great importance and it is hoped that the findings of the study will assist public organizations to recognize the importance and need for policy guidelines and efficiency. The study will further help public organization to understand the impact of policy guidelines and efficiency in public finance. The findings and recommendations of the study will also be useful to the managers and administrators of the public sector. Hence forth, they will not rely on haphazard personal experiences or subject judgment in their finance tasks, but will base their methods, decisions and actions on concrete knowledge of issues of the public schooling supported by research findings. The researcher hopes that the study will form a basis for further research on the impact of policy guidelines and efficiency in public finance. This should lead to generation of new ideas for the better and more efficient management of educational institutions in Uganda and the rest of the world.

1.8 Conceptual Frame Work.



Source: Agaba, E, (2006). Joint venture in finance

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is about a review of literature authorized by different scholars in respect of the study variables and objectives. Therefore, the source of documents journals, articles, seminars, presentations and publications.

2.1 Policy Guide lines used in Public Finance

Agaba (2006) states that in order for the PFDA to achieve its objectives, it has to create a sound ethical business environment where all parties are treated equally, fairly, and in a transparent manner so as to promote better quality in life for all Ugandans through poverty eradication. This is based on the principles of public finance.

Public finance principles therefore are rules that public entities among which local governments must fulfill when procuring or disposing their requirements of works, services and supplies using resources from public sources.

To ensure compliance with the requirements of the PFDA Act and LOG regulations, local councils must embrace principles of public finance and disposal so as to promote economy and efficiency, and principles of public finance and disposal include:

- i. Non -discrimination
- ii. Promoting transparency, accountability and fairness.
- iii. Economy and efficiency in finance i.e. achieve value for Money used.
- iv. Confidentiality
- v. Ethical behavior of all players
- vi. Competitive
- vii. Public accessibility

One of the finance policies is competition. According to PFDA training manual state that " the financial and disposing Assets are encouraged to ensure that there is

competition among bidders under the same terms and conditions to ensure value for money., Local councils should take it upon themselves that competition is the most preferred method; unless otherwise with reasons. The relevant competitive finance methods are bidding, restricted Bidding, request for quotation and proposals, and force on account.

(i). Open competitive bidding: - According to PFA 2004 open domestic or international bidding is a finance which is open to participation on equal terms by all providers through advertisement of the finance or disposal opportunity.

- Open domestic bidding shall be used to obtain maximum possible competition and value for money.
- Nothing shall prevent a foreign or international bidder from participating in open domestic bidding.

(ii). Restricted bidding:- Restricted domestic bidding is the Financial or disposal method where bidders are obtained by direct invitation without open advertisement.

- Restricted domestic bidding is used to obtain competition and value for money to the extent possible, where the value or circumstances do not justify or permit the open bidding procedure.
- Restricted international bidding is the financial or disposal procedure where bids are obtained by direct invitation without open advertisement and the invited bidders include foreign providers

(iii). Quotation and proposals:- Quotation and proposal are simplified finance and disposal method which compare price quotations obtained from a number of providers.

- The quotation and proposal method shall be used to obtain competition and value for money to the extent possible where the value or circumstances do not justify or permit open or restricted bidding finance
- Quotations shall be used in works and supplies while proposal shall be used for services.

Evans (1998) indicates that efficient finance is getting things done and ready at the right time, of the quantity, with in the right terms and delivery at the right place. Thus another

policy used in public finance.

Tumwesigye (2003) emphasized that the economy does not only focus on the price of supplies, services and works offered but also there is a need to move away from the lowest priced bid to the best evaluated, which is a combination of technical, financial and any other preliminary requirements, such as cost operation, performance and viability of services.

As per regulation 86 (3), the term "value for money" is defined as the optimum combination of whole life costs and quality; goods and services should be acquired through fair competition unless there are convincing reasons to contrary. The form of competition should be appropriate to the value and complexity of the finance and barriers to the participation of suppliers should be removed. The establishment of value for money in public finance is therefore a legal requirement and it is the responsibility of Accountability officers to ensure that it is achieved.

Agaba (2006) asserts that copies of the Act, regulation, guidelines, standard bidding documents and decision of the Authority are availed to the public by the Authority on written request and a fee may be charged for provision of such documents.

The guiding principles of ethical behaviors encompass the concept of impartiality, independence, trust, consistency and integrity.

According to PFA 2001. Ethics refers to norms and morals expected to public civil servants and providers. A public finance sector should ensure that the code of ethical conduct in business is enforced in the financial and disposal process. It is envisaging that:

-

- i. No body will use ones Authority or office for personal gain.
- ii. Every one maintains an impeccable standard of integrity in business relationships.
- iii. The highest possible standards of competence are fostered.
- iv. Resources are optimally used ensuring prudent accountability
- v. Law, regulations, guidelines, acceptable business practices, contractual conditions and so on are complied with, as staff and bidders are able to:

- Declare their conflict of interest that could influence their decisions.
- Adhere to confidentiality and accuracy of information, and ensure that such information is true, fair and not meant to mislead.
- Avoid or refuse business gift and hospitality.

According to PFA 2001. Impartiality means that all potentially qualified bidders must be aware of, given a fair chance to complete for contract opportunities. To maximize competition and achieve value for money. Financial unless there are justified reasons to the contrary, financial and disposal unity have to ensure that all finance and disposal is carried' out in a competitive manner. Bidders should be treated without bias during evaluation of bids.

In effect, accountability is a very crucial guideline in finance. This implies that the various components of the PDEs are responsible for their action and decisions taken in finance activities.

2.2 Reasons why Policy guidelines were put in Place.

According to Monda (2003), the major reasons as to why financial policies were put in place was to curb corruption.

Corruption can be defined as the misuse of power for private gain and can be grouped under political and bureaucratic corruption. Both political and bureaucratic corruption is common in Uganda.

Political corruption arises when politicians use their powers to influence the contracts committee decisions.

Once of the former managers of SWIFCO (2001) indicated that due to political influence in finance activities, policies had been established so as to avoid awarding tenders to incompetent contractors.

Monder (2003) further cited a case of bureaucratic corruption where by five councils in Hoima district was put under investigation for alleged misappropriation of 350,000 Uganda shillings each. This called for the establishment of policy guidelines so as to make each official accountable for his/her actions.

The auditor general also brought to light that the Uganda revenue authority (URA) staff lost billions of shillings due to tax evasion and fraudulent dealings. Further more, the inspector general of government found ghost police men on the URA pay roll and hence the need for establishment of finance polices such as ethical code of conduct, transparency and accountability.

Agaba (2006) indicates that due to lack of standard biding documents finance policies concerning standard biding documents had to be put in place so as to guide the various Finance and disposing entity (FDE) requirement process. The standard bidding document in public finance must include the following information:

1. General conditions and specific conditions of contract.
2. The evaluation methodology to be used must be indicated.
3. The bid submission dates and times.
4. Bid opening dates and times
5. Pre-bid meeting or site visit dates
6. Bid submission venue (Location)
7. Required bid securities.
8. Statement of the requirement
9. Number of copies required.
10. Financial proposal
11. Bid submission methodology.

He further emphasized "that each FDE had to file a report with the PPDA authority on a monthly basis.

In relation to the above, Tumwesigye (2003) indicates that due to false accounting, policy guidelines had to be established for proposes of accountability. He said that in many districts, advances were made to particular district engineers to execute work and the amount to money given to them would be more than what was authorized to be used without tendering the job thus officials were not creating value for money.

According to Mulopi (2003) lack of transparency led to the establishment of policy guidelines. The concerned officials were not

Providing assurance that financial processes undertaken by agencies were in appropriate

and not conforming to the finance activities. Financial polices were put in place so as to select and procure in an economically rational manner the best possible goods and services available, ensure that suppliers wide participate in financial transactions on open, fair and transparent principles with ease to understand simple procedures.

Another reasons was to handle financial activities with work units or a team with in a company which can include the engineering suppliers management among others, to make specific finding regarding the offices responsible for financial activities, organizations names, locations, telephone numbers and names or individuals in charge, offer fair and impartial opportunities to bid to all potentially qualified suppliers.

2.3 Efficiency of Policy Guidelines in Public finance

Some progress has been made in building capacity since 2001 and these include, analyzing, proofing an establishment of institutional mechanism like financial units contracts committees and accounting officers.

According to (PFA) 2001) public finance Act 2001. When analyzing bids there is a need to move away from the lowest priced bid to the best evaluated bidder, which is a combination of technical financial and any other preliminary requirements. It is the duty of the' public finance sector or the council to control and manage financial to add value for better service delivery among others.

A total of 105 FDE's have been established assessing available and required human resource needs and making provisions, developing and delivering tailor made training modules (seven standard models have been prepared), a total of 76 positions were created in the civil service for finance code and lastly developing institutional linkages and capacities in selected local training institutions to support in a sustainable manner, all training needs. (Country finance assessment report (2004 CFAR).

However, lack of capacity especially, at the local government levels is still hindering, sound finance. More so, there is lack of key public finance principles.

Uganda's legal flame work embodies the principles of economy, efficiency and accountability hence value of money. The PFDA act which describes the methods of finance has helped to clarify the legal frame work and eliminate exemptions. However,

Kabwegyere (2003) and Agaba (2006) indicate that enforcement of these policies a cross all PDE's and local government is yet to be achieved.

More, so by January 2004, the ministry of defiance was not complaint with the Act. It had no contracts committee and it was not using open competitive bidding methods as stipulated by the Act.

Tumwesigye (20Q3) indicates that much as the new central government financial regulations specific conditions for the use of the FPD act, some weaknesses were identified such as application of domestic preferences, use of merit point evaluation and access to negotiation with the lowest bidder were discovered.

Although the government of Uganda should be lauded so far, some areas such as the ministry of finance planning and economic development (MoFPED) need to be improved. The policy making role of MoFPED has been abdicated yet it is charged with over seeing the regulatory and monitoring functions is still in its formative stage thus requiring support from MoFPED before it can serve as the center of excellence and expertise in the area of public finance (CFAR, 2004).

According to Monda (2003) almost all PDE's had deviated from the procedures described in the PFDA Act. Some of these practices would qualify as miss finance and neglect of Key principles of sound finance in many cases; alternatives were used reflecting lack of knowledge and incentives to follow proper procedures.

Section 96 of the regulation requires each FDE to prepare a multi annual rolling work place for finance based on approval budget. However, a report by the CFAR indicates that a few instances of the above were no ground, in some ministries and parastatals with very large finance budgets. The general impression was that finance was launched either when funds were available or on an annual basis regardless of how this corresponds to the current need.

Further more, regulations Section 219 to 220 provide for the prequalification lists so as to minimize the cost for each finance. However, studies by the CFAR 2004 indicate that negotiations were common in the award process and considered natural by the FDE's even in open competitive bidding.

One of the major weaknesses of the current local government regulation is the provision of access to local preferences where by suppliers/ contractors, external to the council are not allowed to participate in the provision of goods and services. This was aimed at building local capacity at the expenses of competition, which is a basis principle of public finance.

The records and Achieved Act (2001) require all FDE's observed proper filing but the act has not been fully implemented similarly, the finance regulations have a detailed instruction on the contents of proper finance file. In contrast to the above, it was observed that there were missing files caused by carelessness or apparent mal practices and faulty fillings systems.

2.4 Conclusion

In reference to the above arguments, it is worth mentioning that lack to transparency; accountability and value for money have significantly affect efficiency of public finance

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction.

This chapter describes the research methodology and includes research design, sources of data, data collection methods, data processing and analysis.

3.1 Research design

The study used a case study research design in establishing the relationship between policy guidelines and finance efficiency in the public sector. This was because the study was based on documentary review, interviews and administering of questionnaires

3.2 Sources of data

Basically the source of data was primary data from different respondents being interviewed and secondary information obtained from journals, articles, news papers, PPDA Act and PFDA regulations and primary data by interviewing different people in the finance sector.

3.3 Methods of Data Collection

The researcher collected data by taking a comprehensive review of works of different scholars. Similarities and differences on specific concepts as given by different scholars were analyzed with the objectives of identifying relationship between the study variables. The researcher also set a number of questionnaire interviewed different people in the finance sector.

3.4 Tools of Data Collection 3.4.1 Questionnaire:

The researcher used questionnaire method to collect primary data where by the questionnaires was distributed to various respondents within the targeted population. The method was applied so as to collect fresh data and make comparison with data that have been already collected by other researchers. The method was good because it was less expensive in terms of time, there were confidentiality. It also permitted administration of large number of respondent at the same time. These questionnaires were distributed through out CAA officers and PPDA user dept.

3.4.2 Interviews

The researcher also used interview method to collect data where by structured interview was used that face to face question were asked to respondents. The researcher applied this method because some people had no time to fill the questions because they were too busy to read and answer the questions.

The researcher involved the use of number of interview types and techniques in order to get information at all levels. These types of interviews include;

Structural interviews:- The researcher involved the of these type of interview in order to find the real facts on the ground because structured interviews were given straight forward questions that required direct answers from the respondents.

Researcher used both open ended and close ended questions. Open ended questions allowed the respondent to reply the question in a way that was seems appropriate for him or her. **Closed ended questions:** - this restricted the answers to a specific/ short or direct responses like yes or no and its necessary required a few lines of explanations. These types of interview mainly used when interviewing the top level managers who were most time very busy to fill the questionnaires provided to them.

3.5 Sample population

The researcher targeted a population of 28 people which included the m managers, client, customer, and financial staff (employees) and others. From each group, a representative number was selected to gain a wide perspective of the impact policy guidelines and efficiency in public finance.

3.6 Sample Technique:

The researcher adopted two sampling technique which include simple random sampling and stratified sampling, this was used so as to acquire good and quality representative of few people from the entire population who provided reliable information.

3.6.1 Simple Random Sample

The research used this method in order to avoid bias in the process of selecting the respondents. In this technique each member of the population was having equal chance of being selected from the group of the 28 respondents as the number needed for this study.

3.6.2 Stratified sampling.

This is again one of the probability sampling applied in heterogeneous population where each member is having a chance of being selected. Under this sampling technique, the researcher arranged the study population in groups of different categories (strata). The different strata were for CAA officials in finance activities and the regulatory Authority. This includes financial management unit staff, user departments. The researcher adopted this technique to achieve adequacy, and objective representation of the study population for reality and valid generalization of the findings.

3.7 Sample size

From the four group of people identified, one was a manager, six people were clients, seventeen (17) people were finance and supplies employees and the last four people were subordinates.

3.8 Data Processing and Analysis

Data was processed and analyzed by making references to the available literature in order to compare and contrast different opinions presented by different authors. The intervention exposed gaps in the existing literature upon which recommendations were based.

3.9 Presentation of Findings

Findings were presented in a report form and they were based on the available literature as authorized by different scholars. It was presented in qualitative form.

3.10 Problems faced in conduction the study

The researcher faced the following problems.

- (i). Financial constraints like transport, typing and printing
- (ii). in adequate time
- (iii). Lack of enough local secondary data.

3.11 Solutions to the problems

The researcher tried to do the following in order to overcome the above problems.

- i. I used the funds available in the most economical way
- ii. Drafted a time table that I followed.
- iii. Visited public libraries and different websites plus reading different articles from both new and old news papers.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OFFINDINGS

4.0 Introduction

This chapter is a presentation of the findings of the impact of policy guidelines and efficiency in public finance exploratory and descriptive analysis has been used to present these findings. The discussion of findings has been recognized specifically to answer research questions and objectives. In presentation, the researcher also used tables and bar charts.

Table 1: Categories of respondents interviewed according to their level of education:

Qualification	Number	Percentages
Below `O' level	11	39.3
`A' level	7	25
Diploma	2	7.14
Degree	6	21.42
Above Degree	2	7.14
Total	28	100

Source: Primary Data.

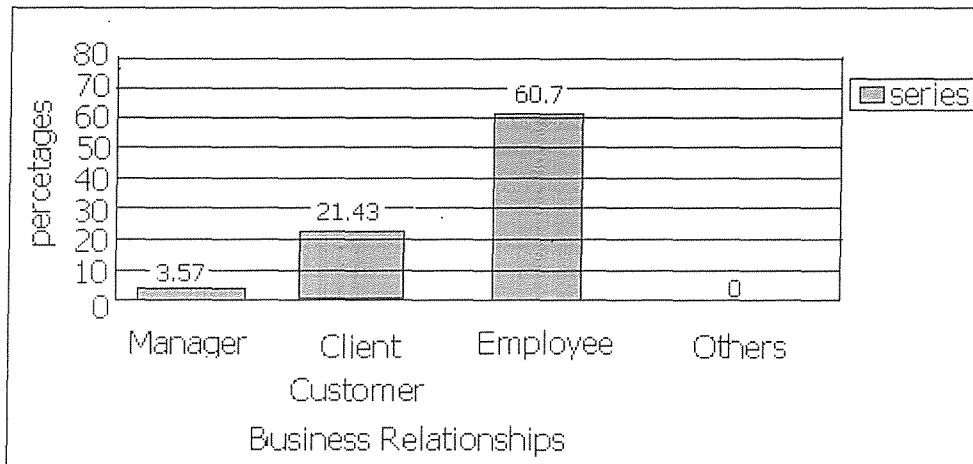
The findings indicate that most of the respondents (60.7%) were literate. The purpose of asking the respondents qualifications was to determine whether they would provide the required information about the impact of policy guidelines and efficiency in public finance.

Table 2: Showing the categories of respondents according to their business relationships with Civil Aviation Authority.

Position	Number	Percentage
Manager	1	3.57
Client Customer	6	21.43
Employee	17	60.71
Others	4	14.28.

Source; Primary Data

Figure 1: bar graph showing categories of respondents according to their business relationship with civil Aviation Authority.



Source: Primary Data

4.1. The policy guideline which were established in public finance;

Finance like any other profession has set rules that govern and guide the practitioners. These set rules are based on internationally recognized basic principles of finance. It is this guideline that has been the basis for the current rules as stipulated in the regulations governing public finance and disposal.

4.1.2 Transparency,

The finance process is meant to be open to the public, decision taken and reason for them made accessible to the public at the appropriate time. A process that lacks openness is more prone to corruption and suspicion.

- 1) Local councils ensure finance activities and transactions are carried out openly to enable public scrutiny.
- 2) finance and disposal units of local councils should ensure that all relevant information is made available to all interested parties consistently, timely, at no or minimum cost and through a readily accessible and widely covered medium (for example making use of the finance notice boards).
- 3) Finance and disposal unit of local council should ensure that there is openness and clarity on finance policy and that it delivers to all stakeholders involved in finance process.
- 4) Finance and disposal records must be kept and available to support any decision taken in the process.

4.13 Accountability

All persons involved in the finance and disposal process must account for their decisions and actions taken in the-course of their duties. The major reason is that the public finance sectors are using public money and must justify to the public the cause for their sections. This includes.

- (i) A mechanism for auditing the process that is enforced through public complaints systems.
- (ii) A written description of something that has happened the finance and disposing unit regularly giving reports or statements for the role or responsibility that has been entrusted to it.
- (iii)The reasons or basis for making a decision or doing something must be made public recommendations of the evaluation committee and contracts committee recommendations among others.
- (iv)Adherence to the principle of information sharing among all the interested parties

in the financial process.

The above discussed issue have been the significant principles that they have led to efficiency in public finance sector since there were not under taken. This is attributed to the weak autonomy of the public finance and disposal of public Assets (PPDA) to carry out appropriate follow up.

The findings indicate that (60.71 %) were majorly interviewed and that they contain valuable information about the impact of policy, guidelines and efficiency in public finance. It was found out that due to lack of transparency, poor accountability, corruption and lack of value for money, there have been cases of inefficiency in the public sector finance

According to the findings, Mr. Peter Muwonge, the, executive manager, the Civil Aviation Authority is trying very hard and by all means to see that the policy guidelines that were put in place are followed to achieve efficiency in public finance

4.2 Reasons why policy guidelines were put in place.

According to Monda (2003), the main reason as to why policy guidelines were put in place was to fight against corruption related to public finance

According to (PFRA training manual) corruption means the practice of offering, giving or soliciting of anything of value to influence the action of public officials in finance process or in contract execution. Since larger percentage of government money is spent in the purchase se of goods and services.

4.22 To bring fairness and non discrimination

Contrary to, the above, Tumwesigye. (2003) agree that the Finance reform was initiated against the back drop of lack of accountability and transparency and the absence of the culture of the value for money in finance disposals.

4.3 Efficiency policy guidelines in public finance

Value for money competition promoter best practices and developing professionally

competent and public finance sector are full camping with the law To establish whether there was efficiency when the policy. Guideline was followed, deferent respondents were asked to highlight the changes brought about by implementation of the policy guidelines.

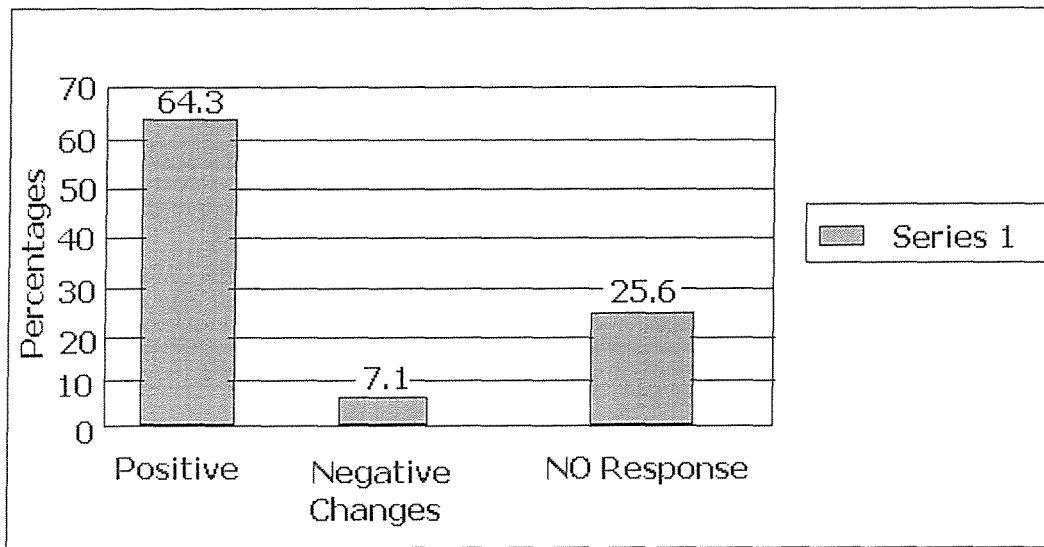
Table 3: Showing the response on the changes brought about by the use of policy guidelines in public finance.

Changes	Number	Percentages
Positive	18	64.3
Negative	2	7.1
No response	8	25.6
Total	28	100

Source: primary data

Efficiency policy guideline in public finance has shown by factors of attainment of value for many promontory best practices and in public finance bidden and also if has lead to evaluation process among the bidders

Figure 2: Showing the response on the changes brought about by implementation of the policy guidelines in public finance



Source: primary data

The findings indicate that a big percentage of the respondents appropriate the contributions of policy guidelines towards efficiency.

According to Mr. Michael Nuwagaba, the client, policy guidelines if followed well, leads to efficiency as there is transparency, accountability and value for money.

However some findings indicate that there are some cases where policy guidelines are not followed because of influence political figures and hence tenders are given to incompetent bidders.

4.4 Summary on findings of efficiency of policy guidelines in

Pubic finance

Agaba (2003) cited cases of non-compliance to the law as being an impediment to efficient public finance as analysis revealed those only documents from the World Bank complied with the standards in both the Act and Regulations. In contrast however, the CFAR indicated that inefficiency in public finance was due to the slow harmonization of central and local government regulations and the PFDA's inability to resolve some cases satisfactorily.

Inadequate finance capacity especially at the local government and a general lack of understanding of key public finance (CFAR 2004). In references to the above arguments, it is worth meaning that lack of transparency; accountability and value for money have significantly affected public finance efficiency.

According to the CFAR (2004), Inefficiency in the public sector was due to lack of harmony between regulations for the local government and direct influence of political figures in the finance process at the local level. This was due to lack of capacity and monitoring.

Studies by Agaba (2006), Evennet and Hoekman (2003) agree that the fundamental factor which affected efficiency in public finance was in adequate capacity as it led to a general lack of understanding on key public financial principles as there are no human resources to implement the regulations.

Furthermore, the CFAR (2004) revealed that the existing rules on advertising, pre-qualifications, submission and opening of bids and the use of appropriate evaluation criteria were not adhered to by most FDES. The report further found out that finance planning was only enforced in some ministries were common in open competitive bidding preferences of local suppliers/contractors and poor filling and record keeping which were regulation Sections 96, 126, 219 and 220, the CFAR (2004) further found out with local preferences competition was undermined. Tumwesigye (2003) and the IGG report to parliament (2002) observed that corruption had reached high levels in terms of bribery, conflict of interest among others, also the audits were so minimal and not aimed at enforcing financial rules, this underestimated the principle of accountability.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents conclusion and recommendations in relation to the study objectives and research questions as discussed in chapter four.

5.1 Conclusion

As per the principles, it was observed that in adequate accountability was a major impediment to efficient public finance through others such as lack of transparency, competition, economy and efficiency and value of money cannot be under estimated.

In respect to the reasons why guidelines were put in place, research shows that the major reasons for their establishment was to curb corruption through lack of accountability and the absence of the culture of value for money among others cannot be undermined.

In line with efficiency of policy guidelines in public finance it is established that that the weakness of the central institutional framework and capacity were the major hindrances of public finance efficiency not with standing that the weaknesses of the legislative and regulatory frame work. Financial operations and market place, integrity of the finance system also affected public finance efficiency.

5.2 Recommendations

The PFDA should prepare and implement a detailed plan for capacity building strategy including individual career development plans, performance measures and training for its staff, establish an Accreditation system for finance professions, linking this to capacity building and career development measures. It should also establish an upgrading system at the local government so as to strengthen the central institution framework and capacity.

In order to enforce the principle of economy, efficiency, transparency and accountability

and hence value for money local government regulations should be revised and harmonized with those of the central government including mitigation of the risk of direct political influence on the financial process at local levels by having the chief administrative office to nominate appointment and removal of central government authority such as the permanent secretary.

For finance operations, there should be enforcement of the existing rules on advertising pre-qualifications, submission and opening of bid and the use of appropriate evaluation criteria through regular financial audits and application of effective sections.

Financial planning should be enforced through monitoring capacity building with the aim of ensuring that financial plans are prepared and brought to the standards required but the existing rules. At the same time, guidelines for selection of bidders from pre-qualification list should be issued to strengthen enforcement of rules.

More so, negotiation in open competitive bidding should be restricted, local preferences abolished and records and achieve Act fully implemented.

In respect to the marker place, education and certification measurers for forwarding and clearing agents should be established and a competition framework. Act and competition authority should be established to ensure for competition and transparency.

The registrar of companies should also be strengthened. As for integrity of public finance system, the various legislative instruments for combating corruption including finance should be enacted and implemented.

The PFDA should establish open lines of communication and collaborative strategies approach for monitoring audit and over sight functions associated with the finance and disposal functions. The IGG and the PFDA should collaborate with other stakeholders to conduct regular national public finance surveys published quarterly and posted on the PFDA's website.

There should be clarification of the mandates of the PFDA, the IGG and Criminal Investigation Department (CID) with respect to responsibilities for receiving and investigating complaints, carrying our investigations and persecuting cases.

5.3 Areas for further research

The researcher recommends for another research to establish to the extent to which the policy guidelines have achieved their objectives.

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APPENDICES

APPENDIX 1

QUESTIONNAIRE

Dear respondent

I am a student of Kampala International University by names

Doreen Apiyo Odhiambo Registration Number **BBA/10104/81/DF** pursuing a Bachelor of Business Administration.

I am very glad to inform you that you have been selected as one of the respondent in the research study about "The impact of policy guidelines and efficiency in public finance in Uganda the case of Civil Aviation Authority.

The information being gathered will be purely for academic purposes and will be treated with the high degree of confidentiality you are therefore requested to tick or fill in the appropriate answers' respectively.

Thank you in advance.

SECTION 1: PROFILE OF RESPONDENTS

1.1 Names of respondent

1.2 Age

1.3 Sex male female

1.4 Marital status married unmarried

1.5 Nationality

1.6 Level of education

Below 'O' level

'A' level

Tertiary institution

Diploma

Degree

Above degree

SECTION 2:

1. What is your business relationship with Civil Aviation Authority?

- (i) Manager
- (ii) Employee
- (iii) Client
- (iv) Others, and mention

2. For how long have you been in this business relationship?

- (a) Less than 5 years
- (b) Between 5 and 10 years
- (c) More than 10 years

3. Do you know anything about finance?

- (a) Yes
- (b) No

4. If yes, what factors affect policy guidelines in this organization?

.....

APPENDIX II

INTERVIEW

1. Please may I know your name?
.....
2. What is your title in this organization?
.....
3. How long have you served in this company?
.....
4. Which policy guidelines were introduced in public
finance.....
5. Why were policy guidelines established in public finance?
.....
6. How have policy guidelines affected efficiency in public
Finance.....
7. What - are the steps taken to see that policy guidelines are followed in public finance
.....
8. What are the impacts of policy guidelines on efficiency in public organizations?
.....
9. Is the system of the policy guide lines carried out accurately in your organization?
.....
10. If yes, what are the terms and
conditions?.....
11. How do you know that the policy guidelines have been followed very
well?.....

Appendix iii

Budget frame work

Particulars	amount in shillings
Stationary	100,000
Typing and printing	100,000
Transport	50,000
Welfare	50,000
Miscellaneous	60,000
Questionnaire administration	200,000
Total	460,000