

INFORMATION PAPER- ENHANCING TRANSPARENCY AND ACCOUNTABILITY IN GOVERNMENT

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ABOUT ICPAU

The Institute of Certified Public Accountants of Uganda (ICPAU) was established in 1992 by the Accountants Act, Cap 266 now the Accountants Act, 2013 (the Act). The functions of the Institute as prescribed by the Act are:

- i) To regulate and maintain the standard of accountancy in Uganda and to prescribe, and
- ii) To regulate the conduct of accountants and practising accountants in the country.

The Council of ICPAU is mandated under Section 12(r) of the Accountants Act, 2013 to advise the Government on financial accountability and management matters in all sectors of the economy.

ICPAU is dedicated to serving the public interest by strengthening the profession and contributing to the growth and development of Uganda's economy.

Vision

A globally recognized promoter of accountants for sustainable economies.

Mission

To develop and regulate accountants for professional excellence and sustainable impact.

Core Values

- 1) Professional Excellence
- 2) Accountability
- 3) Integrity
- 4) Responsiveness

International Affiliations

The Institute is a member of the International Federation of Accountants (IFAC) and the Pan African Federation of Accountants (PAFA).

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PURPOSE

ICPAU provides guidance and resources to help its members to keep up to date with regulatory issues and other developments in the profession. ICPAU represents professional accountants in Uganda and contributes to public affairs and other matters that impact on the accountancy profession.

The primary audience for this publication is the accountants in the public sector.

DISCLAIMER

The paper should be utilized in light of the facts and circumstances involved in the public sector entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is published.

While every care has been taken in the preparation of the Paper, neither ICPAU nor its employees, members of the council, or its committees accept any responsibility or liability that may occur, directly or indirectly, as a consequence of the use and application of this Paper.

INFORMATION PAPER

ENHANCING TRANSPARENCY & ACCOUNTABILITY IN GOVERNMENT

1.0 INTRODUCTION

Government Transparency¹ means that the decisions taken by the government and their enforcement are done in a manner that follows rules and regulations. It also means that information is readily available and accessible to those who will be affected by such decisions and their enforcement (sharing relevant and validated data with stakeholders).

Accountability on the other hand refers to an obligation of one party to provide information and/or justification to another and/or face sanctions from the second party for inaction or inappropriate behavior. The concept of accountability is grounded in the principal-agent model, where the citizens are the principals and the government represented by both appointed and elected leaders, are their agents.

The basic social contract between governments and citizens is continually changing, and therefore, there is a heightened need for transparency and accountability to help citizens understand how public funds are being managed and spent, how decisions are made and why, and the evidence and information to support such decisions.

The 2022 Global Report on Public Financial Management² presents trends in public financial management (PFM) using Public Expenditure and Financial Accountability (PEFA) data. The report highlights key trends in PFM across seven key areas of the budget cycle. One of the key messages that emerged from this global report was that public access to fiscal information, fiscal risk reporting, public investment, asset management, and expenditure arrears management were the weakest areas of PFM.

Accountability and transparency have been on the top of agendas in all government of Uganda's reforms recently. This information paper seeks to assess the extent to which the problems of transparency and government accountability have persisted under the existing government reforms and propose ways of enhancing accountability mechanisms and transparency at all levels of government to enable public institutions and public officials to be responsive to the citizens' needs. This paper draws on a range of Ugandan and other literature available to help explain what government transparency and accountability mean and why it is important.

¹ <https://study.com/academy/lesson/government-transparency-definition-examples-purpose.html>

² <https://www.pefa.org/global-report-2022/en/>

2.0 STRUCTURE OF THE GOVERNMENT

Government comprises three (3) branches and each branch should have the power to limit or check the other two, to create a balance between the three:

- The legislative branch is tasked with writing, amending, and repealing laws, as well as policing the executive and judicial branches. The legislative branch consists of elected officials - the Parliament that makes up the political oversight structures.
- The executive branch is tasked with implementing and enforcing the laws written by the legislative branch, and the Constitution.
- The judicial branch comprises the courts and is tasked with interpreting the laws set by the legislative branch and limiting the powers of the executive branch.

Government is that part of the economy that is responsible for the sound administration of the country and the delivery of public services to citizens. Put simply, the government is responsible for policy; the public service for administration and service delivery; and the parliament for oversight and review. In reality, the situation has become more complicated with the growth of the information economy, globalization, the greater involvement of the private sector in government activities generally, and changing public views and expectations of government.

While the overall responsibility lies with the government as represented by the elected President, the day-to-day operations are delegated to much lower levels although the exact pattern of responsibility may vary. For example, in a central government ministry, responsibility is divided between the Minister, who is responsible for policy, and the civil servants, who are responsible for the day-to-day administration. Local governments follow a similar split of responsibilities between elected representatives and public officials.

To fulfill its wide range of functions, the government must satisfy a complex range of political, economic, social, and environmental objectives over the short, medium, and long term. This subjects it to a different set of external and internal constraints and incentives than those found in the private sector. It is also important to note that while there is only one government/ public sector, it is run by many different people, and ensuring that those in charge discharge their duties fairly and professionally is very important.

3.0 TRANSPARENCY AND ACCOUNTABILITY IN GOVERNMENT

Government and its agencies have the duty/ obligation to be clear, accountable, and truthful with citizens about how they are spending public funds, the laws, potential penalties for breaking them, and their operations as a whole. However, for transparency to work properly, it needs effective structures of implementation. Transparency in government results from policies, institutions, and practices that

channel information in ways that improve understanding of public policy, enhance the effectiveness of political processes and reduce policy uncertainty.

To assess the extent to which the problems of transparency and government accountability have persisted under the existing government reforms, the paper highlights three areas of functional public management that are interrelated and important to transparency and accountability. These are discussed here below:

1. Financial Management Frameworks, which entail the policies and practices in - budgeting, revenue, payroll/ pension management, procurement, service concessions, payments, accounting, automation of government asset register, and internal and external audit. The information available currently indicates that there are gaps between written policies and daily practices in the public sector. While the legislative and administrative framework for financial transactions seems to be well in place, guided by the Public Finance Management Act and its Regulations, the application of these provisions for general financial control, seems to be viewed as not consistently exercised.

The following seem to be areas needing improvement:

- In revenue collection, although many measures have been taken to improve the transparency and efficiency of tax assessments and payments, the recourse to effective appeals procedures seems to be less satisfactory.
- With the automation of the public payroll/pension management, independent verifications of amounts and reconciliations with previous pay periods seem to take place. However, little attention has been given to the physical identification of personnel to prevent “ghost workers” and other abuses.
- In procurement, although the rules as laid out in the PPDA legislation indicate that many sound procedures are in place including public competitive bidding being required in most large tenders and the current interventions such as e-government procurement aimed at automating procurement processes, consistent awarding of contracts to the most responsive and qualified bidder with the lowest cost is not seen. Also, while public procurement generally conforms to acceptable standards, they do not seem to lead to the intended ends. There are indications that the criteria for the evaluation of bids are not always clearly stated in bidding instructions nor are all records, apart from the final decision, kept. Without clear documentation, it would be difficult to establish whether improper political, personal, or other considerations overrode the technical merits of certain bids.
- In addition, there is the perception that the work of contractors is not consistently supervised by independent experts or that changes and variation orders are continuously maintained once a contract has been awarded. Many cases of abuse such as the delivery of substandard goods or work take place after contracts have been awarded, which makes it important to monitor and document the execution of the contract.

- Payments to suppliers within a reasonable time and other times overspending remain problematic.
 - Implementing spending controls and assurance frameworks (including effective public procurement systems and internal controls); and enhanced data analytics for better policymaking will lead to better and more transparent decision-making.
2. The human resources management framework, which includes the stated official values, codes of conduct, legal restrictions on criminal conduct, the staff recruitment and selection processes, conflicts-of-interest disclosures, reporting of wrongdoing, investigation, and disciplinary procedures, and in the recent past the introduction of the human capital management system by Ministry of Public Service.

Persistent areas of weakness include:

- As in the case of financial management, information available indicates that while there are civil service and other public sector employment laws and regulations in place, they are not well communicated or seen to be demonstrated consistently by leaders in the public sector. These seem to be better known by public sector employees than the public they serve, making it difficult for the public to understand the principles underlying public service or judge public sector performance. In addition, the legal and administrative standards in criminal codes or codes of conduct are not perceived to be followed or enforced systematically.
 - Recruitment and promotions in the public sector are not seen to be based on the merit principle, and there is a perception of insufficient protection from political interference.
 - While there exist official policies for reporting wrongdoing, protecting the “whistle-blowers”, and those regarding conflicts-of-interest disclosure requirements, their actual application seems to be varied in terms of being made public or being verified.
 - Investigations in the public sector are generally perceived not to be prompt and fair, nor are past cases perceived to be documented and analyzed to generate lessons for future work.
 - Disciplinary measures are set out clearly but are seen not to be consistently taken. In the interest of justice and the deterrence effect, there is a need to properly apply and enforce standards, particularly for reporting on and investigating wrongdoing, since these two activities are critical to ensuring accountability.
3. Information management frameworks, which entail policies and practices within and pertaining to the public sector, but also to relevant information-disseminating entities within society. This also includes access to information (including the holding of various methods of public consultations), records

management, investigative journalism, and the freedom of association of civil society organizations.

Strides have been made, for example, the Ministry of Finance, Planning, and Economic Development website <http://www.budget.go.ug/> allows the public to find out both what the Ugandan government plans - and does with its budget - in districts around the country, plus toll-free numbers which let concerned citizens complain directly to the government if they spot any wrongdoing.

However:

- The legislative and administrative framework for managing information in the country is not very developed.
- There has been limited utilization of new information and communication technologies in disseminating or soliciting information by the government. Public consultations have been taking place mainly through the use of advisory groups on government programmes and services.
- There is little flow of information from higher levels of government to the lower levels in relation to resources available and results achieved. The information received from the lower local governments is sometimes unclear in the sense that it does not reveal all about what their leaders do or what important decisions have been made.
- Regarding the state of record keeping, it is not perceived to be of high quality. Whether due to resource constraints or other reasons, records management and archiving seem to be given low priority.

Governments exist for many reasons but mainly to serve people, so information on how elected officials conduct themselves, conduct public business, and spend taxpayers' money should be readily available and easily understood. Transparency allows citizens to hold governments accountable. Considering its importance, governments should always be working on how to improve transparency in government.

There are multiple checks and balances in place to ensure that taxpayers' money is well spent. Sometimes these steps are criticized for slowing down the delivery of public services but history has shown their absence can lead to impropriety and unethical behavior. As such, they ensure that all who work in the public sector can be held accountable for the sound management of public resources. Public scrutiny is therefore an integral part of the democratic process. Often this scrutiny is realized through a system of Parliamentary committees that cover all aspects of the public sector and have extensive powers to examine the development of new policies and the delivery of public services.

Like most countries, Uganda has a 'Parliamentary Committee of Public Accounts', supported by the Supreme Audit Institution (the Office of the Auditor General), with a broad remit to examine the accounts of individual ministries, scrutinize value for money, and hold the government to account for the quality of its overall

administration. By taking a fact-based, objective, and impartial approach to its work, the Supreme Audit Institution helps to build citizens' trust in government.

However, it is important to recognize that accountability extends beyond formal oversight by the Parliament. In a public sector context, researchers have identified various types of accountability³. These include:

- Political accountability - The primary political accountability mechanism is free and fair elections. Fixed terms of office and elections force elected officials to account for their performance and provide opportunities for challengers to offer citizens alternative policy choices. If voters are not satisfied with the performance of an official, they may vote them out of office when their terms expire. The degree to which public officials are politically accountable is a function of whether they occupy an elected versus appointed position, how often they are up for reelection, and how many terms they can serve.
- Legal - Legal accountability mechanisms include constitutions, legislative acts, decrees, rules, codes, and other legal instruments that proscribe actions that public officials can and cannot take and how citizens may act against those officials whose conduct is considered unsatisfactory. An independent judiciary is an essential requirement for the success of legal accountability, serving as a venue where citizens bring claims against the government.
- Hierarchical - Decentralised agencies and state-owned enterprises are accountable to their sponsor ministry in the national government. Similarly, the Constitution will typically constrain the freedom of regional and local government to a greater or lesser extent. Hierarchical accountability also exists within a public entity through familiar mechanisms such as line management and key performance indicators.
- Professional - Public sector employees with professional qualifications are often bound by an informal obligation to behave in a way that does not bring disrepute to the profession. The peer pressure to conform to professional norms can be a powerful disincentive to maladministration. In some cases, unprofessional behavior can lead to individuals being disbarred from their professional body
- Administrative accountability mechanisms include Agency ombudsmen responsible for hearing and addressing citizen complaints; Independent auditors who scrutinize the use of public funds for signs of misuse; Administrative courts that hear citizens' complaints about agency decisions; Ethics rules protecting whistle-blowers and those within the government who speak out about corruption or abuse of official authority from reprisals.

By its nature accountability, is a backward-looking exercise. At its best, the lessons learned from past mistakes can feed the process of continuous improvement. What is needed is a set of rules and cultural norms that help public sector employees resist such temptations whilst reassuring taxpayers that delinquents will be held

³ <https://www.principlesofdemocracy.org/government-dem>

accountable. This is broadly what is meant by governance and implementing a system of good governance can bring multiple benefits, including:

- encouraging the efficient use of public resources;
- promoting responsible stewardship of those resources;
- improving management and service delivery, thereby enhancing citizens' lives.

The third National Development Plan (NDP III) identifies through the program on Public Sector Transformation the need for improvement in the indices for government effectiveness and public service productivity among others, and ensures there is increased stakeholder satisfaction with the public services in general. The low efficiency can be attributed (partly) to:

- Capacity (knowledge, skills, and other competencies needed to carry out the assigned tasks) of the relevant responsible public officers, low productivity, lack of duty of care, and lack of responsibility.
- Supervision and monitoring mechanisms in place - the Office of the Prime Minister (OPM) carries out other functions such as monitoring of government projects at the same time supervises the implementation. This is a big weakness and high risk.
- Inadequate automation of many government processes.
- Lack of clear communication policies and strategies.
- Institutional or organizational cultures, work environment.
- Low appreciation of risk management in Government.

4.0 ENHANCING TRANSPARENCY AND ACCOUNTABILITY IN GOVERNMENT

Accountability requires a process of continuous improvement, data-driven decision-making, transparency for results, and continuous communication with all stakeholders. There are a variety of different ways transparency and accountability can be achieved in government:

Strengthening Financial Management

All of the government's reform experiences have included accountability and transparency as one of the main objectives. The aim of any reform process in the public domain is to bring accountability (establish ownership for decisions) and transparency.

While meager resources are one side of the problem, the lack of basic public financial management systems and processes in government to effectively manage finances is the other. This often manifests in unrealized revenue potential, inefficiencies in revenue collections, poor expenditure and asset management, and a limited understanding of fiscal sustainability considerations in governance. To frame effective policies and execute them efficiently, the government needs to understand the fiscal impact of its decisions and be able to measure performance against targets. Accrual-based accounting forms the backbone of the larger 'e-

Government' system. A fully integrated 'e-government' system works towards three main purposes: better service delivery performance, robust governance and administration, and transparency and accountability. For the smooth functioning of the system, there must be a seamless workflow and exchange of information.

Bringing transparency will bring credibility to the reform process. Reporting to citizens, for instance, in the form of an annual report could be a point in case. When published and made available to the citizens through electronic media, the annual report will provide confidence to the citizens about what the government does and inform them about the issues faced. This will also make the citizens sensitive to the challenges of government.

Strengthening the role of Oversight Functions in government

a. Internal and External Audit

Given the pivotal role of auditing in ensuring transparency and accountability in public management, these are key areas to be targeted for strengthening.

The internal audit function has received increasing attention as an important element of PFM, a component of government financial management, and a tool for improving the performance of the public sector. The demand for improved accountability and greater transparency within the government has resulted in a call for more information about government programs and services.

Government must develop viable strategies for developing the internal audit function in hostile institutional environments, where there are severe limitations on skilled staff and government pay scales are poor. The environment for internal audit is weak, and apart from the general political environment, basic infrastructure is lacking; fundamental documentation, specification of the IA responsibilities, separation of duties and a supporting departmental internal control framework.

More independence of both internal and external audits, with more reports accessible to the public in the case of the latter, would strengthen ex-post financial controls.

b. Parliament

The Parliament of Uganda exercises its oversight role through accountability committees, which consider the reports of the Auditor General and make recommendations to improve the Government's management of public finances.

The report⁴ of a survey conducted on Parliament to identify and analyze the major obstacles to the effective consideration of the Auditor General's reports by Parliament as part of its oversight role revealed some of the constraints to achieving its maximum impact including the lack of political will and support for accountability

⁴ <https://parliamentwatch.ug/wp-content/uploads/2021/08/Parliament-Watch-Report-on-Accountability-Committees.pdf>

processes. And to deal with these challenges, the report proposed a number of policy options including requiring Accounting Officers to be more responsive to audit recommendations and follow up on the recommendations made by accountability committees of Parliament as required by the PFM Act, 2015.

Strengthening Information Management

Proactive communication with citizens, opening more lines of communication and making more information available to citizens including avenues such as town hall meetings, making public meeting documents easily accessible, soliciting citizen feedback on contentious matters, and convenient services offered through digital channels. There must be independent sources of information, apart from the government, such as the press and the media.

While government transparency is mainly about making pertinent information publicly available, that information should also be easily understood. Government must understand that citizens typically will not have the same understanding of the more intricate parts of government, therefore, government communication must also be comprehensible, leaving the technical jargon out and using layman's terms.

Proactive discourse - making civic engagement and government procedures more accessible to citizens so they can engage with the government more meaningfully. The need for the private sector and civil society involvement is also indispensable in improving public sector transparency and accountability. Although civil society organizations are generally acknowledged to have the freedom of association, they are seen to have a limited role in civic education or in watching over public sector performance.

Public record requests - making records more easily accessible is another way to improve transparency in government. While citizens can access a variety of information, very few take advantage of this ability. Many citizens may not even know where to begin if they want to request information, or they may feel it is too hectic. Regardless, whatever may be deterring citizens from accessing information hurts transparency. The more easily accessible this information is, the better government transparency becomes.

To improve transparency in government, the government should also consider improving its records management system. Improved records management can make the process of getting vital information just a few clicks away and far more convenient for citizens. Digitizing this process makes it even easier as citizens can go online to access the information they need from anywhere.

The use of digital technology to provide services to the public, often described as eGovernment, has been around for some time now but its potential to transform society has grown rapidly in recent years as developments in the underlying technology have accelerated. This offers the government cheaper and more effective alternatives to traditional face-to-face and paper-based approaches.

Caution must be taken however to ensure that some classes of citizens are not disenfranchised (this includes older citizens, those living in remote, rural locations without good Internet access, and those who are too poor to afford a smartphone, computer, and/or connection fees), but also ensure that e-Government is built on strong, ethical foundations.

There is still much to do in introducing and fine-tuning legislation that will encourage more openness in government, access to information, and public consultations. The country can also benefit by better implementing legislative provisions that encourage independent sources of information such as the press media and civil society organizations. These organizations also need to be trained in having an input in public policy formulation as well as having an oversight role on public sector performance.

Human Resource Management

Past reform initiatives initially focused mainly on public officials within the government, other initiatives should be reaching out to a wider audience to raise awareness about transparency, public ethics, and anti-corruption.

Particular attention should be given to the human factor in the public sector, such as specific training emphasizing accountability could improve the situation. A re-examination of the human resources management practices in the public sector is essential. Better communication about overall public service values and standards of conduct, more merit-based recruitment, and promotion that rewards performance and protection from political interference will set a solid foundation for transparency and accountability in government.

The government may also usefully gain from applying existing standards of conduct in promoting employee accountability and boosting credibility. In government, the perception is that although the rules are present, few are seen to be consistently practiced. These basic measures include the enforcement of existing legislation regarding conflicts-of-interest disclosure requirements and wealth declarations by public officials, official policy for reporting wrongdoing, and proper investigations and disciplinary measures, following wrongdoings.

The role of the Accountancy Profession

The key role of the accountancy profession is to support professionalism in government. Government must understand and embrace the importance of the skills, ethics, and public interest focus that the accountancy profession brings to government. The diversity and skills⁵ of finance professionals in government in their various roles at governance, strategic, and operational levels, are integral to inclusive, transparent decision-making within the government. The

⁵ <https://www.ifac.org/knowledge-gateway/preparing-future-ready-professionals/discussion/key-competencies-public-finance-professionals-responding-today-s-challenges>

professionalization and continuous professional development requirements for professional accountants working in government will lead to better and more transparent decision-making.

Professional accountants have a responsibility to act in the public interest and are therefore uniquely positioned to strategically advise and support the government. They can play an important role as guardians against corruption, illicit financial flows, and exploitation of resources. Professionalization of those working in the government, especially those in accounting and finance roles would assist in addressing some of the challenges experienced by the Auditor General and others such as the accountability committees of Parliament, in their oversight roles.

ICPAU contributes to and supports the implementation of robust accounting practices in government to improve government decision-making, professionalism, and accountability. provide advice on public policy and accountability matters within their jurisdictions ICPAU also plays an important role in ensuring that members of the Institute embrace continuous professional development and high ethical standards, and in holding them accountable for their actions through an effective investigation and disciplinary mechanism for misconduct and breaches of professional standards.

5.0 THE WAY FORWARD

This paper has highlighted common public sector accountability issues/ challenges that are faced by the public sector in Uganda. The paper suggests that a careful examination of current policies and practices may show certain gaps that can be plugged in to strengthen management in key areas.

This paper will be shared and disseminated, for the government to take the lead in changing policies, improving institutions, further developing public management, and training public personnel. By supporting a more transparent and accountable public sector, better decision-making, and more rational use of public resources, the ultimate end is the improvement of the lives of the ordinary people in the country.