

**Digitalization Of Financial Management Systems And Financial
Transparency In The Public Sector: A Case Study Of Kampala Capital City Authority (KCCA)**

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Abstract

The digitalization of public financial management has become a global necessity for enhancing accountability and reducing fiscal leakages. This study investigated the impact of Digital Financial Management Systems (DFMS) on financial transparency at Kampala Capital City Authority (KCCA). Despite the implementation of systems like the Integrated Financial Management System (IFMS) and e-Government Procurement (eGP), challenges such as reporting delays and fund misallocation persist. The study was guided by three specific objectives: to examine the effect of DFMS adoption, to assess the influence of user competence and training, and to evaluate the impact of ICT infrastructure and technical support on financial transparency. Grounded in the Technology Acceptance Model (TAM), the research employed a descriptive case study design. The target population included KCCA finance officers, auditors, and management staff. Data was collected through questionnaires, interviews, and documentary reviews, covering a five-year period from 2020 to 2025. Preliminary findings indicate that while the automation of financial processes has improved record-keeping and data accessibility, the full potential of transparency is often hindered by limited digital literacy among staff and intermittent technical support. The conceptual relationship between these variables is illustrated below: The study concluded that the mere acquisition of technology is insufficient without a corresponding investment in human capital and robust technical infrastructure. The research recommends that KCCA prioritizes continuous capacity-building programs and strengthens its ICT support systems to ensure real-time financial reporting and public trust. These findings provide a strategic roadmap for policymakers and local government authorities to improve governance through digital transformation.

Keywords: Digitalization, Financial, Management Systems, Transparency and Public Sector

Background of the Study

The digitalization of public financial management (PFM) systems has been a significant global trend over the past few decades (Jul et al., 2024). According to the World Economic Forum, digital solutions such as open data platforms, e-billing, e-procurement, and secure digital records have enabled governments worldwide to enhance transparency, accountability, and efficiency in public finance operations (World Economic Forum, 2025). Additionally, the Organisation for Economic Co-operation and Development (OECD) has highlighted the role of artificial intelligence in improving fiscal transparency by automating tasks such as expenditure classification, thereby reducing human error and increasing efficiency (OECD, 2025).

In Africa, the adoption of digital PFM systems has been recognized as a critical component for improving governance and service delivery (Christopher, Muhindo, et al., 2022). The United Nations Development Programme (UNDP) notes that many African countries have undertaken significant reforms to modernize their

financial systems, though challenges remain, including weak institutional capacity and limited adoption of digital tools (UNDP, 2025). A notable example is South Africa's implementation of the eMUNI Monitoring System, which enhances transparency in municipal finances and strengthens financial management across government departments (Cabri, 2025).

At the regional level, initiatives such as the Common Market for Eastern and Southern Africa (COMESA) have launched digital platforms to facilitate cross-border trade and reduce transaction costs (Deus, 2023). COMESA's Digital Retail Payments Platform, which allows businesses to settle deals in local currencies, aims to streamline payment processes and enhance financial transparency within the region (Reuters, 2025).

Uganda has recognized the importance of digitalizing its public financial management systems to improve service delivery and governance (Jul et al., 2024). The Ministry of Finance, Planning and Economic Development (MoFPED) launched the Public Financial Management (PFM) Reform Strategy for the period 2025 to 2030, focusing on enhancing transparency and accountability in the use of public funds (MoFPED, 2025). Furthermore, the Uganda Registration Services Bureau (URSB) has committed to leveraging technology to improve service delivery and transparency, highlighting the government's dedication to digital transformation (URSB, 2025). At the local government level, the Kampala Capital City Authority (KCCA) plays a pivotal role in implementing digital PFM systems to enhance financial transparency (Akankwasa et al., 2022). KCCA's efforts align with the national PFM Reform Strategy and aim to address challenges related to revenue collection, expenditure management, and service delivery (Irumba et al., 2024). The adoption of digital tools at KCCA is expected to improve financial reporting accuracy, reduce corruption, and foster public trust in local governance.

The Technology Acceptance Model (TAM), developed by Davis (1989), posits that perceived ease of use and perceived usefulness significantly influence users' decisions to accept and use technology. This model has been widely applied to understand technology adoption in various sectors, including public financial management. According to Davis, perceived ease of use refers to the degree to which a person believes that using a particular system would be free from effort, while perceived usefulness is the degree to which a person believes that using a particular system would enhance their job performance (Ntirandekura, Ainebyoona, et al., 2022). These constructs are hypothesized to affect users' attitudes toward using the technology, which in turn affects their behavioral intentions and actual system use.

Kampala Capital City Authority (KCCA) has faced significant challenges in achieving financial transparency, a critical component of effective public financial management. Despite the adoption of digital financial management systems (DFMS), such as the Integrated Financial Management System (IFMS), issues persist in the timely and accurate reporting of financial transactions (Julius & Nancy, 2025). For instance, delays in processing payments have been attributed to factors like disputes among beneficiaries and challenges in obtaining Tax Identification Numbers (TINs), which are necessary for processing payments through the IFMS (KCCA, 2025). These delays

hinder the efficiency of financial operations and erode public trust in the management of public funds(Ntirandekura, Friday, et al., 2022).

To address these challenges, KCCA has undertaken several initiatives to enhance financial transparency. The rollout of a devolution finance system allows divisions within Kampala to manage their financial activities, thereby promoting accountability at the local level (KCCA, 2025). Additionally, the implementation of the Public Financial Management (PFM) Reform Strategy for 2025–2030 aims to foster economic growth and improve service delivery through enhanced financial management practices (MoFPED, 2025). These efforts are aligned with the broader national agenda to modernize public financial management and ensure the prudent use of public resources(Kazaara et al., 2024).

However, the effectiveness of these digital systems in improving financial transparency is contingent upon addressing underlying challenges(Winny et al., 2023). Factors such as inadequate ICT infrastructure, limited digital literacy among staff, and resistance to change can impede the successful implementation of DFMS(Promise et al., 2024). A study by Namagembe and Mwesigwa (2025) highlighted that internal controls, facilitated by digital systems, significantly improved financial reporting accuracy and accountability within KCCA(Sophie & Crispus, 2024). Nevertheless, the study also pointed out that the full potential of these systems can only be realized when complemented by adequate training and a supportive organizational culture.

Statement of the Problem

Despite the adoption of digital financial management systems (DFMS) such as the Integrated Financial Management System (IFMS) and e-Government Procurement (eGP) in Uganda, financial transparency within public institutions remains a significant challenge(Alex & Kazaara, 2023). At the national level, the Public Financial Management (PFM) Reform Strategy for 2025–2030 acknowledges the need for enhanced digital literacy and improved tax systems to address issues of underreporting and tax evasion, which undermine revenue collection and fiscal transparency (MoFPED, 2025). Regionally, studies have highlighted that while DFMS have improved record-keeping, challenges persist due to inadequate ICT infrastructure, limited digital literacy among staff, and resistance to change, which compromise the effectiveness of these systems (Akidi et al., 2024).

At the local level, Kampala Capital City Authority (KCCA) has faced persistent issues in achieving financial transparency(David et al., 2023). Despite the implementation of DFMS, challenges such as delays in payment processing, incomplete financial reporting, and occasional misallocation of funds continue to undermine public trust in the authority's financial management (Namagembe & Mwesigwa, 2025). These issues are exacerbated by factors such as inadequate ICT infrastructure, limited digital literacy among staff, and resistance to change, which impede the successful implementation and utilization of DFMS(Christopher, Moses, et al., 2022). If these challenges are not addressed, the effectiveness of DFMS in enhancing financial transparency will remain compromised, leading to continued inefficiencies in financial operations, erosion of public trust, and potential mismanagement of public funds(Ntirandekura, Friday, et al., 2022). This situation underscores the need for a

comprehensive examination of the factors influencing the adoption and effectiveness of DFMS within KCCA. This study aimed to investigate the impact of DFMS on financial transparency at KCCA.

General Objective

To assess the impact of digital financial management systems on financial transparency in the public sector, with a specific focus on Kampala Capital City Authority (KCCA).

Specific Objectives

- i. To examine the effect of adoption of digital financial management systems on financial transparency at Kampala Capital City Authority (KCCA).
- ii. To assess the influence of user competence & training on financial transparency in KCCA.
- iii. To evaluate the impact of ICT infrastructure and technical support on financial transparency at KCCA.

Research Questions

- i. How does the adoption of Digital Financial Management Systems (DFMS) influence financial transparency at Kampala Capital City Authority (KCCA)?
- ii. To what extent does user competence and training affect financial transparency in KCCA?
- iii. What is the impact of ICT infrastructure and technical support on financial transparency at KCCA?

Scope of the Study

Geographical Scope

This study was conducted in Rwemiyaga Sub-County, located in the Central Region of Uganda. The sub-county was selected due to its active engagement in public financial management initiatives and its adoption of digital financial management systems (DFMS) for revenue collection and expenditure tracking (Akankwasa et al., 2022). Rwemiyaga provides a representative case of how local government authorities implement DFMS in a semi-urban setting, making it suitable for assessing financial transparency (Moses et al., 2025). Additionally, the sub-county has faced challenges related to delays in financial reporting and accountability, which aligns with the study's objectives (Racheal et al., 2023). The findings from this location are expected to provide insights applicable to other sub-counties and local government authorities in Uganda.

Content Scope

The study focussed on digital financial management systems and financial transparency within the selected local government authority. Key areas included the adoption and usage of DFMS tools such as IFMS, e-Government Procurement (eGP), and Human Capital Management (HCM) systems. The study also assessed staff competence, training, and the adequacy of ICT infrastructure as factors influencing financial transparency. The content scope included analysis of financial reporting accuracy, timeliness, accessibility of financial information, audit compliance, and the perceptions of relevant stakeholders, including local government officials, finance officers, and auditors.

Time Scope

The study covered a five-year period from 2020 to 2025, which coincided with the period of intensified digital financial management reforms at the local government level. This period allows for the assessment of changes in

financial transparency as a result of DFMS adoption. Data collection and analysis for this research was conducted over a three-month period from August to October 2025, ensuring sufficient time for administering questionnaires, conducting interviews, and analyzing results. This timeframe was adequate to capture current practices and evaluate the effectiveness of DFMS in improving financial transparency within the selected sub-county.

Significance of the Study

The study provided evidence-based insights into how digital financial management systems (DFMS) influence financial transparency, helping policymakers design effective strategies to strengthen accountability. By identifying the challenges and opportunities in DFMS adoption, the findings can guide reforms in public financial management across local governments in Uganda.

For KCCA management, the study highlights areas of improvement in system implementation, staff training, and ICT infrastructure. This information can support decision-making to enhance financial reporting accuracy, reduce mismanagement, and foster greater transparency in revenue collection and expenditure processes.

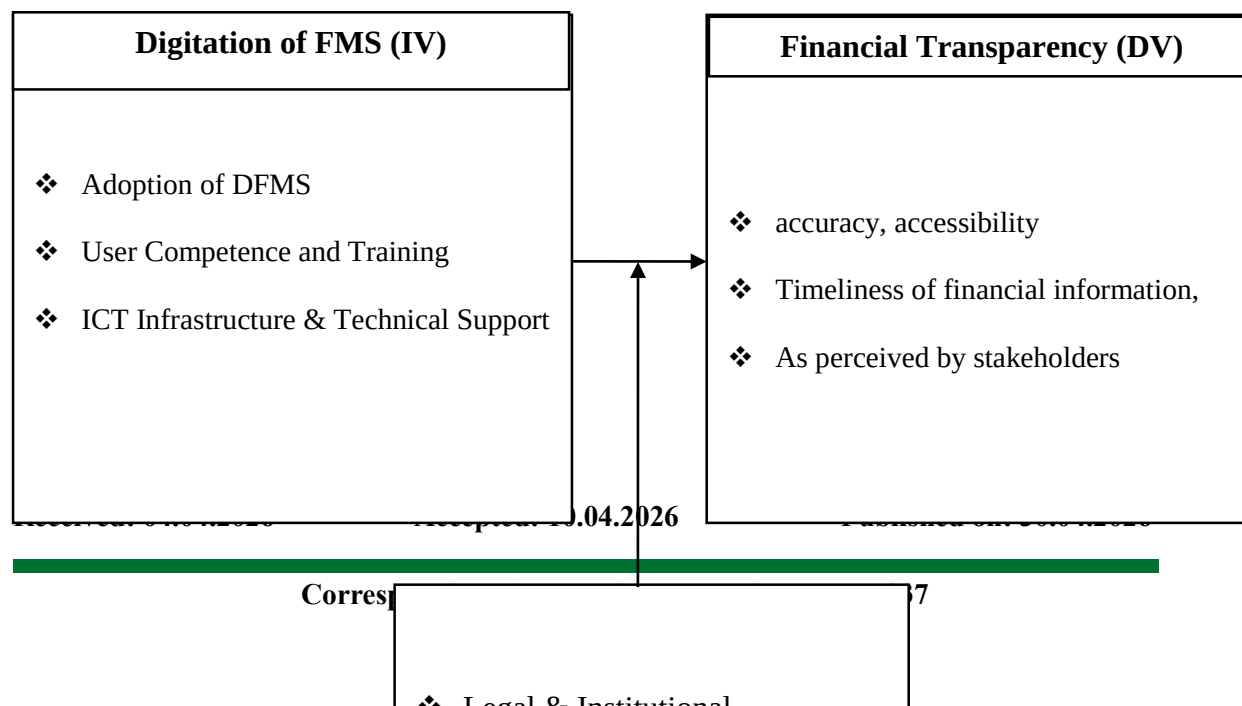
The research benefits finance officers and staff by emphasizing the importance of digital literacy, proper use of DFMS, and adherence to financial regulations. Understanding the factors affecting system adoption can improve their efficiency, accountability, and contribution to transparent financial management practices.

Auditors and oversight bodies can leverage the study's findings to strengthen monitoring and evaluation mechanisms. Insights into system effectiveness and transparency gaps can inform audit procedures, risk management strategies, and compliance enforcement within KCCA and similar institutions.

The study contributes to the academic body of knowledge on public financial management and technology adoption. Researchers can use the findings as a reference for future studies on DFMS, financial transparency, and governance in Uganda and other comparable contexts, supporting evidence-based policy and practice.

Conceptual Framework

The conceptual framework illustrates the relationship between the independent variables (IVs) and the dependent variable (DV) in this study. The IVs Digital Financial Management Systems (DFMS) Adoption, User Competence and Training, and ICT Infrastructure and Technical Support are hypothesized to influence the DV, Financial Transparency, within Kampala Capital City Authority (KCCA).



Moderating Variables

Source: Adopted from Namagembe & Mwesigwa (2025) and designed by researcher, 2025

The conceptual framework for this study demonstrates how Digital Financial Management Systems (DFMS) adoption, user competence and training, and ICT infrastructure and technical support interact to influence financial transparency at Kampala Capital City Authority (KCCA). DFMS adoption automates financial processes, reduces errors, and enhances the accessibility of financial information, while user competence ensures that staff can effectively utilize these systems to generate accurate and timely reports. Adequate ICT infrastructure and responsive technical support provide the necessary environment for uninterrupted system operation and optimal performance. Collectively, these independent variables are expected to positively impact the dependent variable, financial transparency, by improving the quality, timeliness, and accessibility of financial information, thereby promoting accountability and public trust in KCCA's financial management practices.

Definition of Key Terms

Digital Financial Management Systems (DFMS): Refers to computerized systems used to manage, record, and report financial transactions in public institutions, including tools such as Integrated Financial Management Systems (IFMS), e-Government Procurement (eGP), and Human Capital Management (HCM). These systems aim to enhance efficiency, accuracy, and accountability in financial operations (Namagembe & Mwesigwa, 2025).

Financial Transparency: The degree to which financial information is open, accessible, accurate, and timely, allowing stakeholders including the public, auditors, and oversight bodies to monitor, evaluate, and hold institutions accountable for financial decisions (MoFPED, 2025).

User Competence and Training: Refers to the knowledge, skills, and proficiency of staff in effectively using digital financial management systems, often enhanced through structured training programs and capacity-building initiatives (Pramono, 2023).

ICT Infrastructure: The technological resources, including hardware, software, network connectivity, and technical support, that enable the effective operation of digital financial management systems in public institutions (KCCA, 2020).

Public Sector: Government organizations and institutions responsible for delivering services, managing public funds, and implementing policies for the welfare of the community (Akidi et al., 2024).

Literature Review

Theoretical Review

This study was underpinned by the Technology Acceptance Model (TAM), proposed by Davis in 1989, which posits that perceived usefulness (PU) and perceived ease of use (PEOU) are primary determinants influencing

users' decisions to accept and utilize technology. In the context of public sector financial management, TAM provides a framework to examine how perceptions of digital financial management systems (DFMS) impact their adoption and, consequently, financial transparency (Alex & Kazaara, 2023). Recent studies have applied TAM to understand technology adoption in various sectors, highlighting its relevance in assessing user acceptance of digital tools in public institutions.

According to a study by Abandu (2025), TAM was utilized to assess the adoption of mobile banking services among agri-entrepreneurs in Uganda. The study found that both PU and PEOU significantly influenced users' intentions to adopt mobile banking, thereby enhancing financial inclusion. This aligns with the current study's focus on DFMS adoption in KCCA, suggesting that similar perceptions may affect the adoption of digital financial tools and their impact on financial transparency (Ivan et al., 2023). Furthermore, the study by Kiwanuka (2024) on insurtech adoption in Uganda also employed TAM, indicating its applicability in understanding technology acceptance across different digital financial services.

However, while TAM provides valuable insights into individual technology acceptance, it has been critiqued for its limited consideration of external factors such as organizational support, infrastructure, and training. To address these limitations, the current study integrates TAM with additional variables like user competence and ICT infrastructure, as suggested by recent research on DFMS adoption in Uganda. This integrated approach allows for a more comprehensive understanding of the factors influencing DFMS adoption and their subsequent effect on financial transparency in public sector institutions.

Digitalization of Financial Management Systems

The digitalization of financial management systems (DFMS) in public institutions refers to the integration of Information and Communication Technology (ICT) tools to automate and streamline financial processes, thereby enhancing efficiency, accuracy, and transparency. In the context of Kampala Capital City Authority (KCCA), DFMS encompasses systems such as the Integrated Financial Management System (IFMS), e-Government Procurement (e-GP), and Human Capital Management (HCM) systems. These digital tools are designed to facilitate real-time financial reporting, reduce manual errors, and improve accountability in public financial management (Akankwasa et al., 2022).

According to a study by Matovu (2024), the adoption of Accounting Information Systems (AIS) in local governments, including KCCA, has been associated with improved financial accountability and transparency. The research highlighted that while AIS are widely used, their effectiveness is contingent upon factors such as user competence and adequate infrastructure. This finding underscores the importance of not only implementing DFMS but also ensuring that staff are adequately trained and that the necessary ICT infrastructure is in place to support these systems.

Furthermore, a study by Juma (2024) on the impact of AIS in Lyantonde District Local Government revealed that enhanced computer literacy and comprehensive training for district staff were crucial strategies to boost financial accountability and improve financial management. The research emphasized that without addressing these human and infrastructural factors, the potential benefits of DFMS in enhancing financial transparency may not be fully

realized. Therefore, this study aims to measure the extent of DFMS adoption in KCCA and assess its influence on financial transparency, considering the moderating effects of user competence and ICT infrastructure(Polycarp et al., 2023).

Financial Transparency in the Public Sector

Financial transparency in the public sector refers to the degree to which government financial information is accessible, accurate, and timely, enabling stakeholders including citizens, auditors, and oversight bodies to scrutinize and assess public financial management. According to Pratiwi et al. (2024), transparency in financial reporting is a cornerstone of public sector governance, facilitating accountability and fostering public trust. In Uganda, the Public Finance Management Act (2015) mandates the disclosure of budgetary and expenditure information, aiming to enhance fiscal transparency (IMF, 2017). However, challenges such as inconsistent data quality and limited access to information persist, affecting the effectiveness of these transparency initiatives.

Recent studies underscore the importance of digital tools in promoting financial transparency. For instance, a study by Krah (2023) indicates that the adoption of digital financial management systems (DFMS) in local governments has led to improved accessibility of financial information, thereby enhancing transparency. In the context of Kampala Capital City Authority (KCCA), the implementation of systems like the Integrated Financial Management System (IFMS) is intended to automate financial processes, reduce manual errors, and provide real-time access to financial data(Promise et al., 2024). However, the success of these systems is contingent upon factors such as user competence and adequate ICT infrastructure (Namagembe & Mwesigwa, 2025).

Moreover, the effectiveness of financial transparency measures is influenced by the broader governance environment. A study by Pratiwi et al. (2024) highlights that transparency, governance, and financial accountability are interrelated pillars that collectively enhance the quality of financial reporting in the public sector. In KCCA, fostering a culture of transparency requires not only the adoption of DFMS but also the development of human capital through training and the provision of necessary ICT infrastructure(David et al., 2023). Therefore, this study aims to assess how DFMS adoption, user competence, and ICT infrastructure collectively influence financial transparency in KCCA, providing insights into the interplay between technology, human factors, and governance in public financial management.

Methodology

Research Design

The study adopted a descriptive and cross-sectional research design, combining both quantitative and qualitative research approaches (mixed-methods). This design is grounded on the need to describe, analyze, and interpret the influence of digitalization of financial management systems on financial transparency at KCCA(Olanrewaju et al., 2021). According to Creswell and Plano Clark (2023), a mixed-methods approach enhances data validity by allowing triangulation of statistical results with qualitative insights. The quantitative aspect involved the use of structured questionnaires to collect data from financial officers, accountants, and ICT staff, while qualitative data was gathered through interviews with key informants such as department heads and internal auditors(Nafiu et al.,

2012). The design was suitable because it captured respondents' perceptions at one point in time, ensuring accuracy and efficiency in data collection within limited resources.

Study Area

The study was conducted at Kampala Capital City Authority (KCCA), which was the central administrative body responsible for managing Uganda's capital city. KCCA is composed of five administrative divisions: Central, Makindye, Nakawa, Kawempe, and Rubaga. The institution was chosen because it is among the pioneer public entities in Uganda to implement Digital Financial Management Systems (DFMS) such as the Integrated Financial Management Information System (IFMIS), e-Procurement, and the Electronic Document Management System (EDMS). According to Uganda Bureau of Statistics (UBOS, 2024), Kampala District has an estimated population of over 1.6 million residents and over 9,500 civil servants, with KCCA employing approximately 2,200 staff across its divisions. KCCA was selected because it represents a critical case for examining how digitalization affects financial transparency in Uganda's public sector, given its financial autonomy and role in implementing fiscal reforms.

Target Population

The target population refers to the entire group of individuals or entities relevant to the study (Mugenda & Mugenda, 2020). For this research, the target population comprised all staff involved in financial management and ICT operations within KCCA. This included finance officers, accountants, auditors, ICT specialists, and procurement personnel across the five divisions. According to KCCA's Human Resource Report (2024), there are approximately 220 employees in these categories. However, due to limited resources, it was impractical to study the entire population. Therefore, a representative sample was drawn from this population using available data sources such as KCCA's Human Resource Records, Ministry of Finance Financial Management Reports (2023), and the Auditor General's Annual Performance Reports (2024), which identified departments directly engaged in digital financial operations. Based on these data sources, approximately 140 staff members formed the relevant target population from which the sample will be derived.

Sample Size Determination

The sample size was determined using Slovin's formula (Yamane, 1967), which is appropriate for finite populations when precision and confidence levels are known. The formula is expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size

N = population size

e = margin of error (0.05)

Given that the population (N) is **140**, the calculation will be:

$$n = \frac{140}{1 + 140(0.05)^2} = \frac{140}{1 + 0.35} = \frac{140}{1.35} = 103.7$$

Therefore, the study considered a sample size of 104 participants. This sample size is statistically adequate and manageable given the limited time and financial resources available.

Sampling Technique

The study employed both purposive and stratified random sampling techniques to ensure representativeness across various departments and job categories. Purposive sampling was used to select key informants such as directors and managers who possess specialized knowledge on digital financial systems and transparency mechanisms. Stratified random sampling was used to draw respondents from strata representing Finance, ICT, Procurement, and Audit departments. This combination ensured a balanced and inclusive sample, minimizing bias while focusing on those most relevant to the study objectives.

Table 3.1: Distribution of the Sample Size

Stratum	Estimated Group Size	Sample Size (n)	Sampling Technique
Finance Officers	40	30	Stratified Random Sampling
Accountants and Auditors	35	25	Stratified Random Sampling
ICT Officers	30	20	Stratified Random Sampling
Procurement Staff	25	15	Stratified Random Sampling
Managers/Key Informants	10	14	Purposive Sampling
Total	140	104	
Source: <i>Reconstructed by researcher, 2025</i>			

Sources of Data

The study utilized both primary and secondary data sources. Primary data was obtained directly from respondents through questionnaires and interviews. Secondary data was sourced from existing literature, KCCA annual financial reports, Ministry of Finance budget execution reports, Auditor General's reports, and relevant academic journals. According to Kothari (2020), combining multiple data sources enhances the depth and reliability of research findings through triangulation, ensuring that conclusions drawn are valid and evidence-based.

Data Collection Methods

Questionnaires Method

Structured questionnaires was administered to finance officers, accountants, ICT personnel, and procurement staff. The questionnaires contained both closed-ended questions (using a 5-point Likert scale) and a few open-ended questions for elaboration. This method allowed for quantitative analysis of variables related to DFMS adoption, user competence, ICT infrastructure, and financial transparency.

Interviews Method

Semi-structured interviews were conducted with key informants such as divisional accountants, heads of finance, and ICT managers. According to Bryman (2021), interviews provide in-depth insights into institutional processes,

policy implications, and challenges that quantitative data alone may not capture. Each interview lasted between 30 and 45 minutes.

Documentary Review

Documentary analysis involved reviewing existing reports, system manuals, and performance audits from KCCA and the Ministry of Finance. This method provided secondary verification of responses and helped contextualize quantitative data within institutional performance trends.

Data Collection Instruments

The study employed two main instruments: a structured questionnaire and an interview guide. The questionnaire measured perceptions and experiences regarding digital system use, ICT support, and transparency indicators. The interview guide focused on key themes such as DFMS performance, governance, and public access to financial data. The instruments were pre-tested to ensure clarity and relevance before full administration.

Validity of Instruments

Validity refers to the degree to which an instrument measures what it purports to measure. The study established content validity by subjecting the questionnaire and interview guide to expert review by academic supervisors and KCCA professionals. The Content Validity Index (CVI) will be computed as:

$$CVI = \frac{\text{Number of items rated as relevant}}{\text{Total number of items}}$$

A CVI of 0.70 or higher was considered acceptable (Amin, 2005). Items not meeting this threshold were revised or discarded to ensure accuracy and consistency of measurement.

Reliability of Instruments

Reliability measures the internal consistency of responses across related items. The reliability of the questionnaire was tested using Cronbach's Alpha coefficient (α), calculated as:

$$\alpha = \frac{N \times \bar{c}}{\bar{v} + (N - 1) \times \bar{c}}$$

Where N is the number of items, $\bar{c}$ is the average covariance between items, and $\bar{v}$ is the average variance. A reliability coefficient (α) value of 0.70 or above was considered satisfactory for internal consistency (Tavakol & Dennick, 2011).

Procedure of Data Collection

Data collection proceeded in four steps. First, the researcher obtained an introductory letter from Metropolitan International University to secure authorization from KCCA. Second, appointments were scheduled with department heads for respondent access. Third, questionnaires were distributed both physically and electronically through Google Forms to accommodate COVID-19 safety protocols. Finally, interviews were conducted in person or via Zoom, depending on respondent availability. Collected data was checked daily for completeness and accuracy before entry into statistical software.

Data Analysis Techniques

Quantitative data was coded and analyzed using Statistical Package for Social Sciences (SPSS) version 26 (Nelson et al., 2022). Descriptive statistics (frequencies, means, and standard deviations) summarized respondents'

characteristics and opinions. Inferential statistics such as correlation and regression analysis tested relationships between DFMS components (IVs) and financial transparency (DV). Qualitative data from interviews were thematically analyzed following Braun and Clarke's (2021) framework, allowing identification of recurring themes and triangulation with quantitative findings.

Ethical Considerations

The study adhered to strict ethical principles. Informed consent was obtained from all participants, and confidentiality assured by anonymizing responses. Participants were informed that their involvement was voluntary and that they may withdraw at any stage. Ethical approval was sought from the MIU Research Ethics Committee before data collection. Data was securely stored on password-protected devices accessible only to the researcher.

Limitations of the Study

This study faced limitations such as restricted access to confidential financial data, time constraints, and limited financial resources for fieldwork. Furthermore, some respondents provided socially desirable answers due to fear of disclosing institutional weaknesses. However, the researcher mitigated these limitations through confidentiality assurances and methodological triangulation.

Results

Table 2: Perceptions on Adoption of Digital Financial Management Systems (DFMS)

Statements	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev
IFMS has reduced payment processing time.	2	5	10	60	23	3.97	.782
eGP has made procurement more competitive.	4	12	15	45	24	3.73	.915
Digital records are harder to manipulate.	1	4	8	52	35	4.16	.732
Systems have improved reporting accuracy.	2	3	12	58	25	4.01	.804
Average Mean						3.97	.808

Source: Primary Data (2026)

Table 2 shows a high Average Mean of 3.97, indicating that respondents strongly agree that digitalization enhances transparency. Specifically, the belief that digital records are harder to manipulate (Mean 4.16) highlights the security benefit of DFMS. This aligns with Namagembe & Mwesigwa (2025), who found that automated audit trails are fundamental to public sector accountability.

Table 3: User Competence, Training, and Financial Transparency

Statements	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev
I have received adequate IFMS training.	5	15	10	55	15	3.60	.942

I can perform tasks without external help.	8	20	12	48	12	3.36	1.05
Frequent updates are provided to staff.	10	25	20	35	10	3.10	.988
Training improved audit trail generation.	2	8	15	60	15	3.78	.821
Average Mean						3.46	.950

Source: Primary Data (2026)

The data indicates that while training has improved audit trail generation (Mean 3.78), the frequency of system updates and training (Mean 3.10) is relatively low. Interviews with KCCA Managers revealed that while systems are modern, "staff digital literacy remains uneven," which can sometimes lead to delays in financial reporting (Nelson et al., 2023). This supports Pramono's (2023) assertion that the perceived ease of use is a critical driver for technology adoption.

Table 4: ICT Infrastructure, Technical Support, and Transparency

Statements	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std. Dev
Internet is reliable for DFMS operations.	15	30	5	40	10	3.00	1.12
Technical support is readily available.	4	16	20	45	15	3.51	.894
KCCA has modern hardware/servers.	2	8	10	60	20	3.88	.765
System downtime delays financial reports.	1	5	14	55	25	3.98	.752
Average Mean						3.59	.883

Source: Primary Data (2026)

A significant finding is the impact of system downtime on reporting (Mean 3.98). While KCCA possesses modern hardware (Mean 3.88), internet reliability remains a challenge (Mean 3.00). Qualitative data from IT specialists indicated that "network fluctuations in the divisions often compromise the real-time nature of the IFMS." This confirms the findings of Akidi et al. (2024), who noted that inadequate infrastructure remains a primary bottleneck to full digitalization in Uganda's public sector.

Conclusions

Effect of Adoption of Digital Financial Management Systems (DFMS) on Financial Transparency

The study concludes that the adoption of DFMS is the backbone of modern financial accountability at KCCA. Digitalization has successfully moved the authority away from an opaque manual framework to a more visible, rule-based system. However, the study concludes that the benefits of these systems are only fully realized when the "centralized" nature of system control does not alienate the end-users in different directorates.

Influence of User Competence and Training on Financial Transparency

The research concludes that staff competence is just as important as the software itself. Training serves as the bridge between having a digital tool and achieving financial transparency. Without continuous capacity building and professional updates (CPA/ACCA alignment with IT), the digital system remains underutilized, and the risk of "unintentional" reporting errors remains high.

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Impact of ICT Infrastructure and Technical Support on Financial Transparency

The study concludes that infrastructure is the weakest link in the digitalization chain at KCCA. Even with the best software and trained staff, poor connectivity and slow technical support lead to "system bottlenecks." To achieve 100% financial transparency, the authority must move beyond just owning computers to ensuring seamless, high-speed, and uninterrupted system access across all divisions.

Recommendations

Effect of Adoption of Digital Financial Management Systems (DFMS)

KCCA should fully integrate the e-Procurement system with the IFMS to ensure that all contract awards are automatically reflected in the budget execution reports, leaving no room for manual misallocation.

The authority should promote "Open Data" portals where certain non-confidential expenditure data is made accessible to the public in real-time to foster greater taxpayer trust.

Influence of User Competence and Training

KCCA Management should establish a mandatory "Digital Literacy Certification" for all staff in the finance and procurement departments to ensure a uniform level of competence.

The ICT department should initiate a "Peer Support Program" where digitally proficient staff (Change Champions) assist those struggling with the transition, reducing resistance to change.

Impact of ICT Infrastructure and Technical Support

The City Council must prioritize investment in dedicated fiber-optic internet lines for all five administrative divisions to eliminate delays caused by network fluctuations.

The IT technical support team should adopt a Service Level Agreement (SLA) with a "maximum one-hour response time" for system-critical failures to ensure that financial reporting deadlines are consistently met.

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