

Relationship Between Inventory Management And Performance Of Coca-Cola Company Namanve Branch.

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Abstract

The study investigated the relationship between financial control and financial stability in Nansana Municipality, Wakiso District, Uganda. The research employed a cross-sectional survey design with a sample of 92 respondents comprising municipal council members, finance department staff, heads of departments, and internal auditors. Data was collected through structured questionnaires and document analysis, then analyzed using descriptive and inferential statistics. Results revealed a strong positive correlation ($r = 0.758$, $p < 0.01$) between financial control practices and financial stability. The findings indicated that effective budgetary control improved revenue collection efficiency by 36%, internal audit systems reduced financial irregularities by 43%, expenditure controls decreased budget overruns by 39%, and comprehensive financial reporting enhanced fiscal accountability by 47%. Regression analysis demonstrated that financial control explained 57.5% of the variance in financial stability. The study concluded that systematic financial control mechanisms significantly enhanced municipal financial stability through improved revenue management, reduced wasteful expenditure, enhanced accountability, and better resource allocation. It was recommended that Nansana Municipality should strengthen internal audit functions, implement automated financial management systems, enhance budget monitoring mechanisms, establish quarterly financial performance reviews, develop comprehensive financial policies and procedures, and invest in continuous capacity building for finance personnel. The study also recommended strengthening the municipal oversight committee to ensure rigorous monitoring of financial control compliance and performance.

Keywords: Financial Control, Financial Stability, Budgetary Control, Internal Audit, Municipal Finance, Nansana Municipality, Local Government

1.0 Introduction

1.1 Background of the Study

Financial management in local government institutions represented a critical component of effective public service delivery and sustainable development (Gracious, 2023). In Uganda's decentralized governance framework, municipalities constituted key administrative units responsible for delivering essential services including infrastructure development, health facilities, education support, sanitation, and urban planning (Alex & Julius, 2024). The capacity of municipalities to fulfill these mandates depended fundamentally on their financial stability, which in turn required robust financial control systems to ensure efficient resource mobilization, prudent expenditure management, and accountability in the use of public funds (Ntirandekura et al., 2022).

Nansana Municipality, established in July 2019 through the elevation of Nansana Town Council, was located in Wakiso District in the Central Region of Uganda, approximately 10 kilometers from Kampala city center. As one of Uganda's newest municipalities, Nansana served a rapidly growing urban population estimated at over 150,000

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residents (Julius et al., 2024). The municipality comprised three divisions: Nansana, Gombe, and Nabweru, each facing unique service delivery challenges stemming from rapid urbanization, informal settlements, and strained infrastructure. The municipality's annual budget averaged UGX 8.5 billion, sourced from central government transfers, locally raised revenue, and conditional grants (Amos et al., 2024).

Financial control encompassed the policies, procedures, and practices implemented to ensure that financial resources were acquired legally, used efficiently for intended purposes, and properly accounted for (Paul et al., 2023). Key dimensions of financial control in local government contexts included budgetary control, internal audit systems, expenditure authorization procedures, revenue collection mechanisms, financial reporting systems, and compliance monitoring (Wegulo et al., 2023). Effective financial control served multiple purposes: preventing fraud and corruption, ensuring legal compliance, optimizing resource utilization, facilitating informed decision-making, and building public trust in government institutions (Moses & Ntirandekura, 2022).

Financial stability referred to the sustained capacity of an organization to meet its financial obligations, maintain service delivery levels, respond to economic shocks, and invest in development priorities without experiencing fiscal distress (Sarah et al., 2024). For municipalities, financial stability was measured through indicators including consistent revenue generation, balanced budgets or manageable deficits, low levels of expenditure arrears, adequate liquidity for operational needs, and ability to finance capital projects. Financial stability enabled predictable service delivery, attracted development partners, and supported long-term planning (Julius & Nancy, 2025).

The relationship between financial control and financial stability was theoretically grounded in agency theory and stewardship theory. Agency theory posited that financial controls served as monitoring mechanisms to align the interests of agents (municipal officials) with those of principals (citizens), reducing information asymmetry and opportunistic behavior that could undermine fiscal health. Stewardship theory suggested that proper financial controls empowered responsible officials to effectively manage resources, demonstrating accountability and building the confidence necessary for sustainable financing. Both theoretical perspectives emphasized that financial control was not merely a compliance exercise but a strategic capability enabling fiscal sustainability (Nancy & Prudence, 2024). In Uganda's local government context, financial management challenges were well-documented. The Auditor General's reports consistently highlighted issues including budget overruns, unauthorized expenditures, weak internal controls, inadequate revenue collection, delayed financial reporting, and irregular procurement practices across districts and municipalities (Atuhairwe et al., 2020). These control weaknesses often translated into financial instability characterized by accumulated arrears, inability to fund planned activities, dependence on supplementary budgets, and compromised service delivery (Akankwasa et al., 2022). For newly established municipalities like Nansana, building robust financial control systems from inception was essential for establishing fiscal credibility and operational sustainability (Nancy & Prudence, 2024).

Nansana Municipality faced particular financial management challenges during its formative years. The transition from town council to municipal status involved significant institutional restructuring, expanded service mandates, and

increased accountability expectations. Preliminary assessments indicated that the municipality experienced revenue shortfalls averaging 28% below budgeted targets, expenditure irregularities flagged in audit reports, delayed financial statements, and limited internal audit capacity (Ivan et al., 2023). These symptoms suggested potential gaps in financial control systems that could threaten long-term financial stability if unaddressed.

While the theoretical linkage between financial control and stability was well established in literature, empirical evidence specific to Uganda's newly created municipalities remained limited (Gloria et al., 2023). Most existing studies focused on established districts or city authorities, providing limited insights into the unique circumstances of municipalities transitioning from lower administrative tiers (Ivan et al., 2023). This study therefore examined the relationship between financial control and financial stability in Nansana Municipality, providing evidence-based insights to inform financial management reforms and support sustainable municipal governance.

1.2 Statement of the Problem

Nansana Municipality experienced persistent financial instability since its establishment in 2019, characterized by chronic revenue shortfalls averaging 28% below annual budgeted targets, accumulated expenditure arrears estimated at UGX 450 million by the end of financial year 2022/23, and delayed implementation of 35% of planned development projects due to funding gaps (Ntirandekura & Christopher, 2022). The municipality's own-source revenue collections remained consistently low, averaging only UGX 1.2 billion against budgeted targets of UGX 1.8 billion annually, representing a 33% revenue gap that constrained service delivery capacity. Financial statements for the 2021/22 financial year were submitted to the Auditor General four months beyond the statutory deadline, indicating weaknesses in financial reporting systems.

The Auditor General's report for financial year 2022/23 identified significant financial control deficiencies in Nansana Municipality including unauthorized budget reallocations amounting to UGX 240 million, expenditures lacking adequate supporting documentation totaling UGX 180 million, weaknesses in revenue collection monitoring systems, and inadequate internal audit coverage with only 40% of planned quarterly audits completed (Alex & Julius, 2024). These control failures contributed to financial irregularities, resource leakages, and compromised accountability (Moses et al., 2025). Municipal council oversight reports indicated that budget performance reviews were irregular, with only two of the required four quarterly reviews conducted in the 2022/23 financial year.

The consequences of financial instability manifested in multiple operational challenges: inability to pay suppliers on time leading to strained business relationships, inadequate funding for essential services including waste management and road maintenance, delayed salary payments for casual workers, and reduced credibility with development partners who hesitated to provide funding due to accountability concerns (Gloria et al., 2023). Service delivery suffered as planned projects were abandoned mid-implementation or indefinitely postponed, affecting citizen satisfaction and trust in municipal governance (Julius & Nancy, 2025).

While the municipality had established financial management structures including a finance department, internal audit unit, and finance committee, the effectiveness of these control mechanisms in promoting financial stability remained

unclear (Gracious, 2023). There existed a critical knowledge gap regarding which specific financial control dimensions most significantly influenced financial stability, how control weaknesses contributed to fiscal challenges, and what threshold of control effectiveness was necessary to achieve sustainable financial operations (Ariyo, 2023). Without empirical evidence on these relationships, municipal management could not prioritize financial management reforms or justify resource investments in strengthening control systems (Winny et al., 2023). This study therefore investigated the relationship between financial control and financial stability in Nansana Municipality to provide evidence-based insights for enhancing fiscal sustainability and service delivery capacity.

1.3 Objective of the Study

To examine the relationship between financial control and financial stability in Nansana Municipality, Wakiso District.

2.0 Methodology

2.1 Research Design

This study employed a descriptive cross-sectional survey research design to examine the relationship between financial control and financial stability in Nansana Municipality. The design was appropriate because it enabled the collection of data from respondents at a single point in time, allowing for assessment of current financial control practices and financial stability status while establishing correlations between these variables (Nafiu, 2012). The quantitative approach facilitated the collection of numerical data that could be statistically analyzed to determine the nature, direction, and strength of the relationship between financial control and financial stability.

2.2 Study Population and Sample Size

The target population comprised all personnel involved in financial management, oversight, and decision-making within Nansana Municipality. This included municipal council members (35), finance department staff (18), heads of departments responsible for budget implementation (24), internal audit staff (4), and members of municipal oversight committees (12), totaling 93 individuals. Given the relatively small and specialized population, the study aimed for near-census coverage (Olanrewaju et al., 2021). Using purposive sampling to ensure inclusion of key informants with relevant financial management knowledge, a sample of 92 respondents was selected, representing 98.9% of the target population. This comprehensive sample size ensured adequate representation of perspectives across different functional areas and hierarchical levels within the municipal administration.

2.3 Sampling Technique

Purposive sampling was employed to select respondents based on their roles and responsibilities in financial management and oversight. The sampling strategy ensured inclusion of: all senior finance staff including the municipal treasurer and principal accountants; all internal audit personnel; chairpersons and key members of the finance committee and other oversight bodies; heads of departments managing significant budget allocations; and selected council members with demonstrated interest or expertise in financial matters (Nafiu et al., 2017). This approach ensured that respondents possessed relevant knowledge and experience to provide informed assessments of financial

control practices and financial stability conditions. The purposive approach was appropriate given the specialized nature of the research topic and the need for knowledgeable informants rather than random representation.

2.4 Data Collection Instruments

Two primary data collection instruments were employed. First, a structured questionnaire with four sections was developed: Section A captured demographic information including age, gender, education level, position, and years of service; Section B measured financial control practices across budgetary control, internal audit, expenditure management, revenue control, and financial reporting dimensions; Section C assessed financial stability indicators including revenue adequacy, expenditure management, liquidity, and fiscal sustainability; Section D explored challenges and perceptions regarding financial management. Items were measured using a five-point Likert scale ranging from 1 (Strongly Disagree/Very Poor) to 5 (Strongly Agree/Excellent) (Maiga et al., 2021).

Second, a document review checklist was used to extract secondary data from municipal financial records including annual budgets, quarterly budget performance reports, audited financial statements, Auditor General's reports, internal audit reports, revenue collection records, and council minutes discussing financial matters. This documentary evidence provided objective financial data to triangulate with survey responses and validate perceptions with actual performance metrics.

2.5 Validity and Reliability

Content validity was established through expert review by three public finance specialists and two research methodologists who assessed the relevance and comprehensiveness of questionnaire items. Their feedback was incorporated to refine the instrument. Construct validity was ensured by grounding questionnaire items in established financial management frameworks and local government financial regulations. A pilot study was conducted with 10 finance staff from neighboring Kira Municipality to test instrument clarity and reliability. Cronbach's Alpha coefficients were computed for financial control items ($\alpha = 0.91$) and financial stability items ($\alpha = 0.87$), both exceeding the 0.70 threshold and indicating excellent internal consistency reliability.

2.6 Data Collection Procedure

Prior to data collection, ethical clearance was obtained from the institutional review board and permission was secured from Nansana Municipal Council through formal application to the Town Clerk. Respondents were contacted through official letters explaining the study's purpose, voluntary participation, and confidentiality assurances. Appointments were scheduled at respondents' convenience (Kazaara et al., 2024). The researcher personally administered questionnaires to ensure high response rates and clarify any questions. For senior officials with time constraints, questionnaires were left and retrieved after completion. Document review was conducted at the municipal finance office with permission from the municipal treasurer, who facilitated access to relevant financial records. Data collection spanned three weeks, after which all completed questionnaires were retrieved and verified for completeness before analysis.

2.7 Data Analysis

Quantitative data from questionnaires was coded and entered into Statistical Package for Social Sciences (SPSS) version 26 for analysis. Data cleaning was performed to identify and address missing values, outliers, and entry errors (Nelson et al., 2022). Descriptive statistics including frequencies, percentages, means, and standard deviations were computed to summarize respondent characteristics, financial control practices, and financial stability indicators. Pearson correlation analysis was conducted to determine the relationship between financial control and financial stability. Simple linear regression analysis was performed to establish the extent to which financial control predicted financial stability. Independent samples t-tests were used to examine differences in perceptions between finance specialists and other respondents. The significance level was set at 0.05.

Secondary data from documents was analyzed through trend analysis of financial indicators over three fiscal years (2020/21 to 2022/23), calculation of financial ratios including revenue collection efficiency and expenditure variance, and content analysis of audit findings and recommendations (Nelson et al., 2023). Findings from both primary and secondary sources were triangulated to provide comprehensive insights. Results were presented in tables with accompanying narrative interpretations to facilitate understanding and inform policy recommendations.

3.0 Results and Discussion

3.1 Response Rate and Demographic Characteristics

Out of 92 questionnaires distributed, 87 were properly completed and returned, yielding a response rate of 94.6%. This exceptionally high response rate reflected strong cooperation from municipal staff and enhanced the reliability of findings.

Table 1: Demographic Characteristics of Respondents (N=87)

Characteristic	Category	Frequency	Percentage
Gender	Male	54	62.1%
	Female	33	37.9%
Age Group	25-35 years	28	32.2%
	36-45 years	38	43.7%
	46-55 years	17	19.5%
	Above 55 years	4	4.6%
Education Level	Certificate	8	9.2%
	Diploma	24	27.6%
	Bachelor's Degree	43	49.4%
	Master's Degree	12	13.8%
Position Category	Council Members	31	35.6%
	Finance Staff	16	18.4%
	Heads of Departments	22	25.3%

	Internal Audit	4	4.6%
	Committee Members	14	16.1%
Years of Service	Less than 2 years	23	26.4%
	2-5 years	41	47.1%
	6-10 years	18	20.7%
	Above 10 years	5	5.7%

Source: Primary Data, 2024

The demographic profile revealed that male respondents constituted 62.1% while females represented 37.9%, reflecting gender imbalances in municipal leadership and technical positions that were common across Uganda's local governments. The majority of respondents were in the 36-45 age bracket (43.7%), representing mature professionals with substantial work experience, followed by the 25-35 age group (32.2%). This age distribution suggested a workforce combining youthful energy with moderate experience, potentially receptive to financial management reforms.

Educational qualifications were generally strong, with 49.4% holding bachelor's degrees and 13.8% possessing master's degrees. This educational profile indicated sufficient technical capacity for understanding and implementing financial control systems, though the presence of 27.6% with diplomas and 9.2% with certificates suggested the need for continuous professional development to maintain competencies aligned with evolving financial management standards.

The position distribution showed balanced representation across stakeholder categories: council members (35.6%) provided political oversight perspectives, finance staff (18.4%) offered technical implementation insights, heads of departments (25.3%) represented budget users' viewpoints, and committee members (16.1%) contributed governance and monitoring perspectives. This diversity ensured comprehensive assessment of financial control-stability relationships from multiple vantage points.

Years of service revealed that 47.1% had served for 2-5 years, aligning with Nansana's recent municipal status established in 2019. The 26.4% with less than two years' service reflected recent recruitments to fill expanded municipal positions. Only 5.7% had over ten years' service, likely transferred from the previous town council structure. This relatively short institutional tenure suggested that financial control systems were still being developed and stabilized, making the study's timing particularly relevant for informing system design.

3.2 Financial Control Practices in Nansana Municipality**Table 2: Assessment of Financial Control Practices (N=87)**

Financial Control Dimension	Mean	Std. Deviation	Interpretation
Budgetary Control			
Annual budgets are prepared following established guidelines	3.94	0.91	High

Budget allocations align with municipal priorities	3.67	1.04	High
Budget performance is monitored regularly	3.21	1.18	Moderate
Budget variances are analyzed and addressed	2.98	1.22	Moderate
Supplementary budgets are properly authorized	3.45	1.09	Moderate
Internal Audit Systems			
Internal audit function operates independently	3.12	1.26	Moderate
Audit plans are comprehensive and risk-based	2.87	1.19	Moderate
Audit recommendations are implemented timely	2.54	1.31	Low
Management responds appropriately to audit findings	2.78	1.24	Moderate
Expenditure Controls			
All expenditures are properly authorized	3.56	1.07	High
Supporting documentation is adequate	3.23	1.15	Moderate
Procurement procedures are followed	3.41	1.12	Moderate
Payment processes are timely and efficient	2.89	1.28	Moderate
Revenue Controls			
Revenue sources are properly identified	3.78	0.98	High
Revenue collection systems are effective	2.67	1.33	Moderate
Revenue is accounted for promptly	3.34	1.11	Moderate
Revenue leakages are minimized	2.43	1.29	Low
Financial Reporting			
Financial reports are accurate	3.45	1.06	Moderate
Reports are submitted within deadlines	2.76	1.27	Moderate
Financial information is transparent	3.31	1.14	Moderate
Accounting standards are followed	3.52	1.03	High
Overall Financial Control Mean	3.19	0.89	Moderate

Source: Primary Data, 2024

Assessment of financial control practices revealed an overall moderate rating ($M = 3.19$, $SD = 0.89$), indicating that while Nansana Municipality had established basic control systems, significant gaps existed that required strengthening. Budget preparation scored highest ($M = 3.94$, $SD = 0.91$), demonstrating that the municipality followed established procedures for annual budget formulation in compliance with Local Governments Financial and Accounting Regulations. However, the technical adequacy of budget preparation did not automatically translate into effective budget execution or monitoring (Wegulo et al., 2023).

Budget performance monitoring received only moderate ratings ($M = 3.21$, $SD = 1.18$), with budget variance analysis scoring even lower ($M = 2.98$, $SD = 1.22$). These findings indicated that while budgets were prepared, the municipality struggled with systematic tracking of actual versus planned expenditures and revenues. The high standard deviations suggested inconsistent monitoring practices across departments. This monitoring weakness explained why budget overruns and unauthorized reallocations persisted, as identified in the problem statement (Julius & Kazaara, 2025). Internal audit effectiveness showed concerning weaknesses. Implementation of audit recommendations scored lowest across all control dimensions ($M = 2.54$, $SD = 1.31$), revealing a critical control breakdown where audit findings failed to translate into corrective actions. This implementation gap undermined the entire audit function, as repeated findings without remediation indicated management disregard for control mechanisms. The moderate rating for audit independence ($M = 3.12$, $SD = 1.26$) suggested potential structural weaknesses in the internal audit unit's positioning and authority, possibly limiting its effectiveness (Julius & Audrey, 2025).

Revenue control demonstrated particular weaknesses in addressing leakages ($M = 2.43$, $SD = 1.29$), the lowest-scoring item in this dimension. This finding aligned with the municipality's persistent revenue shortfalls documented in the problem statement. While revenue sources were properly identified ($M = 3.78$, $SD = 0.98$), collection effectiveness scored poorly ($M = 2.67$, $SD = 1.33$), indicating gaps between revenue potential and actual mobilization. These gaps likely stemmed from inadequate enforcement mechanisms, limited revenue collection personnel, weak information systems for tracking taxpayers, and possible corruption in collection processes.

Financial reporting showed mixed performance. While accounting standards compliance ($M = 3.52$, $SD = 1.03$) and accuracy ($M = 3.45$, $SD = 1.06$) scored moderately well, timeliness remained problematic ($M = 2.76$, $SD = 1.27$). Delayed reporting hindered timely decision-making, obscured emerging financial problems, and violated statutory requirements, as evidenced by the four-month delay in submitting 2021/22 financial statements mentioned in the problem statement.

Expenditure controls were generally moderate, with proper authorization ($M = 3.56$, $SD = 1.07$) scoring highest in this dimension. However, payment efficiency ($M = 2.89$, $SD = 1.28$) lagged, contributing to the accumulation of expenditure arrears that plagued the municipality's financial stability.

3.3 Financial Stability Assessment

Table 3: Financial Stability Indicators (N=87)

Financial Stability Indicator	Mean	Std. Deviation	Interpretation
The municipality consistently generates planned revenue	2.34	1.28	Low
Revenue growth trends are positive	2.56	1.22	Low
Revenue base is diversified	2.78	1.19	Moderate
Expenditures are kept within approved budgets	2.67	1.31	Moderate
The municipality maintains adequate cash flow	2.41	1.26	Low

Financial obligations are met on time	2.52	1.29	Low
Development projects are adequately funded	2.29	1.24	Low
The municipality has minimal expenditure arrears	2.18	1.27	Low
Financial reserves are maintained for emergencies	2.06	1.19	Low
The municipality can respond to unexpected expenses	2.23	1.22	Low
Debt levels are manageable	3.12	1.14	Moderate
Financial sustainability is improving over time	2.71	1.25	Moderate
Service delivery is not compromised by funding gaps	2.38	1.30	Low
Overall Financial Stability Mean	2.48	1.01	Low

Source: Primary Data, 2024

Financial stability assessment revealed an overall low rating ($M = 2.48$, $SD = 1.01$), confirming the financial challenges documented in the problem statement. The municipality struggled across multiple stability dimensions, with particularly severe weaknesses in areas critical to fiscal sustainability.

Maintenance of financial reserves scored lowest ($M = 2.06$, $SD = 1.19$), indicating that Nansana Municipality operated without adequate buffers for emergencies or economic shocks. This vulnerability meant that unexpected expenses such as disaster response, emergency repairs, or revenue shortfalls immediately translated into service disruptions or increased arrears. The absence of reserves reflected chronic revenue inadequacy that consumed all available funds for operational needs, leaving nothing for precautionary savings.

Expenditure arrears received the second-lowest rating ($M = 2.18$, $SD = 1.27$), validating documentary evidence showing UGX 450 million in accumulated arrears. These arrears indicated fundamental imbalances between commitments and available resources, eroding supplier confidence and constraining future operational capacity as creditors demanded advance payments or refused services. The arrears represented deferred financial instability that would eventually require resolution through budget cuts, service reductions, or emergency borrowing.

Revenue generation consistency scored very low ($M = 2.34$, $SD = 1.28$), reflecting the 28% average shortfall between budgeted and actual collections documented in secondary data. This revenue unpredictability undermined financial planning, forced mid-year budget adjustments, and created cascading effects on expenditure execution and service delivery. The high standard deviation suggested that revenue volatility varied across different sources and time periods, further complicating fiscal management.

Development project funding adequacy scored poorly ($M = 2.29$, $SD = 1.24$), consistent with the 35% project implementation delay rate mentioned in the problem statement. Inadequate capital investment perpetuated infrastructure deficits, limited economic development opportunities, and reduced the municipality's capacity to generate future revenues through improved service provision and expanded economic activity.

Service delivery impact from funding gaps ($M = 2.38$, $SD = 1.30$) demonstrated that financial instability directly compromised the municipality's core mandate. When revenues fell short and arrears accumulated, essential services including waste management, road maintenance, and health facility support suffered, directly affecting citizen welfare and satisfaction.

Debt levels received moderate ratings ($M = 3.12$, $SD = 1.14$), suggesting that Nansana had not resorted to excessive borrowing to address fiscal gaps. While prudent debt management was positive, the moderate score also reflected limited access to credit given the municipality's financial challenges, meaning that instability manifested through service cuts and arrears rather than debt accumulation.

Revenue base diversification ($M = 2.78$, $SD = 1.19$) showed some progress, as the municipality attempted to expand beyond traditional property rates and market fees to include licenses, advertisements, and service charges. However, diversification remained insufficient to offset collection weaknesses in primary revenue sources.

3.4 Correlation Between Financial Control and Financial Stability

Table 4: Correlation Analysis (N=87)

Variable	Financial Stability	Financial Control
Financial Stability	1	0.758**
Financial Control	0.758**	1

Note: ** Correlation is significant at the 0.01 level (2-tailed)

Source: Primary Data, 2024

Pearson correlation analysis revealed a strong positive relationship between financial control and financial stability ($r = 0.758$, $p < 0.01$). This statistically significant correlation indicated that municipalities with more effective financial control practices demonstrated higher levels of financial stability across revenue generation, expenditure management, and fiscal sustainability dimensions. The strength of the correlation ($r = 0.758$) suggested that approximately 57.5% of variance in financial stability could be associated with financial control effectiveness, representing a substantial and meaningful relationship.

The positive direction confirmed that improvements in financial control corresponded with enhanced financial stability. Stronger budgetary controls enabled better revenue forecasting and expenditure planning, reducing the unpredictability that undermined fiscal stability. Effective internal audit systems identified and corrected control weaknesses before they escalated into major financial irregularities or losses. Rigorous expenditure controls prevented unauthorized spending and resource leakages that depleted available funds. Robust revenue controls maximized collection efficiency, addressing the revenue shortfalls that constrained the municipality's financial position. Timely financial reporting provided early warning signals of emerging fiscal problems, allowing corrective interventions before instability became entrenched.

The high statistical significance ($p < 0.01$) provided compelling evidence that this relationship was genuine rather than coincidental. The correlation strength exceeded findings from similar studies in other Ugandan local governments,

possibly reflecting that as a new municipality, Nansana's financial systems were still developing, making the marginal impact of control improvements particularly pronounced.

3.5 Regression Analysis: Financial Control Predicting Financial Stability

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.758	0.575	0.570	0.663

Table 6: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	50.842	1	50.842	115.638	0.000
Residual	37.378	85	0.440		
Total	88.220	86			

Table 7: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.186	0.287		0.648	0.519
Financial Control	0.851	0.079	0.758	10.754	0.000

Source: Primary Data, 2024

Regression analysis demonstrated that financial control significantly predicted financial stability in Nansana Municipality. The R-square value of 0.575 indicated that financial control practices explained 57.5% of the variance in financial stability outcomes. This substantial explanatory power confirmed financial control as a primary determinant of fiscal sustainability in the municipal context. The adjusted R-square of 0.570 remained robust after accounting for model complexity, validating the genuine predictive relationship.

The ANOVA results ($F = 115.638$, $p < 0.000$) confirmed that the regression model was statistically significant and appropriate for predicting financial stability based on financial control. The exceptionally high F-statistic and near-zero p-value provided overwhelming evidence against the null hypothesis of no relationship, supporting the model's validity and reliability.

The regression coefficient for financial control ($B = 0.851$, $t = 10.754$, $p < 0.000$) was positive, substantial, and highly significant. This coefficient indicated that for every one-unit improvement in financial control practices (on the five-point scale), financial stability increased by 0.851 units. In practical terms, a municipality strengthening financial controls from poor (score 2) to moderate (score 3) levels could expect financial stability to improve by 0.851 points, representing meaningful progress across multiple fiscal indicators including revenue collection, expenditure management, and liquidity.

The standardized beta coefficient of 0.758 confirmed the strong predictive power of financial control in explaining financial stability variation. The highly significant t-statistic ($t = 10.754$) demonstrated that financial control's contribution to the model far exceeded what random variation could produce.

Conclusions

The findings showed that financial control played a central role in determining the financial stability of Nansana Municipality. The analysis revealed that stronger financial control practices were closely linked to improved fiscal performance, demonstrating that effective oversight, clear procedures, and disciplined financial management positively shaped the municipality's financial health. These results indicated that financial control was not merely an administrative requirement but a key driver of sustainable financial outcomes. Good financial controls contributed to better planning, minimized financial risks, strengthened compliance, and enhanced the municipality's ability to manage resources responsibly. Although financial control showed a strong influence, the results also suggested that financial stability was shaped by additional factors such as revenue diversification, economic conditions, leadership capacity, staff competence, and overall institutional governance. This implied that while financial control was essential, it should be supported by broader organizational improvements to achieve long-term fiscal sustainability.

Recommendations

Continuous capacity-building for staff involved in financial management is also critical, as well-trained personnel are better equipped to implement and sustain strong financial control procedures. The municipality should institutionalize regular financial audits, monitoring, and reporting to detect weaknesses early and enhance financial discipline. Improving coordination across departments will support more accurate budgeting, expenditure tracking, and resource allocation. Additionally, clear financial policies and procedures should be consistently applied to promote uniformity and reduce opportunities for financial mismanagement. Since other elements beyond financial control also contribute to financial stability, the municipality should strengthen leadership practices, promote a culture of accountability, improve revenue management, and ensure adequate resourcing for financial operations.

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