Budgeting and financial management in private health institutions in Uganda: a rational myth

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Introduction:

As stipulated in the third Sustainable Development Goals (SDGs), which seeks to ensure healthy lives and promote well-being for all, improving the health of nationals of any given country is essential to sustainable development. Available evidence (Warufu, 2014; USAAID,2015; Luthuania, 2019), shows that financial management can promote or deter the achievement of healthy lives. Financial management emerged towards the end of the 19th Century in the United States of America (USA), but all along until 1890, it was a branch of Economics (Warufu,2014). It has evolved though the traditional phase; it is now in the modern/current stage, which is dynamic and full of innovations (Pandey, 2002 in Warufu, 2014). Since 1950s, the traditional approach to financial management changed due to changing circumstances. It shifted from episodic financing to managerial financial problems such as raising funds for organisations, to its different and effective use. Ogu (2013), defines financial management as an efficient acquisition and deployment of both short-term and long-term financial resources so as to achieve the objectives of the enterprise. According to Mobsin (2002), in Warufu (2012), financial management involves three important functions: financial planning, financial control, and coordinating. In this study financial management is defined as the effective and efficient management of financial resources.

Uganda's health system comprises public, private not for profit, and private for-profit providers as well as traditional and complementary medicine practitioners supervised by the Ministry of Health (USAID, 2015; Nabukeera, 2016), private health providers play a major role in health care delivery in Uganda, reaching a wide client base; although most Ugandans do not have access or cannot afford health services. Ugandan's private health sector relies on its own savings, retained earnings, or informal borrowing to manage its operations (USAID, 2015). Since late 1980's Uganda instituted numerous health sector reforms and policies aiming at improving the functioning and performance of the health sector and the health status of the population. Despite these reforms and policies, including an overall decentralisation of government and privatisation, health services and health status remain largely unchanged in Uganda (Nabukeera, 2016). Health service providers do not always have the necessary delegated authority to effectively manage budgets due to internal and external factors. Consequently, improving the capacity of national health authorities to

engage more effectively with national budgetary authorities is essential to make progress on critical issues related to both the level of funds to be provided and the flexibility with which such funds can be used while concurrently ensuring accountability for the use of those funds (Luthuania, 2019).

Budgeting is a key policy instrument for financial management. The budget system is adopted and put in practice by many organisations to plan ahead and control cases. Public budgets are the chief instruments by which government make key decisions that reflect national social and economic priorities. Additionally, public budgets provide an opportunity for civil society to participate in the process of developing and implementing the budget (Save the Children, 2012). A budget whether for a family entity or a government, is a document that sets out the amount and sources of revenue to be earned, and what will be spent on/ expenditure (Save the Children, 2012). Budgeting and budgetary control entail management establishing goals of an organisation and designing a process which serves as a framework within which an organisation effectively articulates overall planned activities. Most countries or organisations, including private health institutions, find it difficult to ensure allocation of resources and implementation of budgets according to plan or policy priorities (Kouris et al., 2021). As a solution to the difficulty, Salem et al. (2020) provide a guide for ensuring that resources are allocated as per the budget. Nevertheless, as emphasised by Kouris et al. (2021), the budget implementation guide notwithstanding, institutional budget managers still have a problem of allocating resources as pr the budget. In Uganda, budget financial management is emphasised in both private and public organisations (USAID, 2015).

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