

Digital Procurement Readiness and Financial Risk Management Practices in Selected Local Governments in Uganda: Evidence from West Nile Sub-Region

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Abstract: This study examined the effect of digital procurement readiness on financial risk management practices in selected local governments in the West Nile Sub-region, Uganda. Uganda has increasingly adopted e-GP to improve transparency, accountability, efficiency, and audit trails. However, persistent weaknesses in procurement controls, documentation, and compliance expose local governments to financial risks (OAG, 2024). A descriptive-correlational design was employed using a census of 63 respondents. Data were collected through structured questionnaires and analyzed using SPSS.

The findings revealed a strong, positive, and statistically significant effect of digital procurement readiness on financial risk management ($\beta = .761$, $p < .001$). Digital procurement readiness explained 58.0% of the variation in financial risk management ($R^2 = .580$, Adjusted $R^2 = .573$). ICT infrastructure, digital skills, staff training, management commitment, procurement-ICT coordination, and organizational preparedness were key contributors to stronger financial risk management.

The study concludes that digital procurement readiness is an important determinant of financial risk management and should be viewed as institutional transformation. It recommends strengthening ICT infrastructure, staff capacity, digital records management, and management support for e-GP. Relevant authorities should provide technical guidance and capacity building. Future studies should examine institutional capacity, leadership, financial controls, and regulatory compliance.

Keywords: *Digital Procurement Readiness; Financial Risk Management Practices; Local Governments; West Nile Sub-region, Uganda.*

I. Introduction

Digital transformation is increasingly shaping public financial management by enhancing efficiency, transparency, accountability, and control over public resources. In public procurement, digital readiness is particularly important because procurement involves substantial public expenditure and is vulnerable to irregularities, weak controls, fraud, non-compliance, and inefficient resource use. Effective digital procurement requires not only technological infrastructure but also competent personnel, institutional preparedness, supportive organizational processes, effective oversight, and appropriate regulatory frameworks.

Evidence from different contexts highlights the importance of these factors. At the international level, David et al. (2023), through a systematic review of local government digital technology adoption studies, identified technological preparedness, employee skills, supportive processes, and positive institutional attitudes as important determinants of successful digital transformation. In South Africa, Dlamini et al. (2025) identified inadequate digital infrastructure, skills gaps, weak oversight, and resistance to change as key barriers to digital and institutional transformation in provincial supply chain management. In Tanzania, Mmbaga (2025) found that e-procurement, top management support, legal frameworks, and stakeholder engagement influence the implementation of annual procurement plans. In Uganda, Abaine et al. (2024) established that planning, change management, stakeholder training, communication, monitoring, and supervision contribute to successful e-procurement reforms. Collectively, these studies indicate that successful digital procurement depends on technological, human, organizational, and institutional capacity.

In Uganda, local governments undertake substantial public procurement under the Public Procurement and Disposal of Public Assets Act, as amended in 2021. The Government has increasingly shifted from paper-based procurement to electronic government procurement (e-GP) to improve transparency, accountability, efficiency, compliance, and auditability. However, procurement weaknesses persist. The Auditor General reported deficiencies in due diligence, procurement documentation, VAT treatment, procurement splitting, financial evaluation, and compliance with procurement controls (Office of the Auditor General [OAG], 2024). These concerns are particularly relevant in the West Nile Sub-region, where Arua City, Terego District, and Maracha District Local Governments were separately audited for FY 2023/24 (OAG, 2024). Such weaknesses expose local governments to financial risks and may undermine their capacity to identify, assess, control, report, and monitor those risks.

Despite growing research on digital procurement, existing studies have largely focused on implementation, efficiency, transparency, accountability, technological adoption, and broader public-sector reforms (Abaine et al., 2024; David et al., 2023; Dlamini et al., 2025; Mmbaga, 2025). Limited empirical attention has been given to whether digital procurement readiness influences financial risk management practices in local governments. This gap is particularly important in Uganda's West Nile Sub-region, where e-GP adoption is expanding amid persistent procurement-control weaknesses. Consequently, it remains unclear whether local governments' readiness to adopt digital procurement can strengthen financial risk management practices. This study therefore examined the influence of digital procurement readiness on financial risk management practices in selected local governments in Uganda's West Nile Sub-region.

Research questions:

1. What is the perceived level of digital procurement readiness among staff in selected local governments in the West Nile Sub-region, Uganda?
2. What is the perceived effectiveness of financial risk management practices among staff in selected local governments in the West Nile Sub-region, Uganda?
3. Is there a statistically significant difference in staff members' perceptions of financial risk management practices across different education levels in selected local governments in the West Nile Sub-region, Uganda?
4. Is there a statistically significant relationship between digital procurement readiness and financial risk management practices in selected local governments in the West Nile Sub-region, Uganda?

II. Theoretical framework

This study was guided by the Technology–Organization–Environment (TOE) Framework developed by Tornatzky and Fleischer (1990), which explains how technological, organizational, and environmental factors influence technology adoption. The framework is appropriate because digital procurement readiness depends on ICT infrastructure, organizational capacity, staff competencies, management support, and the regulatory environment. These factors can improve procurement information management, monitoring, transparency, and accountability, thereby strengthening financial risk management practices in risk identification, assessment, control, reporting, and monitoring. The TOE framework therefore provides a suitable basis for examining the relationship between digital procurement readiness and financial risk management practices in selected local governments in the West Nile Sub-region of Uganda.

III. Literature Review

Local Government, Uganda

Local government in Uganda refers to local councils legally established under the decentralized system to exercise political, executive, and service-delivery functions within defined areas of jurisdiction (Local Governments Act, 1997, as revised in 2023, Cap. 138, ss. 2, 3 & 32). In this study, local government refers specifically to the selected local governments of Arua City, Terego District, and Maracha District in Uganda's West Nile Sub-region.

Digital Procurement Readiness

Digital procurement readiness refers to the extent to which a local government is prepared and capable of adopting and effectively using digital technologies in procurement. It encompasses technological infrastructure, staff competencies, organizational support, financial capacity, and institutional preparedness. Adjei-Bamfo et al. (2020) conceptualized e-procurement readiness as multidimensional, incorporating technological infrastructure, institutional capacity, human skills, organizational preparedness, and policy support. Similarly, Omweri (2025), through a scoping review of 48 studies and policy documents, identified institutional readiness, ICT infrastructure, and policy support as key enablers of digital transformation in public procurement, while infrastructural deficits, behavioural resistance, and regulatory fragmentation remain major barriers. At the municipal level, Sánchez and Zuntini (2019) emphasized the importance of resources, organizational capabilities, and strategic management in preparing governments for digital transformation. Beauty (2026) further identified inadequate infrastructure, limited financial and technical capacity, resistance to change, and weak

institutional capacity as constraints to digital procurement in South African municipalities. Evidence from Malaysia and South Africa further supports the multidimensional nature of readiness. Mat Aron et al. (2026), using PLS-SEM, found that people and operational factors significantly influenced e-tendering readiness, while Maepa et al. (2023), based on 113 procurement officials across five South African government departments, identified six factors influencing e-procurement readiness, including technological and financial factors. Collectively, these studies indicate that digital procurement readiness is shaped by technological, human, organizational, financial, and institutional conditions rather than technology availability alone. Accordingly, this study assesses digital procurement readiness across these dimensions and examines its influence on financial risk management practices in selected local governments in West Nile, Uganda.

Financial Risk Management Practices

Financial risk management practices refer to the processes through which public organizations identify, assess, control, and monitor financial risks arising from their operations and procurement activities. Empirical evidence demonstrates the importance of these practices in managing financial and procurement-related risks in public organizations. Maphangwa et al. (2024), in a study of Thulamela Local Municipality in South Africa, found that the municipality had established supply-chain risk-management practices, including risk identification and assessment, although gaps remained in staff expertise and information technology. This finding highlights the importance of organizational capacity and technological support in effective risk identification and assessment.

Effective financial risk management also requires appropriate risk-control and response mechanisms. Muchimba and Chibomba (2026) found that financial risk-management policies and tools, including supplier screening, financial due diligence, risk-policy manuals, and internal and external audits, helped mitigate overpricing, budget overruns, and supplier default in public procurement. Similarly, Tyozenda (2026) found that risk-retention and risk-sharing strategies significantly influenced supplier selection in Nigeria's public sector, demonstrating the importance of risk-response strategies in managing procurement-related risks. Doh (2019) further provided evidence from Ho Municipal Assembly in Ghana that risk-management practices are relevant to bid evaluation within a local-government procurement context.

The effectiveness of financial risk management also depends on compliance, institutional oversight, and management commitment. Myeza et al. (2021), examining risk-management factors contributing to procurement transgressions in South African state-owned enterprises, found that political and executive influence could undermine risk-management systems and weaken compliance with risk-management principles. Similarly, Ilias et al. (2023) noted that public-sector employees in Malaysia perceived public procurement and finance as high-risk areas, although weaknesses existed in internal-control awareness. They further identified concerns related to conflicts of interest, supplier preferences, bidder relationships, and competition. These findings underscore the importance of employee awareness, effective internal controls, information sharing, risk response, and monitoring in strengthening financial risk management practices.

Collectively, the reviewed studies demonstrate that financial risk management in public organizations involves interconnected practices of risk identification, assessment, control, response, and monitoring, supported by organizational capacity, technology, institutional oversight, and management commitment. However, the existing evidence largely focuses on public procurement, supply-chain risk management, or specific risk-management mechanisms, with limited empirical attention to the relationship between digital procurement readiness and financial risk management practices in local governments. Moreover, evidence from Uganda, particularly the West Nile Sub-region, remains limited. This gap provides a basis for examining the relationship between digital procurement readiness and financial risk management practices in selected local governments in the West Nile Sub-region of Uganda.

Relationship between digital procurement readiness and financial risk management practices

Digital procurement readiness may strengthen financial risk management by automating procurement processes, improving transaction traceability, strengthening internal controls, and providing timely risk information. Twishime and Mbonigaba (2025), studying public institutions in COMESA countries, found a strong negative relationship between e-procurement adoption and procurement fraud, indicating its potential to mitigate procurement-related risks. The authors further emphasized technical expertise, cybersecurity, regulatory support, and institutional capacity as important for effective e-procurement implementation. Tyozenda (2026) similarly found that integrated e-procurement systems can support supplier risk assessment, contract-performance monitoring, and risk mitigation. In addition, Lakat (2025) found that perceived usefulness, ease of use, and perceived risk significantly influenced the effectiveness of digital public financial management in regional governments in North Sulawesi, Indonesia. The findings suggest that organizational readiness, digital literacy, and risk awareness are important for realizing the financial-management benefits of digital systems. Collectively, these studies suggest that digital procurement readiness can contribute to stronger financial risk management through improved controls, risk assessment, monitoring, and accountability.

In Uganda, e-GP was introduced to improve efficiency, transparency, accountability, and cost savings in public procurement. However, delayed rollout, incomplete system development, and procurement activities conducted outside the system have limited these benefits (Office of the Auditor General, 2024). This context raises an important question regarding whether the level of digital procurement readiness in local governments is sufficient to support effective financial risk management practices.

Research Gap

Although previous studies have examined e-procurement, digital transformation, and risk management in public-sector organizations, limited empirical evidence establishes the relationship between digital procurement readiness and financial risk management practices. Existing studies largely examine e-procurement adoption and readiness separately from financial risk management, while studies on financial risk management tend to focus on conventional procurement risks and control practices. In Uganda, existing evidence has highlighted challenges in e-GP implementation but has not established whether digital procurement readiness is significantly associated with financial risk management practices in local governments. Moreover, evidence from the West Nile Sub-region remains particularly limited. This study therefore addresses an empirical and contextual gap by examining the relationship between digital procurement readiness and financial risk management practices in selected local governments in the West Nile Sub-region, Uganda.

IV. Methodology

This study adopted the positivist research paradigm, which emphasizes objectivity, measurable data, and scientific methods for examining relationships between variables. Creswell and Creswell (2018) note that this paradigm views reality as measurable and independent of the researcher, supporting structured instruments and statistical analysis to generate empirical evidence. Accordingly, it enabled objective conclusions from measurable data rather than subjective interpretation.

Study Design

This study adopted a descriptive-correlational research design to examine digital procurement readiness and financial risk management practices in their natural setting without manipulating the study variables. The design employed both descriptive and inferential statistics, including means, standard deviations, analysis of variance (ANOVA), correlation, and regression analysis. According to Creswell and Creswell (2018), a descriptive-correlational design is appropriate for examining relationships among variables as they naturally occur while maintaining the existing conditions of the study setting. Data were collected using structured questionnaires to ensure systematic, objective, and consistent measurement of the study variables. The design was appropriate for examining the relationship between digital procurement readiness and financial risk management practices among selected local governments in Arua city, Terego district, and Maracha district in the West Nile Sub-region, Uganda. Specifically, financial risk management practices were assessed in terms of risk identification, risk assessment, risk control, risk reporting, and risk monitoring. The design enabled the study to determine the direction and strength of the association between digital procurement readiness and financial risk management practices and to establish whether digital procurement readiness significantly predicts financial risk management practices.

Study Setting

The study was conducted in Arua City, Terego District, and Maracha District in the West Nile Sub-region of Uganda. The study focused on key local government staff involved in procurement and financial risk management, including Town clerk, Chief administrative officers, procurement officer, heads of departments, auditors, economic planners, ICT officers, accountants, and inventory officers. These categories of staff were selected because they are directly involved in or have relevant knowledge of digital procurement processes and financial risk management practices within local governments. The study setting was therefore appropriate because it provided respondents with relevant knowledge, experience, and practical understanding of digital procurement readiness and financial risk management practices

Population and Sampling

The study targeted a population of 67 officers who were directly involved in digital procurement readiness and financial risk management practices in the selected local governments. Given that the target population was relatively small and manageable, the study adopted a census approach, whereby all 67 eligible officers were included in the study. The census approach ensured comprehensive coverage of the target population and minimized sampling error. A census is appropriate for small and manageable populations because it enables the researcher to obtain information from all eligible members of the population, thereby enhancing the completeness and representativeness of the findings (Amin, 2005). Of

the 67 questionnaires distributed, 63 were completed and returned, representing a response rate of 94%. This high response rate provided adequate data for analysis and reduced the potential for non-response bias, thereby enhancing the credibility of the study findings (Dillman et al., 2014).

Instrumentation

Measurement items for digital procurement were adapted from the Technology–Organization–Environment (TOE) Framework, as explained by Baker (2012), which examines how technological, organizational, and environmental factors influence an organization’s adoption and implementation of technological innovations. Financial risk management was measured using indicators of risk identification, risk assessment, risk control, risk reporting, and risk monitoring, drawing on Jackson et al. (2009), with a focus on the organization’s practices for identifying financial risks, assessing their likelihood and potential impact, implementing appropriate controls, reporting risk information to relevant decision-makers, and continuously monitoring risks and the effectiveness of risk-control measures.

Validity and Reliability

The questionnaire was validated by three research experts, whose recommendations were incorporated to improve the clarity, relevance, and content validity of the instrument. A pilot test involving 19 respondents from Arua City, Terego District, and Maracha District was subsequently conducted to assess the suitability and reliability of the questionnaire. A Cronbach’s Alpha coefficient of 0.70 was considered the minimum acceptable threshold for internal consistency reliability (Taber, 2018). The digital procurement practices scale demonstrated good internal consistency ($\alpha = .881$), while the financial risk management scale also demonstrated good internal consistency ($\alpha = .892$). These results indicate that the questionnaire had satisfactory reliability and was considered suitable for data collection.

Table 1. Reliability of study variables

SN	Cronbach’s Alpha (α)	Interpretation
1. Digital procurement practices	.881	Good reliability
2. Financial risk management	.892	Good reliability

Data Management and Analysis

After data collection, the questionnaires were checked for completeness, coded, cleaned, anonymized, and entered into the Statistical Package for the Social Sciences (SPSS) for analysis. Responses were measured using a four-point Likert scale. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize respondents’ demographic characteristics and describe the study variables.

Inferential statistics were employed to test the study hypotheses. One-way analysis of variance (ANOVA) was used to examine whether there were statistically significant differences in staff members’ perceptions of digital procurement readiness based on their education level. Pearson correlation analysis was used to establish the direction and strength of the relationship between digital procurement readiness and financial risk management practices. Regression analysis was further conducted to determine the extent to which Digital procurement readiness predicts financial risk management practices. Statistical significance was assessed at the 0.05 level of significance.

Before conducting inferential analyses, relevant statistical assumptions were assessed. These included assessment of normality and homogeneity of variance, with Levene’s test used to assess the assumption of equal variances for ANOVA. The results were presented and interpreted using descriptive statistics, significance values (p-values), correlation coefficients, regression coefficients, and the coefficient of determination (R^2).

Ethical Considerations

The study adhered to established ethical procedures. An introductory letter was obtained from Bugema University, Arua Campus, and presented to the relevant local government authorities, including the Town Clerk and Chief Administrative Officers, to seek permission to conduct the study. Permission was subsequently granted by the respective local government authorities, allowing the researcher to proceed with data collection. The researcher also explained the purpose of the study to the participants and assured them that their participation was voluntary and that the information provided would be treated confidentially and used solely for academic purposes

VI. Results and Discussion

The study findings are presented by first describing the respondents’ demographic characteristics, followed by analysis and interpretation based on the research questions guiding the study.

Table 2. Demographic characteristics of respondents

Category	Respondents Percentage	
Gender		
Male	40	63.5
Female	23	36.5
Total	63	100
Age		
18-23	2	3.2
24-29	9	14.3
30-35	15	23.8
36+	37	58.7
Total	63	100
Education level		
Diploma	11	17.5
Bachelor's degree	38	60.3
Master's degree	14	22.2
Total	63	100
Respondent category		
Chief Administrative Officer/City Town Clerk	3	4.8
Procurement Officer	6	9.5
Economic Planner	3	4.8
Accountant	4	6.3
Head of Department	30	47.6
M&E Officer	2	3.2
ICT Officer	5	7.9
Inventory Officer	4	6.3
Auditor	6	9.5
Total	63	100

Most respondents were male—40 (63.5%), aged 36+ years—37 (58.7%), and held a Bachelor's degree—38 (60.3%). The majority of the respondents were heads of departments—30 (47.6%).

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Research Question 1: What is the perceived level of digital procurement readiness among staff in selected local governments in the West Nile Sub-region, Uganda?

The level of perceived effectiveness of the digital procurement readiness was measured using 20 Likert-scale items: SA (4), A (3), D (2), and SD (1). Mean scores were interpreted as 3.26–4.00 = SA, 2.51–3.25 = A, 1.76–2.50 = D, and 1.00–1.75 = SD.

Table 3. Digital procurement readiness

<i>Item</i>	<i>Statement</i>	<i>M</i>	<i>SD</i>	<i>Interpretation</i>
1	The LG has adequate ICT infrastructure that exists for e-GP adoption.	2.1111	.86343	D
2	The LG procurement unit has adequate digital devices for e-GP adoption.	2.1587	.80735	D
3	The LG has reliable internet connectivity is available for e-GP implementation.	2.2063	.76535	D
4	The LG has existing ICT systems to support e-GP adoption.	2.2381	.83694	D

5	The LG has adequate financial resources to support e-GP implementation.	2.3175	.85808	D
6	The LG procurement staff possess digital skills required for e-GP.	2.4762	1.01373	D
7	The LG staff receive training to prepare for e-GP adoption.	2.3016	.97773	D
8	The LG procurement unit staff are confident in using e-GP platforms.	2.6190	.90569	A
9	The LG has competent ICT personnel to support e-GP.	2.7937	.82616	A
10	The LG employees are willing to adopt e-GP.	2.7460	.99949	A
11	The LG has a clear strategy for e-GP implementation.	2.5397	.85808	A
12	The LG top management is committed to e-GP adoption.	2.8254	.73044	A
13	The LG procurement plans consider e-GP requirements.	2.4921	.93106	D
14	The LG has well-defined procedures and guidelines for implementing e-GP.	2.6032	.85269	A
15	The LG procurement and ICT units coordinate e-GP preparation.	2.5873	.81587	A
16	The LG is prepared to transition procurement to electronic platforms.	2.6032	3.84599	A
17	The LG has digital records management systems to support e-GP implementation.	1.9683	.71771	D
18	The LG has capacity to integrate e-GP with financial systems.	2.4921	.93106	D
	Total scores	2.4515	.55864	D

Table 3 presents the findings on digital procurement readiness for e-GP adoption in local governments.

Eight items were rated “agree” ($M = 2.51\text{--}3.25$), indicating positive organizational conditions for e-GP adoption. Respondents agreed that procurement staff were confident in using e-GP platforms ($M = 2.6190$, $SD = 0.90569$), local governments had competent ICT personnel ($M = 2.7937$, $SD = 0.82616$), employees were willing to adopt e-GP ($M = 2.7460$, $SD = 0.99949$), and clear implementation strategies existed ($M = 2.5397$, $SD = 0.85808$). They also agreed that top management was committed ($M = 2.8254$, $SD = 0.73044$), procedures and guidelines were defined ($M = 2.6032$, $SD = 0.85269$), procurement and ICT units coordinated e-GP preparation ($M = 2.5873$, $SD = 0.81587$), and local governments were prepared to transition to electronic procurement ($M = 2.6032$). These findings indicate that management commitment, ICT capacity, staff willingness, coordination, and organizational procedures provide a foundation for e-GP adoption.

Conversely, ten items were rated “disagree” ($M = 1.76\text{--}2.50$), highlighting gaps in infrastructure and institutional capacity. Respondents disagreed that local governments had adequate ICT infrastructure ($M = 2.1111$, $SD = 0.86343$), digital devices ($M = 2.1587$, $SD = 0.80735$), reliable internet ($M = 2.2063$, $SD = 0.76535$), supporting ICT systems ($M = 2.2381$, $SD = 0.83694$), or financial resources ($M = 2.3175$, $SD = 0.85808$). They also disagreed that staff had required digital skills ($M = 2.4762$, $SD = 1.01373$) and training ($M = 2.3016$, $SD = 0.97773$), procurement plans considered e-GP requirements ($M = 2.4921$, $SD = 0.93106$), digital records systems were available ($M = 1.9683$, $SD = 0.71771$), and e-GP could be integrated with financial systems ($M = 2.4921$, $SD = 0.93106$). Thus, infrastructure, resources, skills, training, records management, and systems integration remain key constraints.

The highest-rated item was top management commitment ($M = 2.8254$, $SD = 0.73044$), while digital records management had the lowest ($M = 1.9683$, $SD = 0.71771$). The grand mean of 2.4515 ($SD = 0.55864$) indicates that local governments were generally not adequately ready for e-GP adoption, despite having some organizational foundations for improvement.

The descriptive findings indicate that digital procurement readiness among the selected local governments was generally low, suggesting that the institutions were not yet adequately prepared to fully implement and utilize digital procurement. This finding is consistent with Adjei-Bamfo et al. (2020), who argued that e-procurement readiness in lower-middle-income countries extends beyond internet connectivity to include technological infrastructure, institutional capacity, human skills, organizational preparedness and policy support. Similarly, Omweri (2025) identified ICT infrastructure, institutional readiness and policy support as key enablers, while infrastructural deficits and institutional barriers remain major constraints.

The finding is further supported by Beauty (2026), who identified inadequate digital infrastructure, limited financial and technical capacity and weak institutional capacity as challenges to digital procurement in South African municipalities. Maepa et al. (2023) also identified technological and financial factors among the key determinants of e-procurement

readiness in South African government departments. In addition, Mat Aron et al. (2026) found that people and operational factors significantly influenced e-tendering readiness, demonstrating that readiness depends not only on technology but also on human and organizational capacity. Sánchez and Zuntini (2019) similarly emphasized the importance of organizational resources, capabilities and management choices in municipal digital transformation.

Therefore, the relatively low level of digital procurement readiness found in the present study is consistent with previous evidence that local governments in developing-country contexts face technological, human, financial and institutional constraints. The findings suggest that improving digital procurement readiness in West Nile requires attention not only to ICT infrastructure but also to staff capacity, organizational support, financial resources and institutional preparedness.

Research Question 2: What is the perceived effectiveness of financial risk management practices among staff in selected local governments in the West Nile Sub-region, Uganda?

The perceived effectiveness of financial risk management was measured using 20 Likert-scale items.: SA (4), A (3), D (2), and SD (1). Mean scores were interpreted as 3.26–4.00 = SA, 2.51–3.25 = A, 1.76–2.50 = D, and 1.00–1.75 = SD.

Table 4. Financial risk management practices

Item	Statement	M	SD	Interpretation
1	The LG identifies financial risks affecting service delivery.	2.5556	.85719	A
2	The LG financial risks are assessed before approving procurement expenditures.	2.1905	.80035	D
3	The LG maintains an updated financial risk register.	1.6984	.68709	SD
4	The LG evaluates financial impacts of identified risks.	2.0317	.84182	D
5	The LG employees understand the LG financial risks.	2.5079	.82056	D
6	The LG internal controls safeguard public funds.	2.9048	.73428	A
7	The LG financial transactions are verified before payment.	2.7937	.90087	A
8	The LG procurement expenditures follow approved budgets.	2.6508	.88279	A
9	The LG compliance with financial regulations is monitored.	2.6825	.87668	A
10	The LG audit recommendations are implemented to reduce risks.	2.6508	.80640	A
11	The LG prepares reports on financial risks and controls.	2.5873	.83540	A
12	The LG has accurate financial information for decision-making.	2.5238	.96482	A
13	The LG budget performance is monitored for emerging risks.	2.5079	.89574	D
14	The LG management uses financial reports to manage risks.	2.5397	.85808	A
15	The LG has strategies for mitigating financial risks.	2.5556	.77829	A
16	The LG procurement-related financial risks are controlled.	2.4921	.75931	D
17	The LG has designated officers responsible for financial risk management	2.3968	.77334	D
18	The LG financial risk management enhances value for money.	3.1111	.78517	A
	Total score	2.5212	.48978	A

Table 4 presents the findings on financial risk management practices in local governments

Eleven items were rated “agree,” indicating that several financial risk management practices are implemented. Respondents agreed that local governments identify financial risks affecting service delivery ($M = 2.5556$, $SD = 0.85719$), internal controls safeguard public funds ($M = 2.9048$, $SD = 0.73428$), financial transactions are verified before payment ($M = 2.7937$, $SD = 0.90087$), procurement expenditures follow approved budgets ($M = 2.6508$, $SD = 0.88279$), and financial regulations are monitored ($M = 2.6825$, $SD = 0.87668$). They also agreed that audit recommendations are implemented ($M = 2.6508$, $SD = 0.80640$), financial risk and control reports are prepared ($M = 2.5873$, $SD = 0.83540$), accurate financial information supports decisions ($M = 2.5238$, $SD = 0.96482$), management uses financial reports to manage risks ($M = 2.5397$, $SD = 0.85808$), and risk-mitigation strategies are in place ($M = 2.5556$, $SD = 0.77829$). Financial risk management enhances value for money had the highest mean ($M = 3.1111$, $SD = 0.78517$), indicating its perceived contribution to efficient and accountable resource use.

Six items were rated “disagree,” indicating weaknesses in risk management. Respondents disagreed that financial risks are assessed before procurement expenditure approval ($M = 2.1905$, $SD = 0.80035$), employees understand financial risks

($M = 2.5079$, $SD = 0.82056$), budget performance is monitored for emerging risks ($M = 2.5079$, $SD = 0.89574$), procurement-related risks are controlled ($M = 2.4921$, $SD = 0.75931$), designated officers are responsible for financial risk management ($M = 2.3968$, $SD = 0.77334$), and the LG evaluates the financial impacts of identified risks ($M = 2.0317$, $SD = 0.84182$). These findings highlight gaps in risk assessment, staff awareness, emerging-risk monitoring, procurement-risk control, and institutional responsibility.

The most pronounced weakness was maintaining an updated financial risk register. Respondents strongly disagreed with this item ($M = 1.6984$, $SD = 0.68709$), making it the lowest-rated indicator and highlighting weaknesses in risk documentation, tracking, and monitoring.

Overall, the grand mean of 2.5212 ($SD = 0.48978$) indicates agreement that local governments generally practice financial risk management. However, routine controls were stronger than proactive practices such as risk assessment, risk-register maintenance, emerging-risk monitoring, and assignment of responsibility. Strengthening these areas would support a more systematic approach to financial risk management and value for money.

The findings indicate that financial risk management practices are generally implemented in the selected local governments, as reflected by the grand mean of 2.5212. This is consistent with Maphangwa et al. (2024), who found established risk-management practices in Thulamela Local Municipality. In the present study, respondents agreed that financial risks are identified ($M = 2.5556$), internal controls safeguard public funds ($M = 2.9048$), financial transactions are verified before payment ($M = 2.7937$), and procurement expenditures follow approved budgets ($M = 2.6508$). These findings indicate that routine financial controls are relatively strong, consistent with Muchimba and Chibomba (2026), who emphasized internal controls, financial due diligence and audits in managing procurement risks.

However, proactive risk-management practices remain weak. Respondents disagreed that financial risks are assessed before procurement expenditure approval ($M = 2.1905$), financial impacts of identified risks are evaluated ($M = 2.0317$), and an updated financial risk register is maintained ($M = 1.6984$). These findings indicate weaknesses in systematic risk assessment, documentation and monitoring, despite the importance of such practices emphasized by Maphangwa et al. (2024). They also suggest limited application of risk-response approaches highlighted by Tyozenda (2026). Doh (2019) further supports the importance of risk management in local-government procurement.

Overall, the findings support the existing literature while showing that routine financial controls are stronger than proactive risk identification, assessment and monitoring.

Research Question 3: Is there a statistically significant difference in staff members' perceptions of financial risk management practices across different education levels in selected local governments in the West Nile Sub-region, Uganda?

The null hypothesis stated that there is no statistically significant difference in staff members' perceptions of digital procurement readiness across different education levels. A one-way ANOVA was used to test whether mean perceptions differed significantly across the education-level groups. The results are presented in Tables 5.

Table 5: ANOVA

Financial risk management practices

	<i>Sum of Squares</i>	<i>Df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Between Groups	1.223	2	.612	2.688	.076
Within Groups	13.650	60	.227		
Total	14.873	62			

The one-way ANOVA results presented in Table 5 examined whether respondents' perceptions of financial risk management practices differed across education levels. Respondents were grouped into Diploma holders ($n = 11$), Bachelor's degree holders ($n = 38$), and Master's degree holders ($n = 14$). The results indicate no statistically significant difference among the three groups, $F(2, 60) = 2.688$, $p = .076$. Since $p > .05$, the null hypothesis was not rejected, indicating that education level did not significantly influence perceptions of financial risk management practices in the selected local governments.

This finding can be interpreted within the Technology–Organization–Environment (TOE) Framework of Tornatzky and Fleischer (1990), which emphasizes organizational and technological conditions rather than individual characteristics alone. Maphangwa et al. (2024) identified gaps in staff expertise and information technology as challenges to effective risk management, while Twishime and Mbonigaba (2025) emphasized technical expertise and institutional capacity in achieving effective risk mitigation through e-procurement. Thus, the non-significant result suggests that formal

educational attainment alone may not determine financial risk-management practices; practical expertise, technological capacity and organizational support may be more influential.

Research Question 4: Is there a statistically significant relationship between digital procurement readiness and financial risk management practices in selected local governments in the West Nile Sub-region, Uganda?

This research question examined the relationship between digital procurement readiness and financial risk management practices in selected local governments in the West Nile Sub-region, Uganda. It guided the testing of the null hypothesis that there is no statistically significant relationship between digital procurement readiness and financial risk management practices. The hypothesis was tested using linear regression analysis to determine whether digital procurement readiness significantly predicts financial risk management practices in the selected local governments.

Table 6. Regression Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.761 ^a	.580	.573	.32010

a. Predictors: (Constant), Digital procurement readiness

Table 7. ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	4.323	1	8.623	84.151	.000 ^b
Residual	7.173	61	.102		
Total	11.496	62			

a. Dependent Variable: Financial risk management practice

b. Predictors: (Constant), Digital procurement readiness

Table 8 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Digital procure ment readines s	.885	.183		4.837	.000
	.668	.073	.761	9.173	.000

a. Dependent Variable: Financial risk management practice

The Model Summary presented in Table 6 indicates a strong positive relationship between digital procurement readiness and financial risk management practices in selected local governments in the West Nile Sub-region, Uganda ($R = .761$). The coefficient of determination ($R^2 = .580$) indicates that digital procurement readiness accounts for 58.0% of the variation in financial risk management practices. The adjusted R^2 of .573 shows that the model retains substantial explanatory power after adjusting for sample size. The remaining 42.0% of the variation is attributable to other factors not included in the model.

The ANOVA results presented in Table 7 indicate that the regression model is statistically significant ($F = 84.151$, $p < .001$). This finding demonstrates that digital procurement readiness is a statistically significant predictor of financial risk management practices in the selected local governments.

The regression coefficients presented in Table 8 further indicate that digital procurement readiness is a positive and statistically significant predictor of financial risk management practices ($\beta = .761$, $t = 9.173$, $p < .001$). The unstandardized coefficient ($B = .668$) indicates that a one-unit increase in digital procurement readiness is associated with a 0.668-unit increase in financial risk management practices. The positive coefficient therefore suggests that higher levels of digital procurement readiness are associated with stronger financial risk management practices in the selected local governments. This finding is consistent with the Technology–Organization–Environment (TOE) Framework, which posits that technological, organizational, and environmental conditions influence an organization's capacity to adopt and effectively implement technological innovations. In the context of local governments, the significant positive relationship suggests that adequate ICT infrastructure, digital skills, organizational support, management commitment, and institutional preparedness for e-GP may contribute to stronger financial risk management practices. Improved digital procurement

readiness may facilitate better procurement documentation, transaction monitoring, compliance, reporting, and control, which are important components of effective financial risk management.

Since the p-value ($< .001$) is less than the 0.05 significance level, the null hypothesis stating that there is no statistically significant relationship between digital procurement readiness and financial risk management practices in selected local governments in the West Nile Sub-region, Uganda, is rejected. The study therefore concludes that digital procurement readiness is positively and significantly associated with financial risk management practices in the selected local governments.

VII. Conclusion

This study examined the relationship between digital procurement readiness and financial risk management practices in selected local governments in the West Nile Sub-region, Uganda. The findings established a strong, positive, and statistically significant relationship between the two constructs ($R = .761$, $R^2 = .580$, $p < .001$). Digital procurement readiness explained 58.0% of the variation in financial risk management practices, demonstrating its importance in strengthening financial risk management.

The findings further indicate that digital procurement readiness extends beyond technology availability to include staff competence, training, management support, procurement-ICT coordination, and organizational preparedness. Thus, e-GP can support not only procurement efficiency but also financial risk control through improved transaction verification, documentation, monitoring, transparency, and accountability.

The study also demonstrates that technology investments may have limited benefits without adequate institutional and human capacity. Therefore, e-GP implementation should be viewed as an institutional transformation rather than merely a technological intervention.

However, the 42.0% unexplained variation indicates that other factors, including institutional capacity, financial controls, regulatory compliance, leadership, staff capacity, risk-management systems, and organizational culture, may also influence financial risk management. The study therefore contributes evidence that greater digital procurement readiness is associated with stronger financial risk management while highlighting the importance of complementary institutional and human-capacity measures.

Recommendations

1. Strengthen digital infrastructure: Selected local governments should improve ICT infrastructure, internet connectivity, digital records management, and systems integration to support e-GP and financial risk management.
2. Build staff capacity: Local government management should prioritize staff training, digital skills, procurement-ICT coordination, and management support while strengthening financial risk registers, pre-procurement risk assessment, procurement-risk controls, and emerging-risk monitoring.
3. Strengthen institutional support: The Ministry of Local Government, PPDA, and other relevant authorities should provide technical guidance, standardized e-GP frameworks, capacity building, and resources to support sustainable digital procurement and financial risk management.
4. Undertake further research: Future studies should examine other determinants of financial risk management, including institutional capacity, leadership, financial controls, regulatory compliance, and organizational culture.

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