

**BUDGET PROCESS AND FINANCIAL PERFORMANCE IN LOCAL
GOVERNMENT : A CASE OF BUKEDEA DISTRICT LOCAL GOVERNMENT**

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**UGANDA CHRISTIAN
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DECLARATION

I **ENGOLE SAM** hereby declare that the work presented in this research report is my own and has never been submitted in any academic institution for an award where the work of others has been referred to, it has been duly acknowledged.

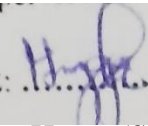
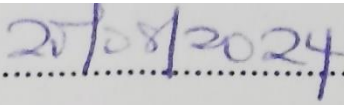
SIGNED

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DATE: 28th.08.2028

APPROVAL

This is to certify that this study has been carried out under our supervision and has been submitted for examination with my approval.

Signed... :  DATE: 

Mr. Omache Henry (Supervisor)

DEDICATION

I dedicate this research to my family for the tremendous support all round my educational journeys, sisters and my brothers for the motivation and inspiration to make life a better place for all

ACKNOWLEDGEMENT

I would like to give thanks to the Almighty God, for His grace, wisdom, perseverance and guidance. I wish to extend my heartfelt gratitude to my supervisor Mr.Omache Henry for the guidance, constructive feedback, kind support and tolerance during the period of writing this dissertation and will always be grateful to them.

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To my team of family and friends, your direct and indirect support is recognized and I am always thankful to you in all my endeavors.

To My future husband, this without you would be an endless journey. Thank you my dear friend, colleague, classmate and all you have been during this journey

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ABBREVIATIONS

CAO	:	Chief Administrative Officer
IDA	:	International Development Assistance
MOFPED	:	Ministry of Finance, Planning and Economic Development
MOPS	:	Ministry of Public Service
NGOs	:	Non-Governmental Local governments
NPM	:	New Public Management
S/C	:	SubCounty

ABSTRACT

The study examined the effect of budget process on the financial performance in Bukedea district. It also looked at the following research objectives which include but not limited to; examining the influence of budgetary planning on the financial performance; assessing the influence of budget implementation on the financial performance and determining the influence of budget control on the financial performance of Bukedea district. The study used a cross-sectional study design with a sample size of 75 which was obtained through Morgan and Krejcie (1970).

The study revealed that the budget planning process was participatory and that there is a clear linkage between work plans. However, budgetary participation was undermined by failure to reserve sufficient time for participation and dialogue between relevant stakeholders and for public hearings during the budget planning process, failure to provide councilors with well-arranged and accessible budget material that gives a clear financial overview of past financial performance and failure to make realistic and attainable budgets. The results of this study indicate that there is a significant and positive relationship between budget implementation and the financial performance in Bukedea district. This suggests that despite the weaknesses in the budget implementation processes in Bukedea district like poor accountability, budgetary implementation has a positive influence on the financial performance. This therefore implies that the financial performance improves with better budget implementation.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The chapter gives the study background, problem statement, purpose, objectives, research questions, hypotheses, conceptual framework, significance, justification, scope and operational definitions of concepts.

1.1 Background to the study

The background is reviewed in four perspectives that is historical background, theoretical background, conceptual background and contextual background

1.1.1 Historical background.

The original meaning of the word budget is derived from the British Government context coined from the French word “baguette” meaning a small purse (Akitonye, 2020). Public budgeting as it is meant today is a recent invention which was propagated in the early nineteenth century. It came up in response to Government’s major Socio-economic problems and challenges at critical moments in the history (Webber and Wildavsky, 1986; Schick, 2020). Public budgeting started in Britain, France and Germany, and then later spread to the United States of America around the turn of the 20th Century. In Africa formal public budgeting was introduced by the colonial governments (Ekeh, 1975). Within post-colonial Africa in the early 1960s, budgeting was largely influenced by events of the colonial era and the ideological orientations of the leadership (Mandaza, 1986). Fiscal policy formulation was also reactive, its central thrust being to redress colonially inherited challenges in the economy. The post-colonial government viewed national budgeting as its portent tool for advancing the liberation agenda – access to land, education, , accommodation, water, social services, among others. The need to create a solid socioeconomic infrastructure was manifested in its budgetary decisions and allocations (Mandaza, 1986). In the 1990’s to the year 2020, Budgets were formulated under IMF and World Bank-initiated Structural Adjustment Programs (SAPS). One such program was decentralization. In the 1990s, developing countries embraced the decentralization policy as a condition for getting aid from the IMF and the World Bank (Muhumuza, 2020).

In 1992, Uganda adopted a decentralization policy that sought to establish a system of governance underpinned by strong local governments. Subsequently constitutional and legal reforms established Districts and sub-counties as key pillars of local governments through which effective financial performance and local governance is to be attained (Republic of Uganda, 2002). With the implementation of the decentralization policy, deliberate effort was undertaken to decentralize the decision making powers on the planning and budgeting process (Bitarabeho, 2020). The process of fiscal decentralization began in Uganda in 1993/94, when the central government devolved many functions and responsibilities, including the provision of basic services and control of medical personnel from the central MOH to the District level. Fiscal decentralization occurred in a phased manner, with some Districts being decentralized before others (Akin et al, 2019). Although decentralization of services has been pursued over the last two decades, there is widespread consensus that the financial performance of the District under the decentralized setting is less than desirable (Action for Development, 2020; Bashasha, Mangheni & Nkoya, 2020). The current sought to find out whether budget planning in the decentralized setting has any influence on the financial performance of District local governments in Uganda taking Bukedea district Local Government as a case study.

1.1.2 Theoretical background

Since budgeting is about setting financial goals and working towards achieving these goals, the study will be informed by the Goal Setting Theory which was advanced by Locke et al (2019). Goal setting theory states that properly conceived goals trigger a motivational process that improves financial performance. Locke et al. suggest that goal setting has a beneficial impact on the direction, level, and duration of effort. Since goal setting involves establishing specific, difficult goals. Locke et al. claim that acceptance of specific goals focuses attention on relevant activities. Consequently, goal setting directs effort to accomplish these activities. In addition, they claim that acceptance of specific, difficult goals ensures that individuals will continue effort over time (duration) in an attempt to attain goals. Locke et al. claim that goal setting can indirectly focus effort by stimulating individuals to develop effective strategies or plans for attaining goals.

1.1.3 Conceptual background

The key variables in this study are budget planning and the financial performance of the District. Budget planning is the financial analysis of the amount of money present in correspondence to the amount of resources allocated for the financial performance of various duties. Once the

correspondence is made then the money allocated is used for that particular operation (Yang, 2019). For this study, budget planning was measured in terms of; budgetary planning, budgetary implementation and budgetary monitoring.

The concept budgetary planning refers to processes and activities that are aimed at developing quantitative goals of the organization and preparing various budgets (Bodie & Merton, 2020). According to Yang (2019), complete capital budgeting process involves a series of actions, including generating investment project proposals consistent with the firm's strategic objectives, estimating after-tax incremental operating cash flows for the investment projects, evaluating project incremental cash flows, selecting projects based on a value-maximizing acceptance criterion, re-evaluating implemented investment projects continually, and performing post audits for completed projects.

Budget implementation involves execution of activities as per approved work plan and budget (Okori, 2019). According to the International Monetary Fund (2013), budget implementation, refers to the process of delivering services by undertaking expenditures. There are usually six main stages in the spending stages as suggested by the IMF (2013). They include; authorization of expenditure, commitment stage, verification stage, payment authorization, payment stage and the accounting stage.

The concept budget planning refers to processes that are aimed at ensuring that the implementation of the work plan is being followed, value for money is obtained, book keeping, accounting and reporting is followed (Okori, 2019). According to the OECD (2019), Cashiers involves a series of processes like; control and monitoring of expenditure, control and monitoring of income, cash and debt management, internal controls, budget modification and financial reporting.

District financial performance therefore refers to how well the District is achieving its objectives (Jeppsson & Okuonzi, 2019). For this study, District financial performance was conceptualized in terms of; functionality of facilities, availability of drugs in the facilities, financial performance of workers and availability and functionality of medical equipment in the facilities

1.1.4 Contextual background

The general objectives of decentralization within the wider context are to bring political power closer to local communities, to respond to local needs, to build local capacity, and to improve accountability. Specifically for the District, improvement was expected in the form of increased utilization of services, better access to services, more coverage of the population with basic

services, better quality of care and, ultimately, a decline in the rate of illness and death (Jeppsson & Okuonzi, 2020). However, according to Jeppsson and Okuonzi, existing data show no improvement in social services or people's quality of life during the period of the reform. Many indicators have either remained the same or worsened (Bashasha et al, 2020). It is no longer contested that services in the rural areas have been deteriorating, while key infrastructure such as facilities have not improved.

Bukedea district attained District status in 1989. Like most local governments in Uganda; Bukedea district Local Government is faced with challenges of financial performance. The quality of service provision is still dismal (Bukedea district Local Government, 2020).

Tumushabe et al (2019) reports that in Bukedea district, there is steep decline in spending on primary care following decentralization and that funds intended for facilities are used for administrative costs that workers were rarely present and that drugs and supplies were diverted for personal gain. It is also reported that the District alters the budget share of public goods and other types of activities during the decentralization process. Between the period 1995/96 and 1997/98, the overall budget share allocated to the public goods category of activities decreased from nearly 50% of the total budget to around 30%. Their results indicate a movement of resources out of highly public activities into brick, mortar and staff amenities; in other words away from societal benefit goods towards expenditures that benefit District managers and employees. This brings into question the widely held assumption that decentralization necessarily increases social welfare (Akin et al, 2019). The study therefore sought to determine the influence of budget planning on the financial performance of the District under a decentralized setting using Bukedea district Local Government as a case study.

1.2 Problem statement

The budgeting process within local governments is critical for efficient service delivery and resource management, but the actual process in Bukedea District Local Government reveals significant discrepancies from ideal practices. For instance, only 45% of allocated budgets were effectively utilized, with a substantial portion remaining unspent or misallocated (Local Government Finance Commission, 2023). In the 2020/2021 fiscal year, Bukedea District saw only 38% of planned expenditures fully implemented (World Bank, 2021), primarily due to inadequate budgetary controls and poor financial planning. The Office of the Auditor General (2022) highlighted that about 30% of budget allocations for health and education were delayed or

mismanaged. This underfinancial performance continued into 2021/2022, with budget implementation rates dropping to 35% (Uganda Bureau of Statistics, 2022), compounded by financial mismanagement and inadequate adherence to procurement procedures. Despite some improvements in 2022/2023, with expenditure execution rising to 40% (European Union, 2023), the district still faced challenges such as inefficient resource allocation and insufficient monitoring, with approximately 25% of the budget not utilized effectively. These inefficiencies indicate a significant gap between ideal budgeting practices and actual financial performance, underscoring the need for enhanced financial management, better planning, and improved oversight to ensure that budget allocations translate into tangible community benefits.

1.3.0 Purpose of the study

The study examined the influence of budget monitoring on the financial performance in Bukedea district

1.3.1 Objectives of the study

The study was guided by the following specific objectives.

1. To examine the influence of budgetary planning on financial performance in Bukedea district;
2. To assess the influence of budget implementation on financial performance in Bukedea district;
3. To determine the influence of budget evaluation on financial performance of Bukedea district

1.4.0 Research questions

1. What is the influence of budget planning on financial performance in Bukedea district?
2. What is the influence of budget implementation on financial performance of Bukedea district?
3. What is the influence of budget evaluation on financial performance in Bukedea district?

1.5 Significance of the study

The findings and recommendations arising from this study may be used by stakeholders namely, the central government, local governments and donors to improve the budget planning process and the financial performance of District financial performance in local governments.

The study may benefit the people of Bukedea district in such a way that it will propose recommendations that may lead to better local government financial performance and subsequently financial performance.

To the academia, the study is expected to contribute to the body of knowledge regarding the

influence of budget planning and the financial performance of the Districts. Thus, the study may serve as a reference point for future scholars, academicians and researchers who are interested in the topic.

1.6.0 Scope of the Study

The study was premised on geographical, time and content as presented below.

1.6.1 Content Scope

The content scope of this study shall focus on budget process and financial performance in Bukedea district

1.6.2 Geographical scope

The study was conducted in Bukedea District, which is located approximately 195 kilometers northeast of Kampala, the capital city of Uganda. The district is bordered by Kumi District to the north, Ngora District to the east, and the towns of Mbale and Pallisa to the west and south respectively.

1.6.3 Time Scope

The study covered a period of 3 years starting from for example 2019/2020, 2020/2021, 2021/2022. This is because during this period, there were a lot of inefficiencies in Bukedea district hence the pressing need by the researcher to discover facts and accord solutions to these challenges

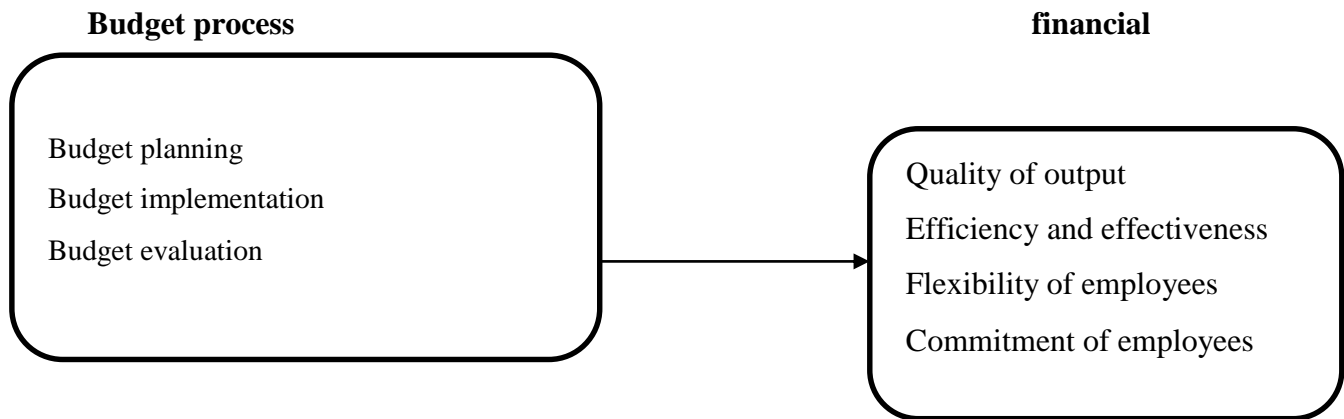
1.7 Justification of the Study

The study is important and timely because Bukedea district is faced with both budget planning and financial performance challenges and yet no study has been commissioned to find out whether budget planning has any significant influence on the financial performance of the District. There is therefore need for a study to fill this knowledge gap by coming up with specific findings and recommendations to improve the status quo

1.8 Conceptual framework showing relationship between budget process and financial performance

INDEPENDENT VARIABLE

DEPENDENT VARIABLE



INTERVENING VARIABLES

Source: Adopted from the Levingers theory (1999) and modified by the researcher (2023).

The above conceptual framework presents the relationship between budget process and financial performance of the District. The conceptual framework assumes that efficient budgetary planning; implementation and budget evaluation result into improved financial performance in a local government setting. This means that financial performance in a decentralized setting improves with improved budget planning

1.9 Definition of operational terms

Budget planning refers to developing quantitative goals of the organization and preparing various budgets

Budget implementation refers to the execution of activities as per approved work plan and budget

Budget process refers to activities undertaken to ensure that the implementation of the work plan and budget is being followed.

Financial performance of the District refers to how well the District settings is achieving their goals and objectives.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter presents related literature on budget planning and the financial performance of the District under a decentralized setting. The aim is to present theoretical dimensions related to the topic under investigation, and to specifically review literature on the influence of budgetary planning, implementation and monitoring on the financial performance of the District under a decentralized setting.

2.1 Theoretical Literature Review

According to Stoker (1997), public or community participation means taking part in any of the processes of formulation, passage and implementation of public policies. In addition, Midgley et al (1996) assert that cooperation and mutualism are natural human instincts and characteristic of primordial social organization. All human beings right from the creation of humanity are born with the desire to live and work together to achieve a common good. In Arnstein's (1969) Ladder of Participation Theory, there are different levels of participation, from manipulation or therapy of citizens, through to consultation and what might be viewed as genuine participation. However, critics of this theory argue that the use of the ladder implies that more control is always better than less control although increased control may not always be desired by the community and increased control without the necessary support may result in failure. Stewart & Taylor (1995), argue that determining which issues the community is allowed to be involved in is central to an understanding of participation and empowerment. That control 17 of the agenda for discussion is a covert dimension of power, which is highly important but often forgotten in practice, in cases where strategic issues are decided away from the community who are left with only operational issues to determine. They further argue that perhaps the principal weakness of the ladder models is the failure to acknowledge the different spheres of decision making in which their levels of participation can occur. According to the Participatory Development Theory (Burkey, 1993), there is need for development efforts to be people centred by focusing on "bottom-up" planning, where by ordinary people are involved in the planning and management of their own development initiatives. The participatory development theorists argue that development requires sensitivity to cultural diversity as well as sensitivity to local views and needs. It encourages the active

involvement of all people in making decisions about implementation of processes, programs and projects which affect them. Participation is viewed as the exercise of people's power in thinking, acting and controlling their actions in a collaborative framework (Slocum et al, 1995). Roodt (2001) & Dodds (1986) further note that a participatory development approach stresses the participation of the majority of the population in the process of development. This approach views development as a process which focuses on the community's involvement in their own development using the available resources and guiding the future development of their community. It emphasizes concepts such as capacity building, empowerment, sustainability and self-reliance. Therefore, all the theories reviewed above point to the need to involve the people, who are the intended beneficiaries of projects in their planning, implementation and maintenance for purposes of sustainability, implying that the community have the answers to its own development challenges and if meaningfully engaged, given the right resources and control over them, they can be great champions of their own development

Since budgeting is about setting financial goals and working towards achieving these goals, the study will be informed by the Goal Setting Theory which was advanced by Locke et al (2019). Goal setting theory states that properly conceived goals trigger a motivational process that improves financial performance. Locke et al (2019) suggest that goal setting has a beneficial impact on the direction, level, and duration of effort. Since goal setting involves establishing specific, difficult goals. Locke et al. claim that acceptance of specific goals focuses attention on relevant activities. Consequently, goal setting directs effort to accomplish these activities. Also, they claim that more difficult goals (if accepted) translate directly into a greater level of effort in accomplishing relevant activities. In addition, they claim that acceptance of specific, difficult goals ensures that individuals will continue effort over time (duration) in an attempt to attain goals. Locke et al. claim that goal setting can indirectly focus effort by stimulating individuals to develop effective strategies or plans for attaining goals. Goal setting theory is suitable for this study because budgeting is about setting goals and working towards accomplishing these goals through managing budgets for successful organizational and sectoral financial performance.

2.2 Budgetary Planning and Financial performance of the District

Setting objectives is an integral component of the strategic planning process, and evidence shows that objective setting has strong organizational value (Armstrong, 1982). Modern corporate planning involves the setting of financial performance standards in advance for all departments and

the entirety of the organization. These financial performance standards according to Drury (2004), embracing all the activities of an organization together, form a plan or a budget, which gives the direction and indication for future management. This at the same time provides the standard by which actual result can be measured (Okpanachi & Mohammed, 2013).

Budget target setting consists of establishing specific, measurable time targeted objectives. Goals provide a sense of direction and purpose (Locke & Schweiger, 1979). In a study of behavioral effects of goal setting, Locke and Schweiger (1979) conclude that 90% of laboratory and field studies involving specific and challenging goals led to higher financial performance than easy or no goals. However, when budget targets are established at a management level and thereafter solely laid down, employee motivation with regard to achieving these targets is rather suppressed (Locke & Latham, 2002). In addition, they are of the opinion that, in order to increase motivation the employees not only require to be allowed to participate in the target setting process but the goals have to be challenging as well; demanding targets extract better financial performance but unattainable targets tend to be counter-productive.

Joshi, et al. (2019) also examined budgeting, budgetary control and financial performance evaluation practices in a developing country by conducting a questionnaire survey of 54 medium and large sized firms including both the listed and non-listed firms in Bahrain and his research found out that most of the firms prepared long range plans and operating budgets and used budget variances for measuring a manager's financial performance, for timely recognition of problems and for improving the next period's budget. Wijewardena and De Zoysa (2001) argue that the impact of budget planning on financial performance may vary from firm to firm depending on the extent of its use. The greater extent of the formal budgeting process should have a positive impact on the financial performance of SMEs.

A budget can be an effective management tool if properly prepared with realistic statistical data (Holmes & Hurley, 2019). Various departments in an organization should be requested to maintain well-kept historical documents for their record. Statistical record should be properly maintained, realistic budgeting estimate and data should be utilized for budget planning and evaluation.

Uganda's decentralization policy is based on the devolution of powers, functions and responsibilities to popularly elected local governments (Local Government Act, 1997). The local governments have powers to make and implement their own development plans; to make, approve and execute their own budgets; to mobilize and expend resources according to their local priorities; to appoint statutory committees, boards and commissions; to make ordinances and by-laws that are

consistent with the Constitution and other existing laws; to hire, manage and fire personnel and to implement a broad range of decentralized services previously handled by the center (Government of Uganda, 2019).

Article 191 of the 1995 Constitution of the Republic of Uganda, and Section 81 (1) of the CAP 243, empower local governments to formulate, approve and execute their budgets and plans and to collect revenue and spend it. However, this is constrained by the requirement to accord the National Priority Programme Areas (NPPAs) priority. Currently, these include: education, clean and safe water, health, feeder roads, and agricultural extension. Under Section 178 (3) of the LGA, the Local Government Finance Commission (LGFC) is required to inform the Council and the President through the Minister of Local Government (MoLG) for appropriate action if a local government budget significantly detracts from NPPAs.

A study conducted in Uganda by the Uganda Debt Network (2020) established that while there is a clear legal and institutional framework that provides for planning and budgeting both at the national and local government levels. The framework provides for consultative and participatory approach in planning and budgeting, though not all policy stakeholders have benefited from it. The Uganda Debt Network further reported that while local government administration staff are aware of and knowledgeable about budgeting guidelines, schedules and processes, which implies that budget information is disseminated by the Centre and received at local government level, these guidelines and processes have not been completely followed and adhered to by local governments (Uganda Debt Network, 2020).

Limited participation in the budget setting process in Uganda's local governments has been identified as a challenge to the budget planning process. Under the Uganda Local Government Act, citizens have the right to participate in annual budget conferences at each level of local government. In many cases this is little more than a formality, with participation limited to a few special-interest groups (Blore et al., 2004). Accountability depends on information being available to citizens, in a sufficiently comprehensible form, on how resources are being used (Goetz et al., 2001). Although local governments are displaying financial/accounting information in public places, such information is deliberately too broad and technical for the public to understand (Kiwauka, no date). This is supported by the Uganda Debt Network which observes that the planning and budgeting process at local government level is boxed in a fixed and non- flexible schedule, which sometimes renders the principles of participatory consultations as provided for in the Budget Act of 2001 ineffective.

While earlier studies provide evidence that there is a link between budgetary planning and the financial performance of the District, most of the studies are based on anecdotal observations and expert opinions. Few studies provide empirical evidence on the actual influence of budgetary planning whether positive or negative on the financial performance of the District. This study therefore sought to fill this contextual gap by determining in statistical terms the influence of budgetary planning on the financial performance of the District. The study found that budgetary planning had a positive significant influence on the financial performance of the District implying that the financial performance of the District improves with better budgetary planning.

2.3 Budget Implementation and Financial performance of the District

Budget implementation involves execution of activities as per approved work plan and budget (Okori, 2019). There is no doubt that budget implementation at local government level in Uganda is faced with challenges. Bitarabehe (2020) identifies a number of challenges facing budgetary implementation in Uganda as; low local revenues which constitutes about 5% of local government budgets. This poses a challenge of operation and maintenance of investments; little discretionary funding available to local governments. Most of the funds are conditional grants and on sector basis which constitutes 88% despite the fact that there are negotiations, lack of adequately skilled manpower to provide basic services and recentralization of staff by sector ministries (Bitarabehe, 2020).

Furthermore, the Uganda Debt Network (2020) found that politicians, especially in the District councils, often allocate the majority of resources to sectors that have physical and visible outputs and thus can attract public attention and subsequently strengthen their political base. Such sectors include health, education and roads, among others. On taking a deeper look at education budgets of the two Districts' local governments; the Uganda Debt Network (2020) observed that classroom construction activity is allocated the highest budget line. However, the activity has over time been characterized by corruption in the awarding of tenders, which has led to shoddy work done and the ultimate poor quality buildings.

In Uganda it has been reported that budget financial performance at local government level is mainly measured by carrying out finance and output audits with less emphasis on measuring the extent to which the budgets improve the livelihoods of the poor. There is no clear linkage between budget execution and poverty reduction (Makara, 2020).

The Uganda Debt Network reports that because local governments are increasingly relying on

resources sent from the center as a result of diminishing local revenue, most local governments have tended to concentrate on managing these resources and dedicate less time and attention to devise means of mobilizing alternative sources of revenue. Attention on management of resources has also negatively impacted on their efforts to deliver services to reduce poverty.

Ugwuanyi and Ebe (2020) investigated the effect of accounting practices on budgetary implementation in Enugu State owned industries in Nigeria and found that there exist poor accounting practices in government owned industries in Enugu State and also appropriate budgetary implementation are hardly kept by these industries. Ugwuanyi and Ebe (2020) findings are supported by earlier findings reported by Chiejina (2020) that Nigeria produces the best annual budget in the whole of sub-Saharan Africa; however, poor budget implementation by the executive arm of government at the local, state, and federal levels has sabotaged key public infrastructures such as transport, power, and communication among others.

Whereas earlier studies provide evidence that there is a link between budgetary implementation and the financial performance of the District, most of the studies are based on anecdotal observations and expert opinions. Few studies provide empirical evidence on the actual influence of budgetary implementation whether positive or negative on the financial performance of the District. This study therefore sought to fill this contextual gap by determining in statistical terms the influence of budgetary implementation on the financial performance of the District. The study found that budgetary implementation had a positive significant influence on the financial performance of the District implying that the financial performance of the District improves with better budgetary implementation.

2.4 Budget evaluation and financial performance of the District

Budget evaluation is a systematic process to measure the demonstrable effect of an intervention for various activities carried out as part of project. Methods like Management by Objective (MBO) evaluation method, 180 degree method and 360 degree method can be adopted.

Benchmarks can be used to evaluate the budget in that one can rely on comparisons by the established benchmarks based on the history of the previous budgets, experience of others. They reflect efficiency and productivity depending on the types of indicators set for financial performance assessment.

Benchmarks are the best-practice standards defined by experts or the financial performance of actual enterprises that are comparable with the one under review (Anwar, 2006).

Reviewing the budget monthly and annually provides valuable insights into how money spent helps to review budget to meet ones financial goals , it allows the government to evaluate the financial performance against plan and thus analyze cause of financial deviations and inform appropriate management decisions.

Lukito (2014) explained that there are three types of interrelated indicators in the Value for Money concept namely indicators of input, output, and outcomes. Relationship between inputs, outputs, and outcomes will assess efficiency and effectiveness, or Value for Money. Mardiasmo (2011) explains that the objectives desired by the community include accountability regarding the implementation of Value for Money is major in the procurement and allocation and efficient utilization of resources of resources as well as maximizing benefits and minimizing costs in order to achieve goals and objectives.

According to Tumushabe et al (2019), the most comprehensive and systematic process of monitoring the financial performance of local governments is undertaken by the Ministry of Local Government. The Ministry undertakes an annual national assessment of minimum conditions and financial performance measures for local governments. The results from the assessment of minimum requirements are used to determine the local governments’ ability to access Conditional Grants especially the Local Development Grant and Capacity Building Grant. MoLG receives funding from different development partners for the implementation of the Local Government Sector Investment Plan, part of which is committed to funding the annual national assessment exercise. Local Governments that perform well are rewarded with a 20% increase in funding while local governments that perform poorly are penalized with a 20% reduction of allocation (Tumushabe et al, 2019).

Besides official government processes, financial performance and budget evaluation is also undertaken by civil society organizations. Organizations such as the Uganda Debt Network (UDN) and Kabarole Research Centre (KRC) have piloted community programmes that focus on monitoring financial performance and accountability. For example, the Community-Based Monitoring and Evaluation System (CBMES) piloted by UDN is an approach for engaging communities in continuous monitoring and evaluation of government programmes (Uganda Debt Network, 2004; 2020). Participatory approaches are used in selecting monitoring sites, selecting community representatives, developing monitoring tools, identifying monitoring areas, collecting and analyzing information, and presentation of findings without limiting community involvement (Lukwago, 2004 as cited in Tumushabe et al., 2019). The Poverty Resource Monitoring Tool

(PRMT) piloted by KRC in the Rwenzori region aims at empowering communities to monitor the provision of critical public services in schools as well as infrastructure projects. The Partnership for Public Expenditure Monitoring (PPEM) tool which is based on the CBMES and the PRMT is used by KRC and the Gulu District NGO Forum as an independent civil society hybrid mechanism to assess, monitor, review and evaluate financial performance of government policies, programmes and public expenditure in a systematic way (Tumushabe et al, 2019). Finally, in 2009, the Advocates Coalition for Development and Environment (ACODE) launched the Citizens' Budget Tracking and Information Centre (CBTIC) to build citizens' demand for transparency and accountability with respect to the budget and budget related process. The CBTIC monitors the full cycle of the budget ranging from government revenue to budget allocations, out-turns and financial performance (Tumushabe et al, 2019).

While earlier studies provide evidence that there is a link between budgetary monitoring and the financial performance of the District, most of the studies are based on anecdotal observations and expert opinions. Few studies provide empirical evidence on the actual influence of budgetary monitoring whether positive or negative on the financial performance of the District. This study therefore sought to fill this contextual gap by determining in statistical terms the influence of budgetary monitoring on the financial performance of the District. The study found that budgetary monitoring had a positive significant influence on the financial performance of the District implying that the financial performance of the District improves with better budgetary monitoring.

2.5 Summary and Gaps Identified in the Literature

The chapter presented related literature on budget planning, budget implementation and budget planning on the financial performance of local government organizations. However, there is plenty of literature on budget planning in local governments; most of the literature does not specifically show in statistical terms how budget planning affects the financial performance of local governments. Literature does not specify whether budget planning positively or negatively affects the financial performance of local governments. This study sought to fill this knowledge gap. The other gap identified in the literature is a contextual gap. Most studies conducted were general studies about local governments in Uganda and elsewhere and not in Bukedea district. It is not clear if budget planning affects the financial performance of Bukedea district Government the same way it affects financial performance in other local governments. Thus the current study sought to fill the above contextual gap. The study found that budget planning has a significant positive

influence on the financial performance of the District implying that the financial performance of the District improves with better budget planning

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction.

This chapter presents the methods which were used to conduct the study. It includes the description of the research design, the population of the study and sample size, sampling techniques, data collection methods, data collection instrument, validity and reliability tests, research procedure, and data analysis techniques.

3.1 Research design

A cross-sectional study design was adopted for this research because it enabled an in-depth study and facilitated the collection of data at one point in time, as Sekaran (2019) suggested. In addition, the study adopted a triangulation of both quantitative and qualitative approaches to assess the contributions of the budget process on financial performance in Bukedea district. In this case, the quantitative approach allowed the researcher to solicit information expressed in numerical format, while the qualitative approach complemented the quantitative approach by soliciting more detailed information expressed in textual format (Mugenda & Mugenda, 2018).

The quantitative approach was used to quantify incidents, describe conditions, and assess the contributions of the independent variable to the dependent variable using the information gained from the questionnaire. The qualitative approach was employed to provide an explanation of events and descriptions through interviews (Amin, 2015). The study was both descriptive and analytical, where description involved surveys and fact-finding inquiries of different kinds, while the analytical approach involved using existing facts or information to analyze them and make a critical evaluation.

3.3 Study Population.

The study used a population of 430 respondents, which consisted of a range of administrative and financial officials within the district. This included the Chief Administrative Officer (1), Assistant Chief Administrative Officer (1), District Planner (1), Town Clerks (2), Chief Finance Officer (1), Subcounty Chiefs (14), Subcounty Councilors (338), District Councilors (34), Internal Auditors (5), Accountants (12), Accounts Assistants (6), Assistant Community Development Officers (2), Parish Chiefs (9), and Auditors (4). This population was selected to provide a comprehensive representation of the key stakeholders involved in district-level decision-making, financial

management, and policy implementation. The inclusion of these varied roles ensures that the study captures diverse perspectives and insights into the functioning and management of district affairs, which is crucial for drawing meaningful conclusions.

3.4 Sample Selection and Size

The study used a sample size of 274 respondents, drawn from an accessible population of 430, determined using Krejcie and Morgan's Table (1970). This sample included key administrative and financial officials within the district, such as the Chief Administrative Officer (1), Assistant Chief Administrative Officer (1), District Planner (1), Town Clerks (1), Chief Finance Officer (1), Subcounty Chiefs (12), Subcounty Councilors (201), District Councilors (21), Internal Auditors (5), Accountants (9), Accounts Assistants (6), Assistant Community Development Officers (2), Parish Chiefs (9), and Auditors (4). Krejcie and Morgan's Table was used to ensure that the sample size was statistically appropriate, providing a representative and reliable basis for drawing conclusions from the study's findings.

The sample size constituted of 75 respondents as shown in table below

Table 1: Sample size

Respondent	Accessible Population	Sample Size(N)	SamplingMethod
CAO	1	1	Purposive
ACAO	1	1	Purposive
District planner	1	1	Purposive
Town clerks	2	1	Purposive
Chief finance officer	1	1	Purposive
Subcounty chiefs	14	12	Simple Random
Subcounty councilors	338	201	Simple Random
District councilors	34	21	Simple Random
Internal auditors	5	5	Purposive

Accountants	12	9	Simple Random
Accounts Assistants	6	6	Purposive
Assistant CDOs	2	2	Purposive
Parish chiefs	9	9	Purposive
Auditors	4	4	Purposive
Total	430	274	

Source: Bukedea district Human Resource Department 2023 and Morgan and Krejuice 1970

3.5 Sampling techniques and procedure

Sampling techniques are classified as either probability or non-probability. In probability samples, each member of the population has a known non-zero probability of being selected. Probability methods include random sampling, systematic sampling, and stratified sampling. In non-probability sampling, members are selected from the population in some non-random manner (Oso & Onen, 2019). Probability sampling refers to a situation where the chance of each member of the population (or more specifically - the chance of each sampling unit) being included in the sample is known prior to drawing the sample. This is the only sampling process that ensures the selection of a representative sample (Amin, 2014).

3.5.1 Purposive sampling

Purposive sampling was employed for specific key officials whose roles were critical to the study. These respondents included the Chief Administrative Officer, Assistant Chief Administrative Officer, District Planner, Town Clerks, Chief Finance Officer, Internal Auditors, Accounts Assistants, Assistant Community Development Officers, Parish Chiefs, and Auditors. This technique was selected to ensure that individuals with specialized knowledge, experience, and decision-making authority relevant to the budget process and financial performance in Bukedea district were included in the study.

3.5.2 Simple Random Sampling

Simple random sampling was utilized for respondents such as Subcounty Chiefs, Subcounty Councilors, District Councilors, and Accountants. This technique ensured that every individual within these categories had an equal probability of being selected for the study, thus enhancing the representativeness of the sample. Simple random sampling helped to reduce selection bias and allowed for the generalization of findings to the broader population.

3.6.0 Data Collection Methods

These were the techniques used for collecting data. Data were collected through both qualitative and quantitative methods (Taket, 2019). For this study, both qualitative and quantitative data were collected with the aid of questionnaires and interview schedules. The qualitative approaches aimed to address the ‘how’ and ‘why’ of the program and used unstructured methods of data collection to fully explore the topic. Questionnaires and interviews were used as the primary methods for data collection.

3.6.1 Questionnaire Survey

The study employed a self-administered questionnaire to collection information from finance and administration, chairman LC 1’s and community based services departments because they had a high number of participants. This is in line with Amin (2015) who noted that questionnaires can be used to obtain information from a large group of people in a given study (Amin, 2015). The questionnaire is an efficient data collection method which has advantages of high complete responses within a short period. Use of questionnaires will allow the respondent sample time to reflect on answers to avoid hasty responses and thus enhance the validity (accuracy) of the responses (Mugenda & Mugenda, 2019). The questionnaire method will also help to reduce on the cost and time implications, besides enabling greater responses.

3.6.2 Interview method

In-depth interviews were used to collect primary data from six key informants, including Councillors and Heads of Departments. This involved the use of a semi-structured interview guide comprising a set of issues on recognition, promotion, and delegation. The method of interviewing using a semi-structured interview guide was deemed appropriate, as the aforementioned categories of staff had vital information but lacked the time to fill in questionnaires (Sekaran, 2016).

3.7.0 Data Collection Instruments

The data were collected using both primary and secondary methods. Primary data involved information acquired directly from respondents through self-administered questionnaires and interview guides (Sekaran, 2019). Secondary data, on the other hand, involved reviewing information gathered from available literature.

3.7.1 Questionnaires

A self-administered, semi-structured questionnaire was the main research instrument used in the study. The questionnaire was employed to collect data from sixty-one respondents across various departments and district staff. The main advantage of the self-administered questionnaire was that it allowed the researcher to collect all completed responses within a shorter period of time (Sekaran, 2019).

3.7.2 Interview guide

An interview guide was used to obtain information from six respondents, including Councilors and Heads of Departments, to ensure uniformity and consistency in the information provided. This guide facilitated the collection of data from top district administration officials and departmental heads. The interview guide was preferred because it allowed for probing questions in addition to predetermined questions, enabling the elicitation of detailed and precise data (Mugenda & Mugenda, 2018). This approach helped in delving deeply into the issues under examination.

3.8.0 Validity and Reliability

The quality of data instrument will be ascertained from the validity and reliability that will be produced.

3.8.1 Validity

Prior to the actual data collection, the developed data collection instruments will be pretested to ascertain their validity. Relevant items will be identified, while the irrelevant ones will be discarded or modified. Particularly, Content validity will be used to ascertain the extent to which the content of the instrument correspond to the theoretical content it was designed to measure (Amin, 2017). The Content Validity Indices found to be higher than 0.5 will be preferred.

3.8.2 Reliability

The study will adopt the test-retest method as propounded by Charles (2018) cited in Amin, (2019), who argued that consistency with which questionnaires (test) items are answered or individual's scores remain relatively the same can be determined through the test – retest method at two different times. Questionnaires will be given to ten respondents after which their responses will be analyzed using SPSS software to establish Cronbach's alpha, which is an index of reliability associated with the variation accounted for by the true score of the underlying construct. The higher the score, the more reliable the generated scale is. if the reliability is above 0.7, as recommended

by (Amin, 2015) would mean that the instruments are reliable.

3.9.0 Data Analysis

The study will use both qualitative and quantitative techniques to analyze data. The researcher will compute qualitative data got from the questionnaire into frequency counts and percentages and will present them into descriptive form. Then Pearson correlation coefficient will be used to measure the degree of association between Monitoring and Evaluation and employee financial performance. Qualitative data from interviews and open-ended questionnaires will be coded, arranged and presented in a narrative form and conclusions be done with references to the descriptions in narration.

3.9.1 Quantitative Data Analysis

Qualitative data will be analyzed using descriptive statistics technique of mean, mode and standard deviation. Data will be processed by editing, coding, entering, and then presented in comprehensive tables showing the responses of each category of variables. Inferential statistics will include correlation analysis using a correlation coefficient in order to answer the research questions.

3.9.2 Qualitative Data Analysis

Qualitative Data analysis will be done using thematic analysis. Responses from the key informants will be sorted and organized in line with the different thematic areas (variables and objectives under study). This will be done by identifying all data that is related to the already classified patterns according to research objectives. All information that fits under the specific pattern will be identified and placed with corresponding patterns and thereafter, data will be combined into themes.

3.10 Measurement of Variables.

The independent variable (employee training, employee development, employee financial performance management) and the dependent variable employee financial performance in terms of timeliness of assignments, completion of targets set for staff to achieve, efficiency and effectiveness of financial performance and Local Government tasks done will be measured on a five point Likert type scale (**1- Strongly disagree, 2-Disagree, 3-Not sure, 4-Agree and 5-Strongly agree**). The choice of this measurement is that each point on the scale carries a numerical score which will be used to measure the respondents' attitude. According to Mugenda (2018) and Amin (2015), the Likert scale is able to measure perception, attitudes, values and behaviors of

individuals towards a given phenomenon.

3.11 Ethical Considerations

The researcher will emphasize confidentiality of all her research findings informed all respondents what their participation demands, the risks and benefits of participating in the study, how their confidentiality would be maintained, their right to refuse to participate in the study, and the right to refuse to answer any question during the interview process (Creswell, 2019). The respondents' names were withheld to ensure anonymity and confidentiality in terms of any future prospects.

3.12 Research procedure

Upon approval of the proposal, the researcher will get introductory letter from the institute which will be presented to the town clerk for permission to carry out the study. The researcher was at the same time write a permission letter to the respondent asking them to participate in the study. After the research study, the researchers write a report and submit it to the institute for examination.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

The study examined the influence of budget process on the financial performance in Bukedea district. This chapter presents the findings of the study. The chapter also presents the analysis and interpretation of results. The presentations are done according to the specific objectives and hypotheses of the study. The first section presents the response rates. The second section presents the background information of the respondents. The third section presents descriptive and inferential statistical results along the three study objectives.

4.1 Response Rates

The response rate of the study was calculated using a formula: targeted response/actual response x100%. The response rate findings using tools are presented in Table 2 below.

Table 2: Response Rates

Tool	Targeted response	Actual response	Response rate
Questionnaire	274	274	100%
Interviews	17	17	100%
Total	291	291	100%

Source: Primary 2023

According to Table 2 above, out of the 291 targeted responses, a total of 291 responses were actually received, resulting in a 100% response rate for both the questionnaire and interviews. Specifically, all 274 targeted questionnaires were completed and returned, and all 17 interviews were conducted, reflecting full participation in the study.

4.2 Background Information

The respondents' demographic characteristics in terms of level of education, total work experience and length of service with Bukedea District were observed and presented in Table 3

Table 3: Background Information

Characteristics	Category	Frequency	Percentage
Level of Education	Secondary	10	11.9%
	Certificate	13	19.4%
	Diploma	10	37.5%
	Degree	12	25%
	Post Graduate	9	6.3%
	Total	54	100
Length of Service	Less than 1 year	4	2.5%
	1-5 Years	20	35%
	More than 5 years	30	62.5%
	Total	54	100

Source: Primary 2023

4.3.1 Level of Education

According to the results in Table 4, 11.9% of the study respondents were educated up to secondary school, 19.4% were educated up to certificate level, 37.5% were diploma holders, 25% were degree holders and 6.3% held post graduate qualifications. The results mean that the health workers and councilors are adequately educated and may be in position to effectively understand issues of budget process and the financial performance. An educated workforce is likely to effectively implement budgets and lead to enhanced health sector financial performance.

4.3.2 Length of Service

According to the study findings, a fair majority 62.5% of the study respondents had worked with the district for a period of more than 5 years, 35% had worked for a period of between 1 and 5 years while only 2.5% of the study respondents had worked for less than 1 year. The results show that the majority of the study respondents were experienced enough to understand issues surrounding budget process and the financial performance. An experienced workforce is likely to effectively implement budgets and lead to enhanced health sector financial performance.

4.4 Budgetary Planning and the Financial performance in Bukedea district

Local Government

The first objective of the study was to determine the influence of budgetary planning on the financial performance in Bukedea district. The respondents were asked to respond to a number of statements regarding budgetary planning. The responses are summarized in Table 5. This objective was analyzed by using the descriptive statistics namely the mean and the standard deviation. The mean portrays the average response on a statement and standard deviation portrays the extent to which scores deviate from the mean. The rating scale was; 1.00-2.74 (strongly disagree), 2.75-3.24 (disagree), 3.25-4.24 (agree) and 4.25-5.00 (strongly agree).

Table 4: Respondents’ opinion on budgetary planning

Statement	Mean	Std. Deviation	comments
The budget planning process is participatory	4.1	1.2	Very high
There is a clear linkage between work plans and Budgets	4.0	1.2	
Sufficient time is reserved for participation and dialogue between relevant stakeholders and for public hearings during the budget planning process	3.1	1.7	high
During the budget planning process, Councilors are provided with well-arranged and accessible budget material that gives a clear financial overview of past financial performance	2.7	1.5	high
During the budget planning process, possible scenarios and the consequences of different choices are provided as a basis for political discussion	2.5	1.3	Moderate
The budget planning process gets the priorities right	2.2	1.2	moderate
The planned budgets are attainable	2.2	1.1	low
The planned budgets are realistic	2.1	1.2	moderate

Source: Primary 2023

According to the results in Table 4, the respondents noted that the budget planning process was participatory (mean=4.1, SD=1.2). This means that the budget planning process at Bukedea district is participatory. Participatory budgeting is likely to improve the budgeting process by enhancing stakeholder trust, sense of control and ego involvement with the budget which then leads to improved financial performance as a result of cooperation from all the stakeholders towards achieving sector objectives.

The study respondents indicated that there was a clear linkage between work plans and budgets (mean=4.0, SD=1.2). This means that at Bukedea district, there is a clear linkage between sector work plans and budgets. When budgets are linked to sector work plans they are likely to improve financial performance in such a way that each of the activities is adequately budgeted for hence allowing for planned expenditure.

According to the results in Table 5, the respondents noted that sufficient time was not reserved for participation and dialogue between relevant stakeholders and for public hearings during the budget planning process (Mean=3.1, SD=1.7). This suggests that at BUKEDEA DISTRICT, sufficient time is not reserved for participation and dialogue among stakeholders for public hearing during the budgeting process. This implies that stakeholder engagement during the budget planning process is low. Low stakeholder engagement in the budget planning process is likely to undermine the financial performance in such a way that there is limited input by the stakeholders in the health sector as such, priorities may not be gotten right.

The respondents disagreed with the statement that during the budget planning process, Councilors are provided with well-arranged and accessible budget material that gives a clear financial overview of past financial performance (Mean=2.7, SD=1.5). This means that the councilors in Bukedea district are not provided with organized budget material that gives a clear financial overview. This is likely to result into poor budget planning due to limited input from the people's representatives who may not be in position to coherently participate and follow the budgeting processes as such priorities like the health sector may not be fully planned for during the budgeting process hence undermining the financial performance of the sector.

The study respondents noted that during the budgeting planning processes, possible scenarios and the consequences of different choices were not provided as a basis for political discussion (mean=2.5, SD=1.3). This means that during the budgeting process in Bukedea district, the possible scenarios and consequences of budgetary decisions are not adequately explored. This may undermine effective budgeting processes in such a way that priorities may not be gotten right. In fact, the respondents noted that budget planning process does not get priorities right (mean=2.2, SD=1.2). When priorities are not gotten right, the most important areas in the health sector like staff payments and purchase of medical supplies may be neglected hence leading to the underfinancial performance of the sector.

When asked whether the budgets were attainable, the respondents disagreed (mean=2.2, SD=1.1). The respondents also noted that the budgets were not realistic (mean=2.1, SD=1.2). This means that at Bukedea district, the budgets are not realistic and attainable. Overly ambitious budgets which are not matched with the resource envelope are likely to fail and undermine the financial performance in such a way that they may not achieve organizational objectives.

During key informant interviews a number of key issues arose. The study respondents noted underfunding as one of the key challenges to effective budgetary planning at Bukedea district. One key informant noted that:

The current formula used by the Commission to calculate funds which considers land area and population is a disadvantage to the district considering the fact that Bukedea district is sparsely populated and the land area is small; these two factors put the district at a disadvantage in terms of funds received. (Key informant interview).

The above finding shows that effective planning in the district is undermined by underfunding. This seems to have negatively affected the efficiency of the budgetary planning processes and undermined the financial performance.

When asked about how the budgetary planning process affects overall management in Bukedea District, respondents emphasized its critical role in shaping management practices. *“The budgetary planning process is central to our management operations,”* explained a CAO. *“It provides a structured framework for allocating resources and setting financial priorities. This process ensures that our financial decisions are aligned with our strategic objectives and helps us manage resources effectively. By setting clear budgets, we can better monitor spending and achieve our district’s goals more efficiently.”* This response illustrates the essential impact of budgeting on overall management.

Stakeholder involvement in budget planning has a significant influence on management decisions. *“Involving stakeholders in budget planning has been highly beneficial,”* noted a town clerk. *“Stakeholder input ensures that diverse perspectives are considered, which leads to more comprehensive and balanced budget decisions. It also fosters transparency and buy-in from various parties, making the implementation of budget decisions smoother and more accepted by the community.”* This feedback highlights how stakeholder engagement contributes to more informed and effective management decisions.

Challenges faced during the budget planning phase can impact management effectiveness in various ways. *“We encounter several challenges during the budget planning phase,”* shared an accountant. *“These include difficulties in forecasting accurate revenue, managing competing priorities, and dealing with limited financial resources. These challenges can disrupt the planning process and affect our ability to implement and monitor budgets effectively, ultimately impacting overall management efficiency.”* This response outlines the obstacles that can hinder

effective budget planning and management.

The accuracy of budget forecasts plays a crucial role in management operations. *“Accurate budget forecasts are essential for effective management,”* explained a treasurer. *“When forecasts are precise, it allows us to plan and allocate resources more effectively, avoid budget overruns, and ensure financial stability. Inaccurate forecasts can lead to misallocation of resources and financial shortfalls, which can disrupt management operations and hinder our ability to meet strategic goals.”* This feedback underscores the importance of reliable budgeting forecasts.

The alignment of budgetary planning with strategic goals greatly influences management outcomes. *“Aligning our budgetary planning with strategic goals is key to achieving desired outcomes,”* stated a district planner. *“When our budgets reflect our strategic objectives, we can ensure that resources are allocated to the most critical areas and that our financial decisions support our long-term vision. This alignment enhances our ability to achieve our goals and improves overall management effectiveness.”* This response emphasizes the positive impact of strategic alignment on management success.

4.4.1 Budgetary Planning and the Financial performance

In order to determine the influence of budgetary planning and the financial performance in Bukedea district Local Government, correlation and regression analyses were conducted the results are summarized in Tables 5 and 6

Table 5: Budgetary Planning and the Financial performance

		Budgetary Planning	Financial performance
Budgetary Planning	Pearson Correlation	1	.621**
	Sig. (2-tailed)		.000
	N	54	54
Financial performance	Pearson Correlation	.621**	1
	Sig. (2-tailed)	.000	

N	54	54
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** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary 2023

According to the results in Table 6 above, budgetary planning and the financial performance were found to have a strong positive relationship ($r=0.621$, $p<0.05$). This means that budgetary planning has a significant influence on the financial performance in Bukedea district Local Government. This implies that the financial performance in Bukedea district Local Government improves with better budgetary planning.

In order to determine the influence budgetary planning on the financial performance in Bukedea district, regression analysis was conducted. The results are summarized in the Table 6

Table 6: Regression Results showing the Influence of budgetary planning on the financial performance in Bukedea district

R square=0.386, F=219.764, P=0.000		
	Standardized Coefficients	Sig.
	Beta	
Budgetary Planning	0.621	0.000

Source: Primary 2023

According to the results in the summarized Table 6 above, the coefficient of determination/ r^2 for budgetary planning is equal to 0.386. This means that 38.6% of the variation in the financial performance in Bukedea district is explained by budgetary planning.

Table 7 also shows that budgetary planning has a significant influence on the financial performance ($F=219.764$, $P=0.000$). This means that budgetary planning is a significant determinant of health sector financial performance in Bukedea district.

The standardized beta coefficient of ($\beta =0.621$, $p<0.05$) means that budgetary planning is significantly positively related with the financial performance in Bukedea district. This means that budgetary planning has a significant influence on the financial performance in Bukedea district Local Government. This implies that the financial performance in Bukedea district Local Government improves with better budgetary planning.

4.5 Budget Implementation and the Financial performance in Bukedea district Local Government

The second objective of the study was to determine the influence of budget implementation on the financial performance in Bukedea district. The respondents were asked to respond to a number of statements regarding budget implementation. The responses are summarized in Table 8. This objective was analyzed by using the descriptive statistics namely the mean and the standard deviation. The mean portrays the average response on a statement and standard deviation portrays the extent to which scores deviate from the mean. The rating scale was; 1.00-2.74 (strongly disagree), 2.75-3.24 (disagree), 3.25-4.24 (agree) and 4.25-5.00 (strongly agree).

Table 7: Respondents' Opinion on Budget Implementation

Statement	Mean	Standard Deviation
Expenditures are authorized during budget implementation	4.0	1.1
During budget implementation, there is verification that goods and services have been delivered	4.0	1.3
During budget implementation there are internal controls to ensure proper use of funds	3.9	1.3
During budget implementation, there is control of the Budget	3.9	1.1
During budget implementation, there is proper financial Reporting	2.9	1.1
During budget implementation, the district authorities present accountability to the electorate	2.4	1.3
During budget implementation, there is transparency in the use of funds	2.2	1.4

Source: Primary 2023

According to the results in Table 7 above, the study respondents noted that during budget implementation, expenditures are authorized (Mean=4.0, SD=1.1). This means that in Bukedea district, budget expenditures are authorized during the budget implementation process. Authorization of expenditure is likely to improve the financial performance in such a way

that it reduces the fraud and waste that may result from unauthorized expenditures.

The study respondents reported that during the budget implementation process in Bukedea district, there was verification that goods and services have been delivered (mean=4.0, SD=1.0). This means that in Bukedea district, there is verification that the goods ordered for are delivered. This is likely to minimize fraud and abuse, hence, ensuring that the services and supplies needed for the health sector are delivered in the right quality and quantity.

The respondents indicated that during the budget implementation process, there were internal controls to ensure proper use of funds (mean=3.9, SD=1.3). This means that in Bukedea district, there are internal controls in place to ensure proper usage of funds. Internal controls are widely believed to be crucial to the success of the health sector as they act as possible brakes on the possible deviations from the predetermined objectives and policies. This means that an organization that has put in place internal controls is likely to perform better than that which has not.

The study respondents noted that during budget implementation there was proper control of the budget (mean=3.9, SD=1.1). This means that in Bukedea district, there is proper budgetary control during the budget implementation process. The control process is likely to improve the financial performance by ensuring that activities conform to plan and that objectives are achieved as set out during the budgetary planning process.

It was established from the study respondents that there was no proper financial reporting during the budget implementation process (mean=2.9, SD=1.1). This means that in Bukedea district, there is no proper financial reporting during the budget implementation process. Poor financial reporting is likely to have a negative effect on the financial performance in such a way that it compromises accountability hence encouraging counterproductive behavior like fraud and corruption.

The study respondents reported that during the budget implementation process, the district authorities did not present proper accountability to the electorate (mean=2.4, SD=1.3). In fact, the respondents further noted that there was no transparency in the use of funds (mean=2.2, SD=1.4). This means that in Bukedea district, the district authorities do not present accountability to the electorates. This is likely to compromise financial performance in the health sector due to

the resultant misuse of tax payer's money through fraud, graft and corruption.

When asked what were some of the challenges to effective implementation of the budgets in Bukedea district key informants identified the challenges as weak capacity of local government staff, particularly in accounting and record-keeping.

One key informant noted that: Effective budget implementation is undermined by incomplete decentralization in which local government staff remain under the control of central government, staffing at the lower end of the employment scales, often reflecting the political interests of councilors; and skill differentials between senior officials and councilors which create tensions and render elected representatives unable to make the necessary decisions or to monitor and enforce accountability from officials.(Key Informant Interview).

The above findings indicate that effective and efficient budgetary implementation in Bukedea district is undermined by a number of factors like incomplete decentralization, underfunding, inadequate staff capacity, poor accountability and limited community participation in the implementation of budgets. Such is likely to impact negatively on the financial performance.

When asked about how the execution of the budget impacts management efficiency in Bukedea District, respondents highlighted its crucial role in operational effectiveness. *“The execution of the budget directly affects our management efficiency,”* explained a CAO. *“Effective execution ensures that financial resources are utilized according to the plan, which helps maintain control over expenditures and align activities with our strategic objectives. Poor execution can lead to overspending, resource misallocation, and inefficiencies in service delivery, undermining our overall management effectiveness.”* This feedback emphasizes the link between budget execution and management performance.

Key factors influencing successful budget implementation were also discussed. *“Successful budget implementation depends on several factors,”* noted a town clerk. *“These include clear communication of budgetary goals, regular monitoring of expenditures, and the ability to adapt to unforeseen circumstances. Additionally, having a well-trained team and effective financial management systems are crucial. When these factors are in place, we can ensure that budgets are implemented as planned and that management practices remain robust and responsive.”* This response identifies critical elements for effective budget management.

The availability of funds during implementation significantly influences management activities. *“Availability of funds is a key determinant of how well we can execute our budget,”* shared an accountant. *“When funds are readily available, we can proceed with planned activities without delay, which supports efficient management. Conversely, delays or shortages in funding can disrupt our operations, hinder the completion of projects, and affect our ability to meet objectives on time.”* This feedback underscores the importance of financial liquidity for smooth management operations.

Deviations from the planned budget during implementation can have substantial effects on the management process. *“Deviations from the planned budget can create significant challenges,”* stated a district planner. *“Such deviations often require us to reallocate resources or adjust our plans, which can disrupt ongoing activities and complicate management efforts. Managing these deviations effectively requires timely adjustments and close monitoring to mitigate any negative impact on our overall goals and performance.”* This response highlights the impact of budget deviations on management processes.

To ensure effective management, monitoring the implementation process is vital. *“We employ several monitoring strategies to ensure effective management,”* explained a treasurer. *“This includes regular budget reviews, performance audits, and financial reports to track expenditures and progress against the plan. By continuously monitoring the implementation process, we can identify issues early, make necessary adjustments, and maintain control over financial and operational outcomes.”* This feedback emphasizes the importance of oversight and adaptive management in achieving budgetary success.

4.5.1 Budget Implementation and the Financial performance in Bukedea district Local Government

In order to determine the influence of budget implementation on the financial performance in Bukedea district, correlation and regression analysis were conducted. The results are summarized in Tables 8 and 9

Table 8: Correlation Coefficient showing the Influence of Budget Implementation on the Financial performance in Bukedea district

	Budget Implementation	Financial
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			performance
Budget Implementation	Pearson Correlation	1	.560**
	Sig. (2-tailed)		.000
	N	54	54
Financial performance	Pearson Correlation	.560**	1
	Sig. (2-tailed)	.000	
	N	54	54

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

Source: Primary 2023

According to the results in Table 8, budget implementation and the financial performance were found to have a significant positive relationship ($r=0.560$, $p<0.05$). Thus, the hypothesis 2 which stated that budget implementation would have a significant influence on the financial performance is accepted. This means that budget implementation has a significant influence on the financial performance in Bukedea district. This practically implies that the financial performance in Bukedea district improves with better budget implementation. In order to determine the influence of focus on market strategy and firm survival, regression analysis was conducted. The results are summarized in the Table 9

Table 9: Regression Results Showing the Influence of Budget Implementation on the Financial performance in Bukedea district

R square=0.321, F=107.973, P=0.000		
	Standardized Coefficients	Sig.
	Beta	
Budget Implementation	0.560	0.000

Source: Primary 2023

According to the results in the summarized Table 9 above, the coefficient of determination/ r^2 for

budget implementation is equal to 0.321. This means that 31.4% of the variation in the financial performance in Bukedea district is explained by budget implementation.

The Table also shows that budget implementation significantly influences the financial performance (F=107.973, P=0.000). This means that budget implementation is a significant determinant of the financial performance in Bukedea district

The standardized beta coefficient of ($\beta=0.560$, $p<0.05$) means that budgetary implementation is significantly positively related with the financial performance in Bukedea district. This means that budget implementation has a significant influence on the financial performance in Bukedea district. This practically implies that the financial performance in Bukedea district improves with better budget implementation.

4.6. Budget evaluation and financial performance

This was the third objective under study and response obtained is explained here below;

Table 4.11: Showing Budget evaluation and financial performance

STATEMENT	SA	A	U	D	SD
There is a budget evaluation procedure	14(38.9%)	8 (22.2%)	3(8.3%)	4 (11.1%)	7 (19.4%)
Comparing the actual budget with the planned budget	11(30.6%)	10 (27.8%)	2 (5.6%)	8 (22.2%)	5(13.8%)
Checklist is designed to assist evaluators	5 (13.9%)	7(19.4%)	6 (16.7%)	8 (22.2%)	10 (27.8%)
There is track and evaluation of effectiveness of strategies	11 (30.6%)	6 (16.7%)	5 (13.9%)	5 (13.9%)	9 (25.0%)

There is a detailed evaluation plan that is formulated	13 (36.1%)	9 (25.0%)	4 (11.0%)	7(19.4%)	3 (8.3%)
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Source: Primary data 2023

From field study in table 4.11 above, 38.9% of the respondents strongly agreed, 22.2% of the respondents agreed, 8.3% of the respondents undecided, 11.1% of the respondents disagreed, and 19.4% of the respondents strongly disagreed. This implied that there is a budget evaluation procedure something that improves financial performance.

In addition about whether Comparing the actual budget with the planned budget, 30.6% of the respondents strongly agreed, 27.8% of the respondents agreed, 5.6% of the respondents undecided, 22.2% of the respondents disagreed, and 13.8% of the respondents strongly disagreed. This was an indication that comparing the actual budget with the planned budget improves financial performance.

Furthermore, 13.9% of the respondents strongly agreed, 19.4% of the respondents agreed, 16.7% of the respondents were undecided, 22.2% of the respondents disagreed, and 27.8% of the respondents strongly disagreed. This implied that Checklist is designed to assist evaluators' hence improved financial performance

About, whether there is track and evaluation of effectiveness of strategies, 30.6% of the respondents strongly agreed, 16.7% of the respondents agreed, 13.9% of the respondents undecided, 13.9% of the respondents disagreed, and 25.0% of the respondents strongly disagreed. This implied that there is track and evaluation of effectiveness of strategies since majority strongly agreed with 30.6%.

Lastly, when asked whether there is a detailed evaluation plan that is formulated, 36.1% of the respondents strongly agreed, 25.0% of the respondents agreed, 11.0% of the respondents undecided, 19.4% of the respondents disagreed, and 8.3% of the respondents strongly agreed. This implied that there is a detailed evaluation plan that is formulated as evidenced by 36.1% of the respondents who strongly agreed.

When asked about how budget monitoring contributes to effective management in Bukedea District, respondents noted its essential role in maintaining oversight and ensuring adherence to financial plans. *“Budget monitoring is fundamental to effective management,”* remarked a CAO. *“It allows us to track how resources are being utilized, ensure that spending aligns with the approved budget, and identify any variances early. This oversight helps in making informed decisions, ensuring financial discipline, and ultimately achieving our management objectives.”* This feedback highlights the integral role of budget monitoring in effective financial management.

Respondents described the tools and methods used for budget monitoring and their impact on management. *“We use a range of tools and methods for monitoring our budget,”* explained a town clerk. *“These include financial management software, regular budget reviews, and performance tracking systems. These tools provide real-time data and insights, which are crucial for making timely adjustments and maintaining control over expenditures. The effectiveness of these methods directly influences our ability to manage resources efficiently and achieve desired outcomes.”* This response emphasizes the importance of employing effective monitoring tools in supporting management practices.

Addressing discrepancies identified during budget monitoring is crucial for improving management practices. *“When discrepancies are identified, we take immediate steps to investigate and resolve them,”* noted a financial officer. *“This often involves revising financial records, reallocating resources, or adjusting our budget plans. By addressing these discrepancies promptly, we can prevent further issues and refine our management practices to enhance overall effectiveness.”* This feedback underscores the need for proactive problem-solving in managing budgetary discrepancies.

The role of feedback from budget monitoring in enhancing management decisions was also discussed. *“Feedback from budget monitoring is invaluable for refining our management decisions,”* said an auditor. *“It provides insights into spending patterns, highlights areas where adjustments are needed, and informs strategic decision-making. By incorporating this feedback, we can improve our financial strategies and ensure that our management practices remain aligned with our goals and objectives.”* This response illustrates the impact of budget monitoring feedback on decision-making processes.

Regular reporting during budget monitoring significantly influences the management of resources. *“Regular reporting is a key aspect of budget monitoring,”* explained a treasurer. *“It provides ongoing visibility into our financial status, helps track progress against the budget, and ensures that resources are managed effectively. Regular reports allow us to make informed decisions, address issues as they arise, and maintain accountability in resource management.”* This feedback highlights the importance of consistent reporting in supporting effective resource management.

Table 4.12: Showing budget evaluation and financial performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.145 ^a	.021	.004	1.41719

a. Predictors: (Constant), budget evaluation

Table 4.13 above reveals that there was partial relationship between budget evaluation and financial performance as reflected by 2.1% as shown by r squared of 0.021. Apart from budget evaluation, other factors influencing financial performance account for 99.79% or r squared of 0.9979.

Table 4.13: Budget evaluation and financial performance

		budget evaluation	financial performance
Budget evaluation	Pearson Correlation	1	.292*
	Sig. (2-tailed)		.023
	N	36	36
financial performance	Pearson Correlation	.292*	1

4.5. Financial performance

This was the dependent Variable and response obtained is explained here below;

Table 4.11: Financial performance

STATEMENT	SA	A	U	D	SD
There is a Specific time frame for carrying out financial performance	14(38.9%)	8 (22.2%)	3(8.3%)	4 (11.1%)	7 (19.4%)
There is a regular checkup on the accounts of the local government	11(30.6%)	10 (27.8%)	2 (5.6%)	8 (22.2%)	5(13.8%)

Particular department in charge of the financial performance	5 (13.9%)	7(19.4%)	6 (16.7%)	8 (22.2%)	10 (27.8%)
One is accountable for how money is spent	11 (30.6%)	6 (16.7%)	5 (13.9%)	5 (13.9%)	9 (25.0%)

Source: Primary data 2023

From field study in table 4.11 above, 38.9% of the respondents strongly agreed, 22.2% of the respondents agreed, 8.3% of the respondents undecided, 11.1% of the respondents disagreed, and 19.4% of the respondents strongly disagreed. This implied that there is a Specific time frame for carrying out financial performance something that improves the financial performance.

In addition about whether there is a regular checkup on the accounts of the local government, 30.6% of the respondents strongly agreed, 27.8% of the respondents agreed, 5.6% of the respondents undecided, 22.2% of the respondents disagreed, and 13.8% of the respondents strongly disagreed. This was an indication that there is a regular checkup on the accounts of the local government

Furthermore, 13.9% of the respondents strongly agreed, 19.4% of the respondents agreed, 16.7% of the respondents were undecided, 22.2% of the respondents disagreed, and 27.8% of the respondents strongly disagreed. This implied that there is Particular department in charge of the financial performance.

In conclusion, about whether, one is accountable for how money is spent, 30.6% of the respondents strongly agreed, 16.7% of the respondents agreed, and 13.9% of the respondents undecided, 13.9% of the respondents disagreed, and 25.0% of the respondents strongly disagreed. This implied that one is accountable for how money is spent since majority strongly agreed with 30.6%.

CHAPTER FIVE

SUMMARY, DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The study set out to examine the influence of budget process on the financial performance in Bukedea district Local Government. The study specifically examined the influence of budgetary planning, budget implementation and budget process on the financial performance in Bukedea district Local Government. This chapter presents the summary, discussion, conclusions and recommendations arising out of the study findings.

5.1 Summary of Findings

5.1.1 Budgetary Planning and the Financial performance in Bukedea district Local Government

The first objective of this study was to examine the influence of budget planning on the financial performance in Bukedea district Local Government. The study found that; the budget planning process was participatory and that there is a clear linkage between work plans. However, budgetary participation was undermined by failure to reserve sufficient time for participation and dialogue between relevant stakeholders and for public hearings during the budget planning process, failure to provide councilors with well-arranged and accessible budget material that gives a clear financial overview of past financial performance and failure to make realistic and attainable budgets.

According to the inferential results, the coefficient of determination/ r^2 for budgetary planning is equal to 0.386. This means that 38.6% of the variation in the financial performance in Bukedea district is explained by budgetary planning. This means that budgetary planning has a significant influence on the financial performance in Bukedea district Local Government. This implies that the financial performance in Bukedea district Local Government significantly improves with better budgetary planning.

5.1.2 Budget Implementation and the Financial performance in Bukedea district Local Government

The second objective of this study was to assess the influence of budget implementation on the financial performance. The key findings under this objective were: that during the budget implementation process, expenditures are authorized; there is verification that the goods ordered for are delivered; the respondents indicated that during the budget implementation process, there were internal controls to ensure proper use of funds; there is proper budgetary control during the budget implementation process. However, budget implementation is undermined by poor financial reporting and failure by the district authorities to present accountability to the electorates.

According to the inferential results, the coefficient of determination/ r^2 for budget implementation is equal to 0.321. This means that 31.4% of the variation in the financial performance in Bukedea district is explained by budget implementation. This means that budget implementation has a significant influence on the financial performance in Bukedea district.

5.1.3 Budget evaluation and the Financial performance in Bukedea district Local Government

The third objective the study was to examine the influence of Budget evaluation on the financial performance in Bukedea district. The key findings under this study were that: in Bukedea district, there is proper evaluation for financial performance; there is proper monitoring of expenditure; there is proper monitoring of cash management. However, budget process was undermined by lack of Budget evaluation methods of budget modification and limited participation of the community in the Budget evaluation process.

5.2 Discussion of Findings

5.2.1 Budgetary Planning and the Financial performance in Bukedea district Local Government

Budgetary planning and the financial performance were found to have a significant positive relationship ($r=0.621$, $p<0.05$; $\eta^2=0.621$, $p<0.05$). This means that budget planning has a positive significant influence on the financial performance in Bukedea district. This implies that the financial performance in Bukedea district improves with better budgetary planning. The finding is in line with Wijewardena and De Zoysa (2001) who found that budgetary planning has a significant influence on organizational financial performance. The results of this study corroborate earlier

findings by Thune and House (1970), Wijewardena and De Zoysa (2001) who found that budgetary planning improves organizational financial performance. Strong support for the study lies with Yang who conducted a similar study among SMEs in China and established a link between budgetary planning and organizational financial performance. A possible explanation for the result could be that the Ministry of Local Government has set clear guidelines on budgetary planning (UDN, 2020). The framework provides for consultative and participatory approach in planning and budgeting, though not all policy stakeholders have benefited from it. The Uganda Debt Network further reported that while local government administration staff are aware of and knowledgeable about budgeting guidelines, schedules and processes, which implies that budget information is disseminated by the Centre and received at local government level, these guidelines and processes have not been completely followed and adhered to by local governments (Uganda Debt Network, 2020).

Limited participation in the budget setting process in Uganda's local governments has been identified as a challenge to the budget planning process. Under the Uganda Local Government Act, citizens have the right to participate in annual budget conferences at each level of local government. In many cases this is little more than a formality, with participation limited to a few special-interest groups (Blore *et al.*, 2004). Accountability depends on information being available to citizens, in a sufficiently comprehensible form, on how resources are being used (Goetz *et al.*, 2001). Although local governments are displaying financial/accounting information in public places, such information is deliberately too broad and technical for the public to understand (Kiwanka, no date). This is supported by the Uganda Debt Network which observes that the planning and budgeting process at local government level is boxed in a fixed and non-flexible schedule, which sometimes renders the principles of participatory consultations as provided for in the Budget Act of 2001 ineffectual. Despite the shortcomings of the budgetary planning process, budgetary planning has a significant influence on the financial performance. This therefore underscores the need for management in local governments to improve the budgetary planning processes if they are to improve the financial performance.

5.2.2 Budget Implementation and the Financial performance in Bukedea district Local Government

The second objective of this study was to assess the influence of budget implementation on the financial performance. Budget implementation and the financial performance were found to have

a significant positive relationship ($r=0.560$, $p<0.05$; $\eta^2=0.560$, $p<0.05$). This means that budget implementation has a significant influence on the financial performance in Bukedea district. This implies that the financial performance improves with better budget implementation. However, this study found that budget implementation in Bukedea district just like in other local governments was faced with challenges the greatest being underfunding of the district by the central government. This finding is in line with Bitarabeho (2020) who identifies a number of challenges facing budgetary implementation in Uganda as; low local revenues which constitutes about 5% of local government budgets. This poses a challenge of operation and maintenance of investments; little discretionary funding available to local governments. Most of the funds are conditional grants and on sector basis which constitutes 88% despite the fact that there are negotiations, lack of adequately skilled manpower to provide basic services and recentralization of staff by sector ministries (Bitarabeho, 2020).

The study through key informant interviews and questionnaire responses also found out that there was lack of transparency and proper accountability during budget implementation. This finding is in line with earlier scholars who observed that horizontal accountability from officials to locally elected representatives is often weak. Many studies (Blair, 2020; Golooba-Mutebi, 1999; Kullenberg & Porter, 2001) identify factors that contribute to this deficiency, including weak capacity of local government staff, particularly in accounting and record-keeping. Other factors include: incomplete decentralization in which local government staff remain under the control of central government, staffing at the lower end of the employment scales, often reflecting the political interests of councilors; and skill differentials between senior officials and councilors which create tensions and render elected representatives unable to make the necessary decisions or to monitor and enforce accountability from officials (Devas & Grant, 2019).

5.2.3 Budget evaluation and the Financial performance in Bukedea district Local Government

The third research question that this study set out to answer was “what is the influence of Budget evaluation on the financial performance in Bukedea district?” The results of this study indicate that there is a significant and positive relationship between Budget evaluation and the financial performance in Bukedea district. This suggests that despite the weaknesses in the budget process processes in Bukedea district like poor financial performance and limited participation of the electorate in the Budget evaluation process, budget process and preparation has a positive influence

on the financial performance. This therefore implies that the financial performance improves with better budget process.

5.3 Conclusions

5.3.1 Budgetary Planning and the Financial performance in Bukedea district Local Government

The first research question that this study set out to answer was “what is the influence of budgetary planning on the financial performance in Bukedea district?”. “The results of this study indicate that there is a significant and positive relationship between budgetary planning and the financial performance in Bukedea district. This suggests that despite the weaknesses in the budgetary planning processes in Bukedea district, budgetary planning has a positive influence on the financial performance. This therefore implies that the financial performance improves with better budgetary planning.

5.3.2 Budget Implementation and the Financial performance in Bukedea district Local Government

The second research question that this study set out to answer was “what is the influence of budget implementation on the financial performance in Bukedea district?” The results of this study indicate that there is a significant and positive relationship between budget implementation and the financial performance in Bukedea district. This suggests that despite the weaknesses in the budget implementation processes in Bukedea district like poor accountability, budgetary implementation has a positive influence on the financial performance. This therefore implies that the financial performance improves with better budget implementation.

5.3.3 Budget evaluation and the Financial performance in Bukedea district Local Government

The third research question that this study set out to answer was “what is the influence of Budget evaluation on the financial performance in Bukedea district?” The results of this study indicate that there is a significant and positive relationship between Budget evaluation and the financial performance in Bukedea district. This suggests that despite the weaknesses in the budget process processes in Bukedea district like poor financial performance and limited participation of the electorate in the Budget evaluation process, budget process and preparation has a positive influence

on the financial performance. This therefore implies that the financial performance improves with better budget process.

5.4 Recommendations

5.4.1 Budgetary Planning and financial performance in Bukedea district Local Government

The government through the Local Government Finance Commission should increase funding to Bukedea district in order to enable it effectively deliver services to the population. The current formula used by the Commission to calculate funds which considers land area and population is a disadvantage to the district considering the fact that Bukedea district is sparsely populated and the land area is small; these two factors put the district at a disadvantage in terms of funds received. The meager funds constrain financial performance. The government should therefore consider other factors like the poverty index when allocating funds to Bukedea district.

The authorities at Bukedea district should ensure that they reserve sufficient time for participation and dialogue between relevant stakeholders and for public hearings during the budget planning process.

During the budget planning process, the district authorities should provide councilors with well-arranged and accessible budget material that gives a clear financial overview of past financial performance as stipulated in the guidelines of the Local Government Finance Commission.

5.4.2 Budget Implementation and financial performance in Bukedea district Local Government

The study found that the local government staff lacked adequate capacity particularly in accounting and record-keeping. The government should build the capacity of local government staff in key areas like financial management; accounting and book keeping in order enabling them effectively improve budgetary implementation.

There is need to introduce a robust system of financial reporting and accountability in order to reduce the misuse of tax payer's money. The government should strengthen the use of the Integrated Financial Management System in rural districts like Bukedea district . This can be achieved through provision of Information and Communication Technologies (ICTs) to the districts. Local government staff should also be trained in the use of these ICTs.

5.4.3 Budget evaluation and the Financial performance in Bukedea district Local Government

For participation and accountability to work effectively, information needs to be shared widely and strategically. The capacity of both local governments and civil society organizations needs to be strengthened if they are to be able to engage, in an inclusive manner, in real debate about resource use and financial performance, upward accountability should be strengthened through financial performance monitoring and grant conditionality. It is important, in promoting decentralization, to understand the nature of the power relationships and informal networks of patronage at the local level that can undermine local accountability.

It is also important to design sufficiently robust systems of central monitoring and dissemination of information that are capable of effective implementation in fragile situations. There should also be honesty and political will on the side of the local political leaders to promote genuine citizen participation and accountability.

5.5 Areas for Further Research

The study focused on only one local government entity in Uganda which was Bukedea district Local Government; however, these findings should be generalized cautiously to other local governments in Uganda due to the uniqueness of each organization. Replication of this study to other local governments and public sector organizations like education and works is suggested for cross validation purposes.

5.6 Contribution of the Study

The study shows that budget process has a significant influence on the financial performance. Management of public sector organizations should therefore consider improving budget process processes if they are to improve sectoral financial performance.

Theoretically, the study contributes to the body of knowledge regarding the influence of budget process on the financial performance in a decentralized setting. This may be of importance to future researchers and scholars who are interested in the topic.

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Appendix I: QUESTIONNAIRE

Dear respondent,

MY Name is **ENGOLE SAM**, a student of Uganda Christian University pursuing Bachelors in Business administration

The purpose of this study is to investigate “Effect of budget process on financial performance in Bukedea district”. As a staff of Bukedea district, you have a wealth of important information that is very useful in this exercise. The information collected will be held in strict confidentiality and in no way be personalized. You are therefore requested to respond to the questions below as objectively and as accurately as possible.

Instructions:

Please tick the most appropriate box.

SECTION A: BACK GROUND INFORMATION

Tick in the boxes the alternative that represents your opinion. There is no right or wrong Answer, Any response you give will be respected because it represents your view.

1 Gender

FEMALE	MALE
1	2

2. Age bracket

18-30	31-43	44-56	57-69	70 and above
1	2	3	4	5

3 Qualifications: What is your highest academic qualification?

Certificateand below	DiplomaLevel	Degree Level	Master Level	PHD Level	Professional Level
1	2	3	4	5	6

4. Departments: In which department do you work?

Finance and Administration	Production andMarketing	Gender andcommunity	and Education,	StatuaryB
1	2	3	4	5

5 Number of years worked at Bukedea district.

1-2	3-4	5-6	7 and above	
1	2	3	4	

SECTION B: BUDGET PLANNING

The following statements are designed to understand your opinion on the extent to which the Bukedea district Local Government engages in effective budget planning. The scale used for these statements should be viewed as a continuum with 1=strongly disagree, 2= disagree, 3=not sure, 4=agree, 5=strongly agree.

	Statement	SA	A	N	D	SD
1	The budget planning process is participatory	5	4	3	2	1
2	The planned budgets are realistic	5	4	3	2	1
3	The planned budgets are attainable	5	4	3	2	1
4	The budget planning process gets the priorities right	5	4	3	2	1
5	There is a clear linkage between work plans and budgets	5	4	3	2	1
6	Sufficient time is reserved for participation and dialogue between relevant stakeholders and for public hearings during the budget planning process					
7	During the budget planning process, Councilors are provided with well-arranged and accessible budget material that gives a clear financial overview of past financial performance	5	4	3	2	1
8	During the budget planning process, possible scenarios and the consequences of different choices are provided as a basis for political discussion	5	4	3	2	1

SECTION C: BUDGET IMPLEMENTATION

The following statements are designed to understand your opinion on the extent to which the Bukedea district Local Government engages in effective budget implementation. The scale used for these statements should be viewed as a continuum with 1=strongly disagree, 2= disagree, 3=not sure, 4=agree, 5=strongly agree.

	Statement	SA	A	N	D	SD
1	Budget implementation in Bukedea district is participatory	5	4	3	2	1
2	Expenditures are authorized during budget implementation	5	4	3	2	1
3	During budget implementation, there is verification that goods and services have been delivered	5	4	3	2	1
4	During budget implementation, there is transparency in the use of funds	5	4	3	2	1
5	During budget implementation, there is control of the budget	5	4	3	2	1
6	During budget implementation there are internal controls to ensure proper use of funds	5	4	3	2	1
7	During budget implementation, there is proper financial reporting	5	4	3	2	1
8	During budget implementation, the District authorities present accountability to the electorate	5	4	3	2	1

SECTION D: BUDGET EVALUATION

The following statements are designed to understand your opinion on the extent to which the Bukedea district Local Government engages in effective budget planning. The scale used for these statements should be viewed as a continuum with 1=strongly disagree, 2= disagree, 3=not sure, 4=agree, 5=strongly agree.

	Statement	SA	A	N	D	SD
1	There is a budget evaluation procedure	5	4	3	2	1
2	Checklist is designed to assist evaluators	5	4	3	2	1
3	There is track and evaluation of effectiveness of strategies	5	4	3	2	1
4	There is a detailed evaluation plan that is formulated	5	4	3	2	1
5	Ensure that budget plan is successful and determined	5	4	3	2	1
6	Comparing the actual budget with the planned budget	5	4	3	2	1

SECTION E: THE FINANCIAL PERFORMANCE OF THE BUKEDEA DISTRICT

In your current position, please evaluate the financial performance of Bukedea district. The scale used for these statements should be viewed as a continuum with 1=strongly disagree, 2= disagree, 3=not sure, 4=agree, 5=strongly agree.

	Statement	SA	A	N	D	SD
1	The District has adequate health facilities	5	4	3	2	1
2	Drugs are available in the health facilities	5	4	3	2	1
3	The health facilities have adequate medical supplies e.g. beds, gloves, water supply etc.	5	4	3	2	1
4	The health facilities have adequate health workers	5	4	3	2	1
5	The health workers are adequately paid	5	4	3	2	1
6	The quality of health financial performance is good	5	4	3	2	1

APPENDIX II: INTERVIEW GUIDE

Objective i: To examine the influence of budgetary planning on the management in Bukedea District

1. How does the budgetary planning process affect overall management in Bukedea District?
 2. In what ways does stakeholder involvement in budget planning influence management decisions?
 3. What challenges do you face during the budget planning phase that impact management effectiveness?
 4. How does the accuracy of budget forecasts during planning affect management operations?
 5. How does the alignment of budgetary planning with strategic goals influence management outcomes?
-

Objective ii: To assess the influence of budget implementation on the management in Bukedea District


1. How does the execution of the budget impact management efficiency in Bukedea District?
 2. What are the key factors that affect successful budget implementation in your management practices?
 3. How does the availability of funds during implementation influence management activities?
 4. How do deviations from the planned budget during implementation affect the management process?
 5. In what ways do you monitor the implementation process to ensure effective management?
-

Objective iii: To determine the influence of budget monitoring on budget management in Bukedea District

1. How does budget monitoring contribute to effective management in Bukedea District?
2. What tools or methods do you use for monitoring the budget, and how do they impact management?
3. How do you address discrepancies identified during budget monitoring to improve management practices?
4. What role does feedback from budget monitoring play in enhancing management decisions?
5. How does regular reporting during budget monitoring influence the management of resources?

Thank You

Appendix III: Data collection letter

 UGANDA CHRISTIAN UNIVERSITY
A Centre of Excellence in the Heart of Africa
MBALE UNIVERSITY COLLEGE

BUSINESSDEPARTMENT

TO: CHIEF ADMINISTRATIVE OFFICER RUKEDEA
DISTRICT LOCAL GOVERNMENT

Dear Sir/Madam,

RE: Academic Research

Christian greeting!

We are honored to introduce to you Mr./Mrs, Miss. ENGOLE SAM


Of registration number: S22/MUC/BBA1009 Pursuing a Master's degree/Postgraduate Diploma, Diploma/ Degree. A.E FREE

He/She is required to carry out an academic research on the topic
BUDGET PROCESS AND PERFORMANCE IN LOCAL GOVERNMENT.

And thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate and three (BLACK) copies for postgraduate students as a University requirement for the award of a degree / diploma in the academic discipline that He / She is pursuing.

We shall be grateful for the help you may offer to him/her accordingly .


Thank you.

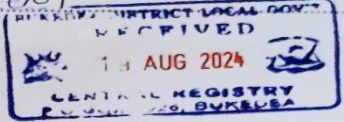
Yours faithfully,


HEAD OF DEPARTMENT, BUSINESS.

Henry Omache Ogachi

A Complete Education for a Complete Person

 UGANDA CHRISTIAN UNIVERSITY
MBALE UNIVERSITY COLLEGE
BUSINESS DEPARTMENT
18 APR 2024

 DISTRICT LOCAL GOV
RECEIVED
18 AUG 2024
CENTRAL REGISTRY
RUKEDEA

- Telephone:
 Chairperson.....0782562395
 • CAO.....0772406484
 • DCAO.....0774332979
 • PHRO.....0782797196
 • CFO.....0772479176



Office of the Chief Administrative Officer
 Bukedea District Local Government
 P.O. Box 5026
 Bukedea

The Republic of Uganda

In any correspondence on this
 Subject please quote No. CR 164/2

Date: 30th July, 2024

Engole Sam
 Uganda Christian University
 Mbale

RE: DATA COLLECTION

This is to inform you that you have been offered an opportunity to carry out Data Collection from Bukedea District Local Government in the field of **Bachelors' Degree in Business Administration and Accounting.**

During this period, you will be attached to **Planning Unit** and monitored by the **District Planner**

Your attention is drawn to section J-F of the Uganda Government Standing Orders and Circular Standing Instruction No.3 of 2011, relating to Data collection in the public service.

Yours faithfully,

Ochom Joseph
 For. Chief Administrative Officer, Bukedea



Copy:

- District Planner.