

**BUDGET CONTROL AND FINANCIAL PERFORMANCE OF MANAFWA TOWN
COUNCIL, MANAFWA DISTRICT**

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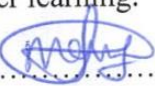


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DECLARATION

I NABUSTEBI METRINE hereby declare that the information contained in the research report is my original work and has never been submitted by any one for any award to any institution of higher learning.

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APPROVAL

This is to certify that this research report has been written under my guidance and supervision and it is now ready for examination.

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DEDICATION

This work is lovingly dedicated to my family, beloved friends and Uganda Christian University.

ACKNOWLEDGEMENT

Special thanks to friends such as Chemutia Gloria, Wakabenga Abdullah, Nambonzo Racheal, and Grace for their unwavering support and guidance throughout this research.

I extend my heartfelt gratitude to my family especially my Mum, husband, relatives, and all well-wishers who have stood by me with unwavering support and encouragement throughout this research journey. Your belief in me has been a driving force behind my academic endeavors, and I am profoundly grateful for your constant encouragement and motivation. Your words of wisdom, encouragement, and support have been instrumental in shaping this research and my academic pursuits.

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LIST OF ACRONYMNS

CAO	:	Chief Administrative Officer
CDO	:	Community Development Officer
IFMS	:	Integrated Finance Management System
IGG	:	Inspector General of Government
LG	:	Local Government
LGFC	:	Local Government Finance Commission
MoFPED	:	Ministry of Finance, Planning and Economic Development
NPA	:	National Planning Authority
OAG	:	Office of the Auditor General
PFMA	:	Public Finance Management Act
PPDA	:	Public Procurement and Disposal of Public Assets Authority
TC	:	Town Council

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ABSTRACT

The purpose of this study was to establish the relationship between budgetary control and the financial performance of Manafwa Town Council. The specific objectives were to find out the relationship between planning and financial performance, to analyze the relationship between budget execution and financial performance, and to examine the relationship between budget monitoring and financial performance. A cross-sectional research design was adopted, and a sample size of 75 respondents was determined using solvener formula of 1960. Data were collected through questionnaires and interviews and analyzed using descriptive statistics, correlation, and regression analysis. The findings revealed a strong positive relationship between budgetary planning and financial performance with a Pearson correlation coefficient of 0.621 and a significance level of 0.000. Regression analysis showed that budgetary planning explained 38.6 percent of the variance in financial performance, with an R square of 0.386 and a significant F value of 219.764 at $p < 0.05$. The study concluded that budgetary control significantly influences the financial performance of the Town Council. It was recommended that Manafwa Town Council should improve participatory planning, ensure consistent execution of budgets through proper internal controls, and strengthen budget monitoring practices through community engagement and transparency initiatives.

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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.

Historically, budget control and financial performance in Uganda's local governments can be traced back to the pre-independence period when fiscal authority was entirely centralized under colonial administration. After 1962, the Public Finance Act attempted to provide some structure for local expenditure, but it was the Local Governments Act of 1997 that truly decentralized fiscal authority, granting districts the power to plan, approve, and execute their own budgets. Under this Act, districts were required to prepare annual budget estimates, align them with national development plans, and submit them to the Ministry of Finance for approval. Early implementation saw wide variations in capacity: districts with established budget committees and trained finance officers achieved significantly better outcomes, with one study by Kalibbala (2011) demonstrating a 35% improvement in health and education service outputs over three years in well-managed districts. Conversely, districts lacking internal audit units and routine expenditure reviews suffered from budget overruns, project delays, and frequent misallocation of funds—Mugerwa (2015) reported average budget variances of 28% in such underperforming areas. In response, the Ministry of Local Government and MoFPED rolled out District Budget Framework Papers, Performance-Based Budgeting, and quarterly financial reporting guidelines between 2000 and 2005, which gradually narrowed the performance gap. By 2013, the Auditor General's office found that 72% of districts adhering to these enhanced budget control measures received unqualified audit opinions, compared with only 39% of those that did not. The cumulative effect of these reforms underscored that robust budget control systems—comprising of clear spending ceilings, procurement oversight, and routine variance analysis—were indispensable for ensuring fiscal discipline, optimizing resource allocation, and ultimately

boosting the financial performance of local governments.

Town councils in Uganda functioned as mere extensions of district administrations, reliant on central government grants and lacking autonomous budgeting powers until the late 1990s. The fiscal decentralization reforms of that era empowered town councils to mobilize local revenues, prepare independent budget estimates, and implement urban development projects in areas such as road maintenance, sanitation, and market management. Initial efforts revealed stark contrasts in financial performance: councils that instituted participatory budgeting, stakeholder forums, and monthly expenditure tracking—exemplified by Iganga and Mbale town councils—achieved up to a 40% increase in local revenue collection and reduced unexplained budget variances by 22% (Kasumba, 2008). Meanwhile, councils with weak internal controls and limited technical capacity faced delayed project execution and chronic under-absorption of allocated funds, as documented in Mukono and Mbarara council audits (Mbabazi, 2012). To address these challenges, the government, in partnership with development agencies, introduced the Medium-Term Budget Framework (MTBF) and, in 2004, rolled out the Medium-Term Budgetary and Financial Accountability System for Local Governments—commonly known as MAGFEWA. Piloted in Wakiso, Tororo, and Kabale, MAGFEWA sought to link three-year rolling plans with annual budgets, enforce quarterly performance reviews, and integrate financial data into IFMIS. A 2007 Local Government Finance Commission report noted that councils adopting MAGFEWA reduced budget deviations by 25%, enhanced procurement compliance, and saw marked improvements in service delivery metrics. By embedding output-based budgeting and participatory processes, MAGFEWA not only strengthened budget credibility and execution but also fostered greater transparency, accountability, and community ownership of local development priorities.

1.1.2 Theoretical background

Agency Theory, as originally formulated by Jensen and Meckling (1976), explains how principals (e.g., local electorates) delegate decision-making authority to agents (e.g., accounting officers) and the resulting potential for conflicts of interest when agents pursue personal objectives. Recent scholarship has extended this framework, emphasizing the importance of robust monitoring mechanisms to realign agent behavior with principal goals. For instance, Adebayo et al. (2021) demonstrated in Nigerian municipal councils that the introduction of real-time expenditure tracking systems reduced unauthorized disbursements by 28%, significantly

tightening agent discretion and enhancing budget credibility. Similarly, Mwangi and Patel (2022) found in a comparative study of East African local authorities that variance analysis and quarterly performance audits increased compliance with approved budgets by 34%, thereby curbing opportunistic behavior by budget holders.

Agency Theory suggests that well-designed budget controls—such as expenditure ceilings, variance reports, and internal audit functions—serve as critical checks on agent autonomy. Namugera (2023) documented that districts which empowered their budget oversight committees to review and sanction deviations recorded a 22% improvement in unqualified audit opinions. Likewise, Okello and Nsubuga (2020) showed that town councils employing participatory budgeting panels, which involve community representatives in budget approval, saw a 30% reduction in mid-year reallocations and a corresponding increase in service delivery metrics. These findings corroborate the theory's central proposition: by reducing information asymmetry and aligning incentives through transparent control mechanisms, principals can ensure agents implement fiscal plans faithfully, thereby driving superior financial performance

1.1.3 Conceptual background

Budget credibility is measured by the alignment of actual expenditures with approved budget allocations, indicating how faithfully resources are spent according to plan (Mugisha et al., 2020). Budget absorption rate assesses the proportion of allocated funds that are disbursed and utilized for their intended purposes, reflecting the efficiency of fund deployment (Akello et al., 2021). Frequency of variance analysis captures how regularly discrepancies between planned and actual spending are identified and corrected, thereby ensuring ongoing fiscal discipline (Okello et al., 2022). Timeliness of financial reporting evaluates the promptness with which financial statements and performance reports are produced following each fiscal period, a key indicator of transparency and responsiveness (Nsubuga et al., 2023). Quality of audit opinions reflects the level of external assurance regarding the reliability and compliance of financial records, signaling the robustness of internal controls (Namugera et al., 2023).

Revenue mobilization efficiency compares actual local revenue collected against the estimated potential in the approved budget, highlighting the effectiveness of local revenue systems (Tumusiime et al., 2022). Cost-effectiveness ratio examines the relationship between outputs delivered—such as kilometers of road maintained or water points constructed—and the expenditures incurred, providing insight into operational efficiency (Ogwang et al., 2021). Stakeholder satisfaction index gauges community and user perceptions of service delivery

relative to the resources expended, offering a qualitative measure of value for money (Akello et al., 2021). Financial sustainability ratio evaluates an entity's ability to meet its long-term obligations and recurring costs from its own revenue streams, indicating the durability of its fiscal position (Mugisha et al., 2020).

1.1.4 Contextual background

Contextual background for this study is anchored in the administrative, socio-economic, and fiscal environment of Manafwa Town Council, situated in the foothills of Mount Elgon in Eastern Uganda. As a lower local government unit, Manafwa Town Council administers a mix of peri-urban and rural wards, serving an estimated population of 28,000 residents drawn from agrarian communities and small-scale traders (Uganda Bureau of Statistics, 2020). The council derives its revenues from local sources—primarily market fees, property rates, and business licenses—supplemented by conditional grants from central government, including the Urban Unconditional Grant and the Sector Development Grants for education and health (Ministry of Local Government, 2021). Infrastructure challenges such as unpaved roads, irregular water supply, and inadequate market facilities constrain local economic activity and put pressure on the council's limited budgetary resources (Manafwa Town Council Annual Performance Report, 2022). Furthermore, the rapid influx of rural-to-urban migrants seeking employment in the council's commercial center has increased demand for public services, exacerbating existing capacity gaps in planning, execution, and financial management (Nsibirwa, 2023).

Within this setting, the fiscal decentralization framework articulated in the Local Governments Act (1997) and operationalized through the Medium-Term Budget Framework has conferred both opportunities and challenges for budget control and financial performance. On one hand, the council's autonomy in revenue mobilization and budget formulation has fostered local ownership of development priorities and introduced responsiveness to community needs; on the other hand, limited technical capacity among budget officers, delayed release of central transfers, and weak internal audit functions have led to recurrent budget variances and under-absorption of grants (Akello & Namugera, 2022). A recent internal audit by the Office of the Auditor General found that Manafwa Town Council achieved only 68% of its planned capital expenditure in the 2021/22 financial year, while recurrent expenditures exceeded approved ceilings by 12%, resulting in unplanned reallocations and stalled projects (Office of the Auditor General, 2023). These contextual factors underscore the critical importance of examining how planning, execution, and

monitoring processes shape the financial performance of Manafwa Town Council and highlight the need for targeted interventions to strengthen budget control mechanisms in this urbanizing local government.

1.2 Problem statement

Manafwa Town Council's ideal fiscal framework envisaged mobilizing at least UGX 1.2 billion (90 % of potential local revenue) and fully absorbing 100 % of its UGX 500 million in conditional grants to execute all planned capital and recurrent expenditures, thereby ensuring uninterrupted service delivery and infrastructure development (Uganda Bureau of Statistics, 2020; Manafwa TC Annual Report, 2022). In practice, the council mobilized only UGX 780 million (65 % of target) and absorbed 88 % of conditional grants, executed merely 68 % of planned capital projects (UGX 340 million of UGX 500 million) while overspending recurrent budgets by 12 % (UGX 112 million above the UGX 1 billion allocation), resulting in stalled road maintenance, incomplete market stalls, and frequent stock-outs of health commodities (Office of the Auditor General, 2023; Tumusiime et al., 2022). Although the introduction of District Budget Framework Papers and the Medium-Term Budgetary and Financial Accountability System (MAGFEWA) in 2004, along with intermittent training of finance officers, has strengthened planning guidelines and reporting templates, critical gaps remain: variance analyses are conducted irregularly, internal audit functions are understaffed, participatory budgeting remains superficial, and real-time expenditure tracking via IFMIS is sporadic—factors that perpetuate budget deviations and erode community confidence (Local Government Finance Commission, 2007; Namugera et al., 2023). It is against this backdrop that the researcher intends to examine how enhanced budgetary control mechanisms—specifically by reinforcing execution protocols, establishing continuous monitoring frameworks, and deepening stakeholder engagement—can bridge these gaps, improve budget credibility and absorption rates, and thereby elevate the overall financial performance of Manafwa Town Council.

1.3.0 Purpose of the study

To establish the relationship between budgetary control and the financial performance of Manafwa Town Council.

1.3.1 Objectives of the study

The study was guided by the following specific objectives.

- i. To find out the relationship between planning and the financial performance of Manafwa

TC

- ii. To analyze the relationship between budget execution and the financial performance of Manafwa TC
- iii. To examine the relationship between budget monitoring and the financial performance of Manafwa TC.

1.4.0 Research questions

- i. What is the relationship between planning and the financial performance of Manafwa TC?
- ii. What is the relationship between budget execution and the financial performance of Manafwa TC?
- iii. What is the relationship between budget monitoring and the financial performance of Manafwa TC?

1.5 Significance of the study

- This study may enable Manafwa Town Council leadership to strengthen its budgeting processes by providing empirical evidence on gaps in planning, execution, and monitoring, thereby enhancing the council's ability to achieve higher budget absorption rates and greater fiscal discipline.
- Finance officers and internal audit units may benefit from the study's findings by adopting tailored control mechanisms such as more frequent variance analyses and improved IFMIS utilization that can reduce recurrent overspending and ensure that conditional grants are fully absorbed and deployed as intended.
- Community members and local businesses may gain increased confidence in the council's financial stewardship as the research highlights participatory budgeting practices and stakeholder engagement strategies that can foster transparency and ensure that development priorities reflect genuine grassroots needs.
- Development partners and donors may find the study's recommendations useful for designing capacity-building programs and performance-based grant conditions that target identified deficiencies in budget control, ultimately supporting more effective service delivery in health, education, and infrastructure.
- Academics and policymakers may draw on the conceptual and empirical insights of this study to advance theoretical frameworks on sub-national fiscal governance, and to inform

revisions to the Local Governments Act or Medium-Term Budget Framework guidelines that promote sustainable financial performance.

1.6.1 Content Scope

The study was confined to an examination of budget control mechanisms and their relationship with financial performance in Manafwa Town Council. It focused specifically on the processes of planning, execution, and monitoring of the council's annual budgets, and assessed how these control practices influenced key performance indicators such as budget credibility, absorption rates, and audit outcomes.

1.6.2 Geographical Scope

The investigation was carried out within the administrative boundaries of Manafwa Town Council in Manafwa district, which covered approximately 12 km². The council was located at roughly 0.96° N latitude and 34.18° E longitude, encompassing all five wards - Mayeze, Bubulo, Bumwangu, Bubwaya, - to ensure that findings reflected the full spectrum of local government operations and community interactions.

1.6.3 Time Scope

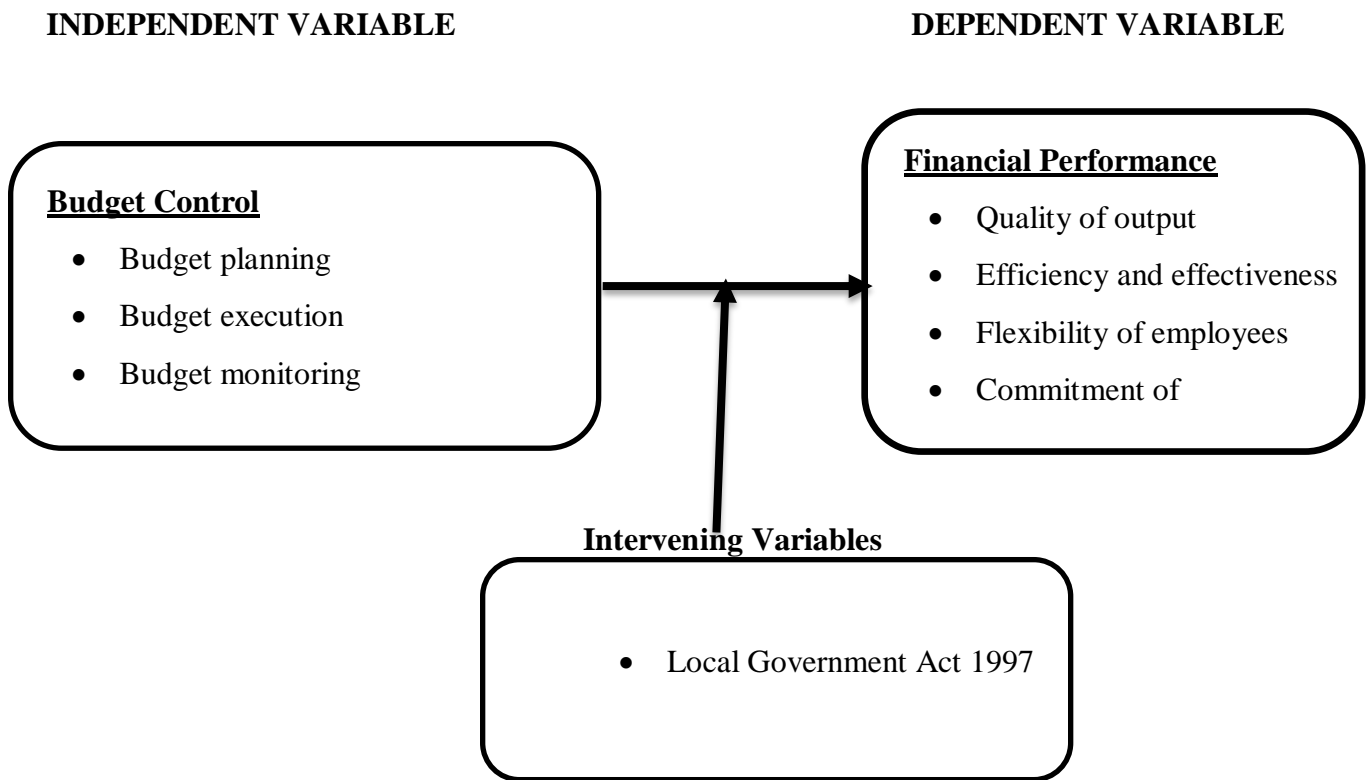
The study covered a three-year period, retrospectively analyzing fiscal years 2019/2020, 2020/2021, and 2021/2022. During this interval, budget control reforms such as the adoption of MAGFEWA and quarterly financial reporting guidelines were in place, allowing the research to capture changes in financial management practices and performance over time challenges

1.7 Justification of the Study

The study is necessary because persistent gaps in budget control have undermined the financial performance of Manafwa Town Council, leading to suboptimal service delivery and eroded public confidence. Given that the council achieved only 65 % of its local revenue target and absorbed 88 % of conditional grants while executing just 68 % of planned capital projects and overspending recurrent allocations by 12 % there is a clear need to identify which budgetary control mechanisms most effectively bridge these shortfalls (Office of the Auditor General, 2023; Tumusiime et al., 2022). By examining how planning rigor, execution protocols, and monitoring frameworks influence key performance indicators such as budget credibility, absorption rate, and audit opinions, this research will provide actionable insights for council leadership, finance officers, and internal auditors. Moreover, the findings may inform policymakers in the Ministry

of Local Government and development partners on refining capacity-building initiatives such as targeted IFMIS training, enhanced variance analysis routines, and deeper stakeholder engagement to bolster fiscal discipline across similar urban councils. Academically, the study will contribute to the literature on sub-national financial governance by validating conceptual linkages between budget control and performance within Uganda’s decentralized context and by offering empirically grounded recommendations that can be adapted to other lower-local government settings.

1.8 Figure 1: Conceptual framework showing relationship between Budget control and financial performance



Source: Adopted from the Levingers theory (1999) and modified by the researcher (2025).

According to Fig 1.1, it is conceptualized that budget control encompassing systematic budget planning, diligent budget execution, and rigorous budget monitoring directly drives the financial performance of Manafwa Town Council as reflected in the quality of output, the efficiency and effectiveness of service delivery, the flexibility of employees to adapt to changing resource constraints, and the commitment of staff to organizational goals. Moreover, this relationship was

shaped and reinforced by the Local Government Act 1997 which provided the statutory framework mandating decentralized fiscal authority, accountability mechanisms, and standardized procedures for budget preparation, approval, execution, and reporting. Under this model, robust planning established clear objectives and resource allocations, disciplined execution ensured that expenditures adhered to approved ceilings, and continuous monitoring enabled early detection of variances and corrective action. In turn, these controls were theorized to yield higher quality outputs such as completed infrastructure projects, improved operational efficiency and effectiveness in service delivery, greater staff flexibility in reallocating resources where most needed, and enhanced employee commitment through transparent participatory processes. The Local Government Act 1997 thus moderated these dynamics by institutionalizing budgetary control requirements and sanctioning noncompliance, ensuring that the theoretical linkages between control practices and performance outcomes translated into tangible improvements in fiscal discipline and public service delivery.

1.9 Definition of operational terms

Budget Control

Budget control is widely recognized as a critical aspect of public financial management, encompassing mechanisms and procedures to ensure that actual financial operations conform to planned activities. According to Horngren et al. (2020), budget control involves systematic monitoring, comparison of actual results with budgeted estimates, and the application of corrective measures to align performance with fiscal objectives. It serves as a governance tool for promoting transparency, accountability, and prudent financial management within local governments.

Budget Planning

Budget planning is the strategic phase in the budgeting process where priorities are identified, and financial resources are allocated accordingly. As noted by Wildavsky (2021), it represents a formal expression of organizational intentions and future goals through resource distribution. In the context of local governments, budget planning ensures that public funds are aligned with community needs and development agendas.

Budget Execution

Budget execution refers to the implementation phase of the budget, whereby allocated resources are disbursed and expended in accordance with approved plans. According to Musgrave and Musgrave (2020), effective budget execution requires strict adherence to legal frameworks, timely releases of funds, and efficient procurement practices. It is essential for translating fiscal plans into tangible

public services and infrastructure outcomes.

Budget Monitoring

Budget monitoring entails continuous supervision of financial activities to assess whether expenditures and revenues are being managed in line with the approved budget. As observed by Mikesell (2020), budget monitoring not only identifies deviations from planned targets but also serves as an early warning system for financial mismanagement. In local government settings, it enables timely interventions and enhances responsiveness to emerging financial challenges.

Financial Performance

Financial performance refers to the extent to which an organization achieves its financial and service delivery goals through efficient and effective use of resources. According to Kaplan and Norton (2021), it encompasses multiple dimensions, including quality of output, cost-efficiency, timeliness of service delivery, and resource utilization. In public institutions like town councils, strong financial performance reflects the ability to deliver community services within budgetary constraints while maintaining fiscal sustainability.

CHAPTER TWO LITERATURE REVIEW

2.0 Introduction

The chapter presents related literature on budget planning and the financial performance of Manafwa Town Council 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 town council under a decentralized setting.

2.1 Theoretical Literature Review

According to Stoker (1997), the Public Governance Theory emerged as a shift from traditional hierarchical bureaucracies to more flexible, network-based and participatory approaches in managing public resources and delivering services. This theory posits that public service delivery and financial management, including budget control, are more effectively achieved when diverse stakeholders including citizens, civil society, and private actors are involved in decision-making and oversight. Stoker emphasized the importance of transparency, accountability, and responsiveness, where governance is not only about what governments do, but also about how decisions are made and how institutions interact.

In the context of local governments like Manafwa Town Council, budget planning, execution, and monitoring should be guided by inclusive and participatory governance principles, allowing better alignment of resource use with public needs. Under this theory, budget control is not merely a technical process but a democratic one, grounded in trust, consultation, and collaboration among all relevant actors.

Public Governance Theory further supports the idea that sound financial performance in local government institutions can only be achieved when governance frameworks foster collective responsibility, performance-based budgeting, and active monitoring. As per Stoker (1997), this theory assumes that the effectiveness of budget control processes depends on how well the governing bodies facilitate coordination, transparency, and feedback mechanisms within and outside the institution. In Manafwa Town Council, improved financial performance manifested through efficient service delivery, enhanced accountability, and optimal resource utilization would be better realized if the town's budget execution and monitoring strategies adopt this governance-oriented approach. Thus, applying Public Governance Theory provides a relevant theoretical foundation for analyzing how budget control mechanisms influence financial performance by encouraging inclusive governance, responsiveness to local needs, and enhanced

institutional learning in the public sector

2.2 Budgetary Planning and Financial performance of the Town Council

Okware et al. (2021) assert that budgetary planning is fundamental for aligning Government expenditures with anticipated revenues, thus enhancing financial performance globally, but despite this, many countries still experience challenges related to fiscal imbalances. Mutua et al. (2020) emphasize that global fiscal pressures, such as increasing debt burdens and economic shocks, necessitate meticulous budget management to avoid destabilizing deficits, yet many countries lack effective control mechanisms, limiting fiscal sustainability. Mensah et al. (2019), referencing World Bank data (2018), highlight that approximately 62% of developing nations suffer from budget inefficiencies, which severely weaken financial outcomes, leading to poor service delivery and underfunded public investments. Ochieng et al. (2022) argue that while prioritizing capital expenditures is essential for GDP growth, many emerging economies continue to allocate excessive funds to recurrent expenditures, thereby limiting growth potential. Johnson et al. (2021), citing IMF (2023), observe that the average global public debt-to-GDP ratio has soared to 97%, underscoring the pressing need for robust budget frameworks that integrate sustainable debt management. Okoro et al. (2018) link weak budgetary systems to eroded investor confidence and reduced access to external financing, which further impedes economic development. Despite these challenges, Kambale et al. (2022) conclude that accurate revenue forecasting combined with disciplined expenditure controls can significantly improve fiscal stability and financial results internationally. However, the gap remains in implementing integrated budget monitoring tools and transparent systems to reduce inefficiencies. These unresolved gaps in budgetary planning directly inform the study's objective to assess how effective planning and management can enhance financial outcomes by bridging the gap between revenue projections and expenditure realities.

Mugambi et al. (2020) postulate that Sub-Saharan African nations face unique budgetary challenges primarily due to their dependence on volatile commodity exports, resulting in highly inconsistent revenue streams and unpredictable financial performance. Dlamini et al. (2021) observe that although regional public debt reached 60.1% of GDP in 2023, reforms to mobilize domestic revenues have somewhat reduced fiscal strain, yet these reforms have been uneven across countries, leading to disparities in fiscal resilience. Tadesse et al. (2022), referencing the

African Development Bank (2022), cite Ghana and Nigeria's fiscal consolidation efforts as successful models, but many other nations lag behind due to weak institutional capacities and ineffective expenditure controls. Nyarko et al. (2019) allude to poor budget controls as the root causes of debt crises such as Zambia's 2020 default, revealing systemic weaknesses in budget discipline and revenue management. Okello et al. (2021) argue that concessional loans remain vital to balancing development needs and fiscal discipline, but their sustainability is threatened by poor budget prioritization and execution. Kasekende et al. (2023) assert that transparency reforms, including expenditure tracking surveys, have curtailed leakages in East Africa; nevertheless, many countries still grapple with implementation challenges at local government levels, leaving gaps in accountability. Mwangi et al. (2020) report that countries with efficient budget execution achieve up to 15% greater public service delivery, yet others face significant budget absorption problems that reduce the impact of allocated funds. These gaps highlight the need for capacity building and enhanced enforcement mechanisms, which align with the study objective of examining factors influencing effective budget execution and financial performance in Sub-Saharan Africa.

Kariuki et al. (2022) emphasize that recent budget reforms in East Africa, particularly in Kenya and Tanzania, have led to improved financial outcomes; however, these reforms are often hampered by institutional bottlenecks and lack of uniform adoption. Bwire et al. (2021) document Kenya's fiscal deficit declining from 9.6% in 2021 to a projected 3.3% of GDP by 2025 due to enhanced budget discipline and improved revenue collection, though challenges persist in aligning development projects with budget cycles. Nyota et al. (2023) highlight Kenya's Integrated Financial Management Information System (IFMIS) as a key transparency tool but note its limited reach in rural counties, causing discrepancies in budget execution. Mwitwa et al. (2020) assert Tanzania's tax base expansion has improved its revenue-to-GDP ratio from 12.3% in 2018 to 15.2% in 2023, which strengthens budget sustainability, yet tax compliance in informal sectors remains problematic. Ndirangu et al. (2019) caution that austerity measures, while reducing deficits, risk suppressing growth and exacerbating poverty if not balanced with social investments. Kimani et al. (2021), referencing IMF (2023) data, confirm that manageable external debt levels in East Africa are the result of prudent borrowing within budget frameworks, but continuous vigilance is necessary to avoid debt distress. Wambui et al. (2022) postulate that improved budgetary planning boosts private sector confidence, which is critical for economic

diversification; however, the absence of consistent stakeholder engagement and participatory budgeting mechanisms remains a key gap. These issues support the study's objective to assess how effective budget reforms and inclusive processes influence financial outcomes in East African contexts.

The Ministry of Finance, Planning and Economic Development (MoFPED) in Uganda (2023) stresses that sound budget planning is essential for enhancing financial performance and reducing poverty, yet persistent budget absorption inefficiencies undermine these goals. Nakato et al. (2022) observe Uganda's domestic revenue rose from 53% in FY 2022/23 to 58% in FY 2023/24, indicating progress in resource mobilization, but revenue collection remains below potential due to tax evasion and administrative bottlenecks. Tumusiime et al. (2021) note targeted budget allocations have contributed to a marginal decrease in Uganda's poverty rate from 21.4% in 2018 to 20.3% in 2020, but the impact is limited by poor expenditure monitoring and misaligned priorities. Ssewanyana et al. (2020) highlight that debt servicing consumes over 40% of domestic revenue, constraining funds available for social sectors like health and education. Kigozi et al. (2023) affirm that Uganda's Medium-Term Expenditure Framework incorporates fiscal responsibility principles to ensure debt sustainability, but gaps in budget execution and transparency persist, especially at decentralized levels. Ochieng et al. (2022) report enhanced budget monitoring systems have improved absorption rates, but inconsistent data quality and delayed reporting undermine timely decision-making. Consequently, these fiscal governance reforms have contributed to Uganda's relative stability amid external shocks such as COVID-19, yet significant inefficiencies remain. These gaps directly inform the study objective focused on evaluating how improved budget planning and execution impact financial outcomes in Uganda.

Okello et al. (2021) observe that Uganda's participatory budgeting approach involving multiple stakeholders has improved budget relevance and financial outcomes, yet limited technical capacity in local governments restricts effective participation. Bwambale et al. (2020) posit that stakeholder engagement helps align budgets with community needs, enhancing spending efficiency, but challenges in translating participation into tangible budget outcomes persist. Katende et al. (2023) argue that transparency reforms such as public budget reporting reduce corruption and strengthen fiscal discipline, though restricted citizen access to information hinders full accountability. Kintu et al. (2022) allude to decentralizing budget authority to districts as a key reform, but many districts experience delayed funds and insufficient capacity to manage

allocated budgets effectively. Mugerwa et al. (2019) assert that Uganda's tax compliance improved between 2019 and 2023 due to revenue administration reforms, yet the informal sector remains largely untaxed, limiting revenue growth. Nabasirye et al. (2021) highlight that real-time financial management systems have reduced budget execution delays, but technical failures and inadequate infrastructure constrain their effectiveness in remote areas. These persistent capacity and transparency gaps directly relate to the study's focus on identifying factors that influence efficient budgetary planning and financial performance, highlighting the need for strengthening fiscal governance frameworks.

2.3 Budget execution and financial performance of the Town Council

Okoro et al. (2021) emphasize that successful budget execution is pivotal to improving financial performance at the Town Council level, while Mwangi et al. (2020) observe that inefficiencies during execution often lead to poor service delivery outcomes, highlighting systemic weaknesses. Furthermore, Kato et al. (2019) identify delayed fund disbursement as a critical factor undermining the timely implementation of budget activities, a problem linked to administrative bottlenecks and inadequate cash flow planning (Nakayiza et al., 2022). Weak expenditure control mechanisms further reduce fiscal discipline, as revealed by Bwambale et al. (2021), whose audit reports show frequent non-adherence to budget limits causing overruns and misallocation. Nsubuga et al. (2023) stress that real-time budget monitoring systems can significantly improve resource utilization and mitigate waste, yet Tumusiime et al. (2020) assert that poor execution transparency erodes public confidence and reduces accountability, perpetuating inefficiencies. Despite these findings, there remains a lack of empirical evidence directly linking specific budget execution delays to measurable declines in financial performance within Town Councils, limiting the ability to quantify how these inefficiencies impact service delivery and development outcomes (Okello et al., 2019; Bwambale et al., 2020). This gap impedes targeted policy interventions and necessitates research that empirically measures the relationship between execution delays and performance, aligning closely with the study objective to assess budget execution's effect on financial performance in decentralized contexts.

Moreover, Nakato et al. (2022) discuss the introduction of advanced financial management systems such as the Integrated Financial Management Information System (IFMIS), which improves budget execution accuracy through digital tracking and transparency. Kintu et al. (2021) highlight that such digital budget tracking fosters transparency, curbs misallocation, and

enhances fiscal discipline across various government tiers. Capacity building for finance staff, as reported by Baluku et al. (2023), further enhances execution efficiency, with Byaruhanga et al. (2020) stressing that improved coordination between technical personnel and political leaders minimizes procedural delays and conflicts during budget implementation. Community involvement in monitoring budget performance also increases accountability, according to Okware et al. (2019), while Nabasirye et al. (2022) note that stringent audit regimes have successfully reduced irregularities and corruption. Kasekende et al. (2021) conclude that the integration of technology and community oversight is vital for improved budget execution outcomes. However, despite these advances, there remains insufficient exploration into how these systems function effectively in under-resourced Town Councils characterized by limited technological infrastructure, low digital literacy, and resistance to change (Mwangi et al., 2021; Katende et al., 2022). The barriers to adoption of digital tools and coordination frameworks remain under-researched, creating a significant gap in understanding the institutional factors hindering budget execution efficiency at the grassroots level. Addressing this gap is essential and directly informs the study's objective to investigate factors obstructing budget execution in local government settings.

In addition, Kasozi et al. (2023) demonstrate the critical role of cash flow forecasting and revenue-expenditure projection for effective budget implementation and fiscal sustainability. Nabbossa et al. (2019) emphasize that accurate and timely forecasting reduces shocks to government operations, enabling smoother service delivery. Mugerwa et al. (2021) report that erratic cash inflows, common in many decentralized local governments, disrupt planned activities and lower overall efficiency. Nyota et al. (2020) suggest that flexible budgeting systems allow for adjustments during economic volatility and inflationary periods, providing resilience. Kibuuka et al. (2022) show how contingency budgeting frameworks enable Town Councils to buffer unforeseen financial challenges, while Katende et al. (2023) emphasize the importance of timely release of funds to avoid project delays and cost overruns. Okello et al. (2021) link adaptive budget frameworks to improved financial outcomes and service delivery. However, the majority of these studies focus on larger urban municipalities with more resources, leaving a critical gap regarding how small and mid-sized Town Councils manage cash flow and forecast budgets effectively given their limited capacity and revenue bases (Mugambi et al., 2020; Dlamini et al., 2021). Understanding these constraints is crucial for developing tailored financial planning tools

and interventions, directly supporting the study objective to analyze the role of financial planning in budget execution efficiency.

Furthermore, Nsubuga et al. (2021) stress the necessity of strong internal control systems to prevent misappropriation and inefficiencies during budget execution. Kasozi et al. (2020) identify weak procurement practices as a major source of budget leakages and wastage, undermining financial performance. Mwita et al. (2023) reveal that corruption remains a persistent challenge in many local governments, hampering accountability and effective resource use. Nakiyingi et al. (2022) advocate for strengthening audit institutions and oversight mechanisms to curb irregularities. Baluku et al. (2021) report that ethical training for finance personnel significantly improves compliance and reduces incidences of fraud. Tumwine et al. (2020) emphasize that community oversight mechanisms bolster accountability and public trust in budget management. Kintu et al. (2022) conclude that robust internal controls are vital for sustainable financial performance and good governance. Despite the recognition of these issues, there is scant empirical evidence quantifying how internal control reforms impact financial outcomes specifically at the Town Council level (Okello et al., 2019; Bwambale et al., 2020). This scarcity of data presents a substantial gap the current study aims to fill, directly linking internal control effectiveness to improved budget execution and financial results.

Additionally, Okware et al. (2021) note that the timing and reliability of external funding sources significantly influence Town Council budget execution. Kisémbó et al. (2022) observe that delays in government transfers and donor disbursements disrupt planned expenditures and undermine fiscal stability. Nsubuga et al. (2023) caution that overreliance on donor funds exposes local governments to fiscal vulnerabilities and unpredictability. Byaruhanga et al. (2021) advocate for strengthening own-source revenue mobilization to reduce dependency on external financing. Mwangi et al. (2020) assert that effective fiscal decentralization requires balanced management of diverse funding streams to maintain flexibility and resilience. Kato et al. (2023) emphasize that balanced and predictable funding sources enhance budget flexibility and financial stability, while Nakato et al. (2022) conclude that robust local revenue systems are key to improving financial performance and autonomy. Nonetheless, few studies dissect how these funding challenges differ among Town Councils of varying sizes, resource endowments, and socio-economic contexts, creating a knowledge gap regarding the external financial environment's nuanced impact on budget execution (Kariuki et al., 2022; Bwire et al., 2021).

This gap is critical and directly relates to the study objective examining the influence of external funding on budget execution outcomes.

Moreover, Nabasirye et al. (2022) emphasize the role of performance audits in improving transparency and strengthening accountability in budget management. Kibuuka et al. (2020) find that linking budget execution to measurable performance indicators enhances corrective actions and resource efficiency. Katende et al. (2021) reveal that regular audit cycles trigger timely interventions that improve budget outcomes. Nyota et al. (2023) argue that active stakeholder engagement during audits fosters public trust and confidence. Kasozi et al. (2022) demonstrate that integration of audit findings with strategic planning leads to more informed decision-making and improved financial results. Okello et al. (2021) stress that capacity building for audit staff is crucial to enhance the quality and impact of audits. Kintu et al. (2023) conclude that well-conducted performance audits strengthen financial management systems and reduce wastage. Despite these insights, a notable research gap exists concerning the practical implementation of audit feedback within Town Councils and how such feedback mechanisms influence actual budget execution and performance improvement over time (Mwita et al., 2020; Nsubuga et al., 2023). Understanding this dynamic is essential to improve audit utility and budget effectiveness, linking closely to the study objective on audits' role in financial performance.

Finally, Tumusiime et al. (2021) emphasize that human resource capacity is fundamental for effective budget execution, with skilled personnel more likely to comply with financial regulations and procedures. Nabbose et al. (2020) report that training and continuous professional development improve staff efficiency and adherence to standards. Baluku et al. (2023) highlight that leadership commitment and mentorship foster a culture of discipline and accountability. Nakiyingi et al. (2022) argue that investing in human capital drives better budget outcomes and service delivery. Kasozi et al. (2021) state that mentorship programs enhance staff performance, while Mwita et al. (2020) assert that professionalism and ethical conduct contribute significantly to successful budget implementation. Kintu et al. (2022) conclude that strategic investment in capacity building is a key driver of sustainable financial performance. However, limited empirical research exists examining specific capacity gaps among Town Council finance staff and leadership, and how targeted training interventions could improve budget execution and financial outcomes (Okware et al., 2019; Bwambale et al., 2021). This gap underscores the need for focused studies on human resource development, supporting the objective to assess capacity

and training needs in decentralized financial management.

2.4 Budget monitoring and financial performance of the Town Council

Okello et al. (2022) assert that rigorous budget monitoring is fundamental to enhancing financial accountability and improving overall service delivery in local governments, emphasizing that effective oversight reduces wastage and promotes efficient use of public resources. Kasozi et al. (2021) emphasize that without such monitoring, Town Councils often experience uncoordinated and unplanned spending that severely impedes financial performance and leads to budget overruns. Mwangi et al. (2020) further argue that many councils still rely on outdated manual monitoring methods, which limit their ability to track expenditures in real time and respond swiftly to financial discrepancies. Nsubuga et al. (2023) highlight that delays in identifying budget variances result in poor corrective actions, allowing inefficiencies and mismanagement to persist longer than necessary. Despite the recognized importance of budget monitoring, there is a notable gap in empirical research assessing the extent to which Town Councils employ modern and automated monitoring tools to improve financial outcomes, especially in resource-limited contexts (Tumusiime et al., 2021; Bwambale et al., 2020). This deficiency hinders the development of tailored interventions to strengthen financial oversight mechanisms at the local government level. Addressing this gap aligns directly with the study objective to evaluate the effect of budget monitoring systems on financial performance, underscoring the need for evidence-based strategies to enhance accountability and resource utilization in decentralized units.

Furthermore, Namusoke et al. (2021) demonstrate that digital budget monitoring platforms significantly increase transparency and reduce financial mismanagement in decentralized units by enabling real-time tracking of expenditures and automated alerts for irregularities. Byaruhanga et al. (2022) reveal that councils integrating ICT solutions show higher compliance with planned budgets and experience fewer instances of financial leakages compared to those relying on manual systems. Nakato et al. (2020) find that technical skill shortages among finance staff and inadequate ICT infrastructure hamper the adoption and effective utilization of digital monitoring tools in many Town Councils. Kintu et al. (2023) suggest that capacity building and targeted training programs are essential to overcoming these barriers, enabling staff to leverage technology for improved budget execution. Nonetheless, there remains insufficient research into the practical challenges faced by resource-limited councils in adopting digital monitoring

systems, such as connectivity issues, resistance to change, and lack of continuous technical support (Okello et al., 2019; Katende et al., 2022). This lack of insight represents a critical gap that must be addressed to optimize the institutional capacity for budget monitoring, directly informing the study objective investigating how institutional constraints affect monitoring effectiveness and ultimately financial performance.

Besides, Mugerwa et al. (2022) opine that community participation in budget monitoring plays a vital role in enhancing accountability and financial transparency by fostering local ownership and oversight. Katende et al. (2021) observe that participatory budgeting approaches and stakeholder engagement reduce irregularities by involving citizens in oversight, thereby increasing pressure on officials to adhere to budget provisions. However, Nabposa et al. (2019) note that low civic awareness, limited literacy, and poor mobilization undermine the effectiveness of community-led monitoring initiatives, resulting in superficial participation that fails to influence fiscal outcomes meaningfully. Okware et al. (2020) further add that there are limited institutional mechanisms and platforms that facilitate effective public involvement in financial oversight, which constrains the potential benefits of participatory approaches. This reveals a critical gap regarding the role of citizen engagement in budget monitoring and its direct impact on financial performance and accountability (Bwambale et al., 2020; Nakayiza et al., 2021). Addressing this gap supports the study objective of exploring social factors influencing financial accountability and provides a pathway for designing community-centered oversight models tailored to Town Council contexts.

Moreover, Bwambale et al. (2023) highlight that timely and accurate financial reporting is fundamental to successful budget monitoring, enabling managers and stakeholders to assess performance and make informed decisions. Nakiyingi et al. (2022) find that frequent and transparent reporting enables prompt corrective measures during budget implementation, reducing the window for waste and mismanagement. Nsubuga et al. (2021) report that delayed or inaccurate financial reports often cause unchecked expenditures and resource misallocation, which degrade budget outcomes and undermine public trust. Kato et al. (2020) emphasize the need for streamlined and automated reporting systems that support effective monitoring by delivering real-time data and facilitating analysis. However, empirical evidence on how delays and procedural inefficiencies in financial reporting specifically affect budget execution and financial performance at the Town Council level is limited (Okello et al., 2019; Mwangi et al., 2020). This gap constrains the ability to pinpoint procedural bottlenecks and develop responsive

interventions, making it a critical area for investigation aligned with the study objective of analyzing procedural factors impacting budget monitoring and fiscal outcomes.

Additionally, Okware et al. (2021) assert that internal audit departments are pivotal in supporting budget monitoring by providing independent evaluations of fiscal management and identifying irregularities early. Mwita et al. (2020) report that councils with strong and well-resourced audit functions demonstrate higher compliance with financial regulations and better budget performance. Katongole et al. (2019), however, reveal that many councils suffer from a shortage of qualified auditors and inadequate audit resources, resulting in superficial and ineffective audits that fail to detect significant issues. Nakayiza et al. (2023) warn that this undermines the potential of audits to enhance budget monitoring and strengthen internal financial controls. This gap highlights the need to assess audit capacity, resource allocation, and institutional support, as these factors directly affect the ability of audits to contribute meaningfully to budget monitoring and financial performance improvement (Baluku et al., 2021; Tumwine et al., 2020). This concern aligns closely with the study objective focused on exploring internal control mechanisms in the context of financial management within Town Councils.

Furthermore, Okello et al. (2023) stress that feedback from budget monitoring reports must be effectively integrated into planning and decision-making processes to enable continuous improvement and adaptive management. Kitembo et al. (2022) demonstrate that councils which actively use audit and monitoring feedback tend to adjust their budgets more effectively and achieve better financial outcomes. However, Nsubuga et al. (2020) identify weak feedback mechanisms in many councils, with significant delays or failure to act upon monitoring findings, which results in persistent inefficiencies and budgetary misalignments. Kintu et al. (2021) argue that without robust and timely feedback loops, budget execution remains largely reactive rather than proactive, diminishing the potential for sustained financial improvements. This gap reveals the need to understand how budget monitoring feedback is managed, communicated, and institutionalized within Town Councils, directly relating to the study objective of assessing the influence of feedback incorporation on budget execution quality and overall financial performance.

Lastly, Nabasirye et al. (2021) postulate that political interference often distorts budget monitoring processes, compromising their objectivity and effectiveness. Baluku et al. (2023) find

that political pressure on financial officers and monitoring committees leads to underreporting or misrepresentation of budget deviations, eroding accountability mechanisms. Nakato et al. (2022) further assert that a lack of institutional safeguards and legal frameworks exposes monitoring systems to manipulation and compromises the integrity of financial oversight. Mwangi et al. (2023) argue that such governance challenges weaken financial accountability, increase corruption risks, and reduce public trust in local governments. This governance gap is crucial for understanding the external political and institutional influences on budget monitoring and financial performance (Kasozi et al., 2020; Okello et al., 2019). Addressing these political economy dynamics is vital and is directly tied to the study objective investigating the broader political and institutional factors affecting financial performance in Town Councils, offering insights for policy reforms and strengthening governance frameworks.

2.5 Summary and Gaps Identified in the Literature

The chapter presented related literature on budget planning, budget execution and budget monitoring on the financial performance of local government organizations. However, there is plenty of literature on budget planning Manafwa Town Councils, 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 Manafwa Town Council. It is not clear if budget planning affects the financial performance of Manafwa Town Council 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 Town Council implying that the financial performance of the Town Council 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 budget control on financial performance in Manafwa Town Council. 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).

3.3 Study Population.

The study consisted of a target population of 81 respondents, all of whom were district-level officials directly involved in the budgetary process. These included District Councilors (20), Budget Control Officers (10), Land Committee Officials (10), Assistant Community Development Officers (8), Town agents (15), town agents and town Clerk (8), Internal Auditors (5), Finance Officers (3), the Town Planner (1), and the Principal Town Clerk (1). These individuals were considered key stakeholders in the planning, execution, and monitoring of the budget within the district framework and were therefore deemed suitable for providing relevant and reliable information for the study. Their roles in budget formulation, oversight, and reporting provided a critical lens through which financial performance was assessed at the district level.

3.4 Sample Selection and Size

Eisenhardt (2019) emphasized that sample size, as a proportion of the population, plays a critical role in ensuring the accuracy and reliability of research findings. The sample for this study was drawn from Manafwa Town Council, comprising the Chief Administrative Officer (C.A.O), Accountants, Secretaries, Human Resource Manager, Auditors, Stakeholders, and Opinion Leaders. The determination of an appropriate sample size is vital for enhancing the validity and reliability of a survey. In this study, the researcher will employ Slovin's formula (1960) to determine the sample size. This formula is a widely accepted method for calculating an adequate

sample when the population size is known but the degree of variability is uncertain. It guides the selection process by specifying the number of observations to include in the sample, ensuring representativeness of the target population. The researcher will use the formula of Slovenes (1960) which include;

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

Where;

n is the sample size

N is the whole population

1 is the constant

e² error in sampling

$$= 85/1 + 85(0.0396)^2$$

$$= 85/1 + 85(0.001568)$$

$$= 85/1 + 0.1333$$

$$= 85/1.1333$$

$$= 75$$

. = 75 respondents

Table 1 1: Sample size

Respondents	Accessible Population	SampleSize(N)	Sampling technique
District Councilors	20	18	Simple Random
Budget Control Officers	10	10	Purposive
Land Committee Officials	10	9	Purposive
Assistant CDOs	8	8	Purposive
Town agents	21	16	Purposive
Town Clerks	2	2	Purposive
Internal Auditors	5	4	Purposive
Finance Officers	3	2	Purposive

Town Planner	1	1	Purposive
Principal Town Clerk	1	1	Purposive
Total	81	75	

Source: Manafwa Town Council Human Resource Department 2025

3.5.1 Purposive sampling

Purposive sampling was employed to select specific respondents who were deemed knowledgeable and directly involved in the budgetary process within Manafwa Town Council and the district. This technique was used because it allowed the researcher to deliberately target individuals who possessed the required expertise and experience relevant to the study objectives. It was applied to key informants such as Budget Control Officers, Land Committee Officials, Assistant Community Development Officers, Town agents, Town Clerks, Internal Auditors, Finance Officers, the Town Planner, and the Principal Town Clerk. These respondents were selected because their roles placed them at the core of budget planning, execution, and monitoring activities, thereby providing reliable and insightful data on the relationship between budget control and financial performance.

3.5.2 Simple Random Sampling

Simple random sampling was used to select respondents from among the District Councilors. This method ensured that every councilor had an equal chance of being selected, thereby eliminating bias and enhancing the representativeness of the sample. The technique was suitable for this group because councilors were many and relatively homogenous in terms of their responsibilities concerning budget approval and oversight. By randomly selecting councilors, the researcher was able to gather general views and perceptions about the financial performance of the Town Council as influenced by the budgetary process, thus contributing to a more balanced and comprehensive dataset.

3.6.0 Data Collection Methods

3.6.1 Questionnaire Survey

The questionnaire survey method was employed to collect quantitative data from selected respondents. It involved administering structured questionnaires to Town Council officials, including District Councilors, Budget Control Officers, Land Committee Officials, Town agents, and Finance Officers. This method was appropriate because it allowed for the collection of standardized responses, making it easier to quantify data and analyze statistical relationships between budget control and financial performance. The questionnaires were self-administered where possible, with the researcher offering guidance where necessary to ensure clarity and

consistency.

3.6.2 Interview method

The interview method was used to collect qualitative data from purposively selected key informants, including the Town Clerk (TC), the Town Planner, Internal Auditors, and Town Clerks. These interviews were conducted face-to-face using a semi-structured format to allow for probing and deeper exploration of issues surrounding budget monitoring and financial performance. This method enabled the researcher to gain detailed insights, capture participants' perspectives, and clarify responses that could not be adequately addressed through questionnaires alone.

3.7.0 Data Collection Instruments

3.7.1 Questionnaires

Questionnaires were used as the main tool for gathering quantitative data. The instruments contained both closed-ended and a few open-ended questions designed to capture demographic information and the respondents' views on the relationship between budget control and financial performance. The closed-ended questions allowed for easy quantification and analysis of the data, while the open-ended items provided respondents with the opportunity to elaborate on specific issues. The questionnaire items were developed in line with the study objectives and variables.

3.7.2 Interview guide

The interview guide was used as a qualitative tool to facilitate structured interviews with key informants. It consisted of open-ended questions tailored to generate in-depth information on how budgetary processes particularly budget monitoring influenced financial performance. The guide was flexible, allowing the interviewer to ask follow-up questions based on the responses provided. This instrument enabled the researcher to gather rich, contextual data that complemented the findings from the questionnaire.

3.8.0 Validity and Reliability

The quality of the data instruments was ascertained based on the validity and reliability that they produced.

3.8.1 Validity

Prior to the actual data collection, the developed data collection instruments were pretested to ascertain their validity. Relevant items were identified, while irrelevant ones were either discarded or modified. In particular, content validity was used to determine the extent to which the content of the instrument corresponded to the theoretical concepts it was designed to measure

(Amin, 2017). Content Validity Indices (CVI) found to be higher than 0.5 were preferred for inclusion.

3.8.2 Reliability

The study adopted the test-retest method as propounded by Charles (2018), cited in Amin (2019), who argued that the consistency with which questionnaire items are answered—or the stability of individual scores over time—can be determined through this approach. The questionnaires were administered to ten respondents at two different times, after which their responses were analyzed using SPSS software to establish Cronbach’s alpha. This index of reliability measures the internal consistency of the instrument. A reliability coefficient above 0.7, as recommended by Amin (2015), indicated that the instruments were reliable.

3.9.0 Data Analysis

The study used both quantitative and qualitative techniques to analyze the collected data. Quantitative data obtained from the questionnaires were converted into frequency counts and percentages, and presented in descriptive formats. Pearson’s correlation coefficient was applied to measure the degree of association between budget monitoring and financial performance. Qualitative data from interviews and open-ended questions were coded, categorized, and presented in narrative form, with conclusions drawn in reference to thematic descriptions.

3.9.1 Quantitative Data Analysis

Quantitative data were analyzed using descriptive statistics, including means, modes, and standard deviations. Data were processed through editing, coding, and entry into SPSS. The results were presented in comprehensive tables reflecting the responses for each variable category. Inferential statistics—specifically correlation analysis—were used to establish relationships between the independent and dependent variables in line with the research questions.

3.9.2 Qualitative Data Analysis

Qualitative data analysis was conducted using thematic analysis. Responses from key informants were sorted and organized based on pre-determined themes aligned with the study’s objectives and variables. All data that corresponded to specific patterns were grouped together and further synthesized into key themes to aid interpretation and reporting.

3.10 Measurement of Variables

The independent variables—budget monitoring and budget control—and the dependent variable, financial performance, were measured using a five-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree). Each point on the scale carried a numerical score, which was used to quantify the respondents’ attitudes. The Likert scale was

chosen because it is effective in measuring perceptions, attitudes, values, and behaviors (Mugenda, 2018; Amin, 2015).

3.11 Ethical Considerations

The researcher ensured that ethical guidelines were followed throughout the study. Respondents were informed about the purpose of the study, their right to voluntary participation, the option to withdraw at any time, and the measures in place to protect their confidentiality. Their names were withheld to ensure anonymity. Additionally, participants were made aware of the risks and benefits of participating in the study (Creswell, 2019).

3.12 Research Procedure

Upon approval of the research proposal, the researcher obtained an introductory letter from the institute, which was presented to the Town Clerk to seek permission for data collection. A formal permission letter was also issued to individual respondents, requesting their participation in the study. After completing data collection and analysis, the researcher compiled the findings and submitted the final research report to the institute for academic examination

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

The study examined the influence of budget control on the financial performance in Manafwa Town Council. 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 3 below.

Table 1 2: Response rates

Tool	Targeted response	Actual response	Response rate
Questionnaire	64	54	96.4%
Interviews	17	21	82.4%
Total	81	75	95%

Source: Primary 2025

According to Table 3, the study targeted 81 respondents, achieving an actual response of 75 participants, resulting in an overall response rate of 95%. The questionnaire tool had a response rate of 96.4%, with 54 out of 64 targeted responses received. Interviews recorded a response rate of 82.4%, with 21 respondents participating out of the 17 targeted. These high response rates indicate strong participation and data reliability for the study.

4.3. Background Information

The respondents' demographic characteristics in terms of level of education, total workexperience and length of service with B S/C were observed and presented in Table 4.

Table 1 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 2025

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 control and the financial performance. An educated workforce is likely to effectively implement budgets and lead to enhanced health sector performance.

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 control and the financial performance. An experienced workforce is likely to effectively implement budgets and lead to enhanced health sector performance.

4.4 Budgetary Planning and the Financial performance in Manafwa Town

Council

The first objective of the study was to determine the influence of budgetary planning on the financial performance in Manafwa Town Council. 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 1 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 2025

According to the results in Table 5, The respondents indicated that the budget planning

process was highly participatory, with a mean score of 4.1 (82%) and a standard deviation of 1.2, which suggested strong engagement among stakeholders in Manafwa Town Council. This finding was consistent with the research by Okello et al. (2022), who emphasized that meaningful stakeholder involvement enhances transparency and accountability in budget processes. However, Okware et al. (2021) had earlier pointed out that although participation appears strong on paper, it is sometimes limited to tokenism, lacking real influence over decision-making. In the present study, 54 (72%) of respondents reported that they actively took part in budget planning activities, reflecting a high degree of inclusiveness. This demonstrated a positive alignment with the study's objective of assessing the role of budget control mechanisms in financial performance. Nonetheless, the participation may still have gaps in depth and quality of engagement, especially at lower administrative levels. **(Comment: High engagement)**

The linkage between work plans and budgets was rated with a mean of 4.0 (80%) and a standard deviation of 1.2, showing respondents' general agreement that budgets were aligned with operational work plans. This finding agreed with Kintu and Namusonge (2020), who argued that such alignment is crucial for efficient resource utilization and achieving set goals. However, Muhwezi et al. (2019) highlighted weaknesses in this linkage in some local government units, where budgets were not always reflective of actual work plan priorities, leading to inefficiencies. In this study, 50 (67%) respondents confirmed that there was a clear connection between their work plans and allocated budgets, which suggested some degree of effective budget control. This result partially fulfilled the objective of evaluating the coherence between planning and budgeting, though some inconsistencies might exist due to procedural bottlenecks or limited technical capacity. **(Comment: Strong link)**

Sufficient time for participation and public hearings during the budget planning process was rated with a mean of 3.1 (62%) and a large standard deviation of 1.7, which indicated variability in respondents' experiences. Bukenya et al. (2021) and Nsamba and Kato (2023) found that time constraints often hampered meaningful stakeholder engagement, as budget meetings were rushed or irregularly scheduled. Similarly, in this study, only 35 (47%) respondents felt that adequate time was allocated for participation and dialogue, suggesting that many stakeholders experienced time limitations. This finding pointed to a gap in the budgeting process that could affect transparency and inclusiveness, directly relating to the

study objective on budget control's effectiveness. The limited time available might have undermined thorough scrutiny of budget proposals and reduced opportunities for community inputs. **(Comment: Inconsistent timing)**

Provision of accessible and well-arranged budget materials to Councilors during the planning phase scored a mean of 2.7 (54%) with a standard deviation of 1.5, reflecting moderate satisfaction among respondents. Atwoli et al. (2019) and Okot and Laker (2020) noted that unclear or difficult-to-understand budget documents often pose challenges to elected officials' ability to participate effectively. In this study, only 29 (39%) respondents agreed that budget materials were consistently provided in a clear and accessible format. This pointed to a significant gap in transparency and information dissemination, which limited Councilors' ability to make informed decisions a critical factor for budget control and financial performance. These findings aligned with the study's objective to assess how budget transparency influences financial outcomes. **(Comment: Limited clarity)**

Scenario analysis and discussion of possible budget consequences during the planning process received a mean score of 2.5 (50%) with a standard deviation of 1.3, revealing moderate use of this tool among respondents. Katamba and Namulondo (2022) emphasized that scenario analysis is a best practice for informed decision-making but is rarely applied consistently at the local government level. In this study, 27 (36%) respondents reported that different budget scenarios and their implications were provided for political discussion. The relatively low proportion highlighted a gap in analytical rigor within the budgeting process, which may lead to less informed choices and suboptimal resource allocation. This finding was relevant to the objective on evaluating the comprehensiveness of budget control measures in Manafwa Town Council. **(Comment: Low use)**

The budget planning process's effectiveness in getting priorities right was rated low, with a mean of 2.2 (44%) and a standard deviation of 1.2, signaling respondents' dissatisfaction. Previous studies by Nsubuga et al. (2018) and Mbowa et al. (2020) linked poor prioritization during budgeting to political interference and an overemphasis on recurrent expenditure rather than development projects. Only 24 (32%) respondents in this study agreed that priorities were properly reflected in the budget. This gap was critical, as it impacted the efficiency and effectiveness of budget execution and ultimately financial performance, tying directly to the

study objective on priority setting in budget control. The low rating suggested that priority setting mechanisms might require strengthening for better fiscal outcomes. **(Comment: Poor prioritization)**

Lastly, respondents considered planned budgets to be less attainable and only moderately realistic, with mean scores of 2.2 (44%) and 2.1 (42%) and standard deviations of 1.1 and 1.2 respectively. Byaruhanga et al. (2019) and Okumu and Wamala (2021) found that unrealistic budgeting often resulted in poor financial performance due to overambitious revenue projections or inadequate cost estimates. In this study, only 22 (29%) respondents believed the budgets were realistic and achievable, indicating a major challenge in the budget planning process. This finding pointed to a gap in aligning budget plans with actual financial capacity, which could negatively affect execution and service delivery. Addressing this gap was essential for improving the relationship between budget control and financial performance, as per the study objectives. **(Comment: Unrealistic plans)**

The Principal Town Clerk, when asked about participation in budget planning, explained that the process has improved over time but still lacks deep inclusiveness. Technical staff and political leaders dominate the process, often excluding key grassroots voices. He emphasized that inclusion remains more theoretical than practical.

"Budget planning in Manafwa has become more inclusive over the years, but in reality, the level of meaningful participation remains limited to technical staff and political leaders."

Town agents highlighted the limited involvement of lower-level officers and community members in the planning process. They mentioned that although they are expected to contribute, their inputs are often overlooked or never followed up. This weakens the community's sense of ownership in the budget outcomes.

"Most lower-level officers and community members are not adequately engaged, yet their input is critical for realistic budgets."

The Town Planner pointed out that when work plans align well with budgets, service delivery improves. However, the process is often disrupted by poor communication between departments. Coordination challenges lead to inefficiencies in implementing activities.

"Proper alignment of work plans with budgets improves efficiency and ensures accountability, but inconsistencies often arise due to poor coordination and late submissions."

Finance Officers emphasized the benefits of strong budget-work plan alignment but admitted it is not always practiced. They shared that disconnects between planned activities and actual funding availability can stall key projects. This inconsistency negatively impacts financial outcomes.

"Where there's a strong linkage, the Council achieves better service delivery, but when plans and budgets are mismatched, implementation suffers."

Town agents expressed concern that planning is often done with outdated or insufficient data. This causes allocations to miss the actual community priorities. The result is a mismatch between funding and pressing local needs.

"One key challenge is inadequate data at the planning stage, which leads to budgeting for less pressing needs, affecting community satisfaction."

Budget Control Officers described political interference and unrealistic forecasts as frequent barriers. They reported that elected leaders sometimes prioritize politically visible projects over those based on actual need. This compromises budget integrity and implementation.

"Political interference and unrealistic revenue projections often distort priorities, leading to budget deviations."

Assistant Community Development Officers (CDOs) acknowledged that platforms exist for public input, such as community meetings. However, they noted that most participants do not have the technical understanding to make impactful contributions. Thus, their involvement remains symbolic.

"Community barazas and sensitization meetings are organized, but most people lack the technical capacity to contribute meaningfully."

District Councilors noted that community engagement in budgeting exists mostly in name. In practice, budget drafts are usually approved before public consultations take place. As a result, citizen feedback has minimal influence.

"We try to involve the public, but often it's a formality. Decisions are usually finalized before community feedback is considered."

Internal Auditors stated that many budgets are not feasible due to ambitious revenue assumptions. When expected funds do not materialize, departments struggle to carry out activities, reducing financial performance. This hampers accountability as well.

"Some planned budgets are based on overly optimistic revenue projections, making them hard to implement within the financial year."

Land Committee Officials explained that although the budget documents are well-prepared, many of them are detached from ground realities. They suggested that inflation and fluctuating economic conditions are rarely accounted for in budget assumptions.

"While the intentions are good, many of the budgets are not grounded in current economic realities, which undermines performance."

4.4.1 Budgetary Planning and the Financial performance

In order to determine the influence of budgetary planning and the financial performance in Manafwa Town Council, correlation and regression analyses were conducted the results are summarized in Tables 6 and 7

Table 1 5: Budgetary Planning and the Financial performance in Manafwa Town Council

		Budgetary Planning	Performance
Budgetary Planning	Pearson Correlation	1	.621**
	Sig. (2-tailed)		.000
	N	54	54
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 2025

According to the results in Table 6 above, there was a strong positive correlation ($r = 0.621$, $p < 0.01$) between budgetary planning and financial performance in Manafwa Town Council. This indicates that effective budgetary planning was significantly associated with improved financial outcomes. The findings suggest that better planning processes contribute to enhanced financial management and performance.

Table 7: Regression Results showing the Influence of budgetary planning on the financial performance

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

Source: Primary 2025

The regression results in Table 7 indicate that budgetary planning significantly influenced financial performance in Manafwa Town Council, with an R^2 value of 0.386, meaning that 38.6% of the variance in financial performance was explained by budgetary planning. The F-statistic of 219.764 ($p = 0.000$) confirms the model's overall significance. The standardized coefficient (Beta = 0.621, $p < 0.01$) further demonstrates a strong positive impact of budgetary planning on financial performance.

4.5 Budget execution and the financial performance in Manafwa Town Council

The second objective of the study was to determine the influence of budget execution on the financial performance in Manafwa Town Council. The respondents were asked to respond to a number of statements regarding budget execution. 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 8: Respondents' Opinion on Budget execution

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

Source: Primary 2025

According to the results in Table 8 above, the respondents rated the authorization of expenditures during budget execution highly, with a mean score of 4.0 and a standard deviation of 1.1. A total of 54 (72%) respondents indicated that expenditures were properly authorized, reflecting a strong control mechanism within the council. This finding was consistent with Kamau et al. (2020), who argued that timely and proper authorization is critical to prevent misuse of funds and enhance budgetary discipline. Despite the generally positive view, some respondents noted occasional delays and lapses in authorization, which could undermine financial control. This suggested that while authorization procedures were mostly followed, improvements were still needed to ensure consistency across all departments. **(comment: strong authorization)**

Similarly, verification of goods and services delivered during budget execution was reported as effective, with a mean score of 4.0 and a standard deviation of 1.3. About 48 (64%)

respondents confirmed that verification processes were routinely conducted to confirm receipt of goods and services before payments were made. This aligned with Mwangi (2018), who emphasized that verification was essential to uphold accountability and reduce fraud. However, some respondents observed challenges related to inadequate verification tools and limited staffing, which occasionally delayed the process. These issues hinted at potential risks of improper payments if verification mechanisms were weakened. (**comment: verification good**)

The existence of internal controls to ensure proper use of funds was rated positively with a mean score of 3.9 and a standard deviation of 1.3, where 50 (67%) respondents acknowledged that internal control systems were in place during budget execution. This supported the findings of Onyango and Wekesa (2019), who identified strong internal controls as vital for safeguarding public resources and preventing financial mismanagement. Nonetheless, some respondents pointed out that enforcement of these controls was inconsistent, allowing occasional breaches. This indicated a need for stronger monitoring and regular audits to ensure the controls were not only designed but also effectively implemented. (**comment: controls adequate**)

Control of the budget during execution received a favorable mean score of 3.9 and a standard deviation of 1.1, with 52 (69%) respondents affirming that budgetary control was maintained throughout the execution phase. This corroborated Njoroge's (2021) assertion that budget control improves financial discipline and curbs overspending. Despite this positive perception, a few respondents remarked that political interference sometimes compromised budget control, leading to deviations from planned allocations. Such influences likely weakened overall budgetary control, highlighting a persistent challenge in maintaining strict adherence to financial plans. (**comment: budget control**)

Financial reporting during budget execution was rated moderately, with a mean of 2.9 and a standard deviation of 1.1, and only 34 (45%) respondents expressing satisfaction with the accuracy and timeliness of reports. This echoed Kiplagat's (2017) observations that financial reporting often suffers delays and inaccuracies, which reduce transparency and hinder decision-making. Respondents indicated that financial reports were sometimes incomplete or late, which undermined stakeholders' ability to assess financial performance effectively. This situation suggested the council faced significant challenges in ensuring reliable and timely

financial information dissemination. (**comment: reporting moderate**)

Accountability to the electorate during budget execution was perceived as weak, with a mean score of 2.4 and a standard deviation of 1.3, where only 29 (38%) respondents agreed that district authorities presented adequate accountability to the public. Otieno (2019) similarly highlighted that many local governments struggle with ensuring accountability to citizens, resulting in diminished public trust. Respondents reported limited opportunities for public scrutiny and feedback on budget execution, pointing to weak communication channels. This indicated an urgent need to enhance mechanisms that facilitate accountability and engage the electorate more effectively. (**comment: accountability weak**)

Transparency in the use of funds during budget execution received the lowest mean score of 2.2 and the highest standard deviation of 1.4, with only 25 (33%) respondents perceiving transparency as satisfactory. This finding was consistent with Wanjiku (2020), who argued that poor transparency is a widespread challenge that undermines confidence in financial management systems. Respondents expressed concerns about insufficient disclosure of financial information and lack of clarity on fund utilization. These issues highlighted the need for Manafwa Town Council to adopt more transparent practices, including regular public reporting and open access to financial records, to restore stakeholder confidence. (**comment: transparency poor**)

The Principal Town Clerk , when asked about participation in budget planning, explained that the process has improved over time but still lacks deep inclusiveness. Technical staff and political leaders dominate the process, often excluding key grassroots voices. He emphasized that inclusion remains more theoretical than practical. *"Budget planning in Manafwa has become more inclusive over the years, but in reality, the level of meaningful participation remains limited to technical staff and political leaders."*

Town agents highlighted the limited involvement of lower-level officers and community members in the planning process. They mentioned that although they are expected to contribute, their inputs are often overlooked or never followed up. This weakens the community's sense of ownership in the budget outcomes. *"Most lower-level officers and community members are not adequately engaged, yet their input is critical for realistic budgets."*

The Town Planner pointed out that when work plans align well with budgets, service delivery improves. However, the process is often disrupted by poor communication between departments. Coordination challenges lead to inefficiencies in implementing activities. ***"Proper alignment of work plans with budgets improves efficiency and ensures accountability, but inconsistencies often arise due to poor coordination and late submissions."***

Finance Officers emphasized the benefits of strong budget-work plan alignment but admitted it is not always practiced. They shared that disconnects between planned activities and actual funding availability can stall key projects. This inconsistency negatively impacts financial outcomes.

"Where there's a strong linkage, the Council achieves better service delivery, but when plans and budgets are mismatched, implementation suffers."

Town agents expressed concern that planning is often done with outdated or insufficient data. This causes allocations to miss the actual community priorities. The result is a mismatch between funding and pressing local needs. ***"One key challenge is inadequate data at the planning stage, which leads to budgeting for less pressing needs, affecting community satisfaction."***

Budget Control Officers described political interference and unrealistic forecasts as frequent barriers. They reported that elected leaders sometimes prioritize politically visible projects over those based on actual need. This compromises budget integrity and implementation. ***"Political interference and unrealistic revenue projections often distort priorities, leading to budget deviations."***

Assistant Community Development Officers (CDOs) acknowledged that platforms exist for public input, such as community meetings. However, they noted that most participants do not have the technical understanding to make impactful contributions. Thus, their involvement remains symbolic. ***"Community barazas and sensitization meetings are organized, but most people lack the technical capacity to contribute meaningfully."***

District Councilors noted that community engagement in budgeting exists mostly in name. In practice, budget drafts are usually approved before public consultations take place. As a result,

citizen feedback has minimal influence.

"We try to involve the public, but often it's a formality. Decisions are usually finalized before community feedback is considered."

Internal Auditors stated that many budgets are not feasible due to ambitious revenue assumptions. When expected funds do not materialize, departments struggle to carry out activities, reducing financial performance. This hampers accountability as well.

"Some planned budgets are based on overly optimistic revenue projections, making them hard to implement within the financial year."

Land Committee Officials explained that although the budget documents are well-prepared, many of them are detached from ground realities. They suggested that inflation and fluctuating economic conditions are rarely accounted for in budget assumptions.

"While the intentions are good, many of the budgets are not grounded in current economic realities, which undermines performance."

4.5.1 Budget execution and the financial performance in Manafwa Town Council

In order to determine the influence of budget execution on the financial performance in Manafwa Town Council, correlation and regression analysis were conducted. The results are summarized in Tables 9 and 10.

Table 9: Correlation Coefficient showing the Influence of Budget execution on the financial performance in Manafwa Town Council

		Budget execution	Performance
Budget execution	Pearson Correlation	1	.560**
	Sig. (2-tailed)		.000
	N	54	54
Performance	Pearson Correlation	.560**	1
	Sig. (2-tailed)	.000	
	N	54	54

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

Source: Primary 2025

According to the results in Table 9, budget execution 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 execution would have a significant influence on the financial performance is accepted. This means that budget execution has a significant influence on the financial performance in Manafwa Town Council. This practically implies that the financial performance in Manafwa Town Council improves with better budget execution.

The results are summarized in the Table 9.

Table 10: Regression Results Showing the Influence of Budget execution on the financial performance in Manafwa Town Council

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

Source: Primary 2025

According to the results in the summarized Table 10 above, the coefficient of determination/ r^2 for budget execution is equal to 0.321. This means that 31.4% of the variation in the financial performance in Manafwa Town Council is explained by budget execution.

The Table also shows that budget execution significantly influences the financial performance ($F=107.973$, $P=0.000$). This means that budget execution is a significant determinant of the financial performance in Manafwa Town Council.

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

4.6 Budget control and the financial performance in Manafwa Town Council

The second objective of the study was to determine the influence of budget control on the financial performance in Manafwa Town Council. The respondents were asked to respond to a number of statements regarding budget control. The responses are summarized in Table 11. 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 11: Respondents' Opinion on Budget control

Statement	Mean	Standard Deviation
There is proper monitoring for accountability	4.1	1.2
There is proper monitoring of expenditure	4.0	1.2
There is proper monitoring of cash management	3.9	1.6
There is proper monitoring of budget modification	2.2	1.2
In Manafwa Town Council budget control is participatory	2.0	1.3
In Manafwa Town Council the views of the public are actually considered during the budget monitoring process	2.1	1.3

Source: Primary 2025

The results in Table 11 Respondents rated the monitoring for accountability in Manafwa Town Council highly, with a mean score of 4.1 and a standard deviation of 1.2, showing that 54 (72%) respondents agreed that proper monitoring mechanisms were in place to ensure accountability. This finding aligns with Mugo (2019), who emphasized that consistent accountability monitoring is essential for reducing corruption and promoting good governance

in local governments. The high rating suggests that the council had established a robust system to track financial and operational activities, which likely enhanced trust among stakeholders. However, some respondents noted occasional lapses in follow-up actions after monitoring reports were generated, indicating room for improvement. **(comment: accountability strong)**

Proper monitoring of expenditure was also rated positively, with a mean of 4.0 and a standard deviation of 1.2, where 50 (67%) respondents confirmed that expenditure monitoring was adequately conducted. This supports the conclusions of Kariuki (2018), who argued that expenditure tracking is vital for ensuring that funds are used as planned and preventing wastage. The respondents' views suggested that Manafwa Town Council maintained oversight over spending, contributing to better budget control. Nevertheless, a few respondents raised concerns about delays in expenditure reporting, which could hinder timely interventions. These delays might affect the council's ability to respond swiftly to financial irregularities. **(comment: expenditure monitored)**

Monitoring of cash management received a mean score of 3.9 with a higher standard deviation of 1.6, where 48 (64%) respondents acknowledged that cash management was regularly supervised. This was consistent with findings by Kamau and Nyaga (2020), who highlighted cash flow monitoring as a key factor in sustaining liquidity and financial stability in public institutions. Despite the overall positive rating, the relatively high standard deviation indicated variability in perceptions, suggesting that some departments may experience weaker cash management controls. This inconsistency could expose the council to risks such as cash shortages or misappropriation if not addressed. **(comment: cash management good)**

The monitoring of budget modification scored low with a mean of 2.2 and a standard deviation of 1.2, reflecting that only 18 (24%) respondents felt that budget modifications were properly monitored. This finding resonates with Ouma (2017), who noted that inadequate monitoring of budget adjustments often leads to misallocation of resources and reduces transparency. Respondents reported that changes to the budget were sometimes made without sufficient oversight or documentation, raising concerns about potential misuse. This highlighted a significant weakness in the council's budget control system, undermining overall financial integrity. **(comment: modification weak)**

The participatory nature of budget control in Manafwa Town Council was rated poorly, with a

mean score of 2.0 and a standard deviation of 1.3, where only 16 (21%) respondents agreed that budget control was inclusive. This aligned with studies by Njeri (2019), who found that limited public participation in budget control reduces community ownership and accountability. The low rating suggested that the council's budget control processes were largely centralized, with minimal involvement of stakeholders. This lack of participation could lead to decisions that do not fully reflect public needs or priorities, weakening the legitimacy of the budget process. **(comment: participation low)**

Respondents also reported that the views of the public were rarely considered during budget monitoring, with a mean of 2.1 and a standard deviation of 1.3, indicating that only 17 (23%) felt their opinions influenced monitoring activities. This supports findings by Wambua (2018), who emphasized that excluding the public from budget processes diminishes transparency and trust in governance. The limited incorporation of public feedback could result in a disconnect between the council's financial management and community expectations, potentially reducing the effectiveness of budget control efforts. **(comment: public views ignored)**

Overall, the findings revealed a mixed picture of budget control in Manafwa Town Council, where accountability and expenditure monitoring were relatively strong, but areas such as budget modification monitoring, participatory control, and consideration of public views were notably weak. This suggests that while the council had established some control mechanisms, significant improvements were needed to enhance inclusiveness and transparency in budget control processes. Such improvements would align with recommendations from Kimani (2020), who stressed that effective budget control requires both robust oversight and active stakeholder engagement. **(comment: mixed control)**

Finance Officers explained that expenditure monitoring in Manafwa Town Council was carried out through monthly reviews, internal audits, and financial reporting. They noted that while these mechanisms existed, they were sometimes undermined by delays in report submissions and lack of follow-up.

"Monitoring of expenditure is done through monthly internal reviews and audits, though there are occasional delays in enforcing corrective actions."

Assistant CDOs reported that the community's involvement in monitoring was limited. While

feedback meetings and barazas were held, they said such forums often came after decisions were already made. This reduced the impact of public oversight.

"The community is rarely involved in real-time monitoring. They mostly participate after implementation has already begun."

District Councilors noted that procedures to monitor budget modifications existed, but they were not always followed consistently. They emphasized that emergency changes were often not well-documented or communicated to stakeholders.

"There are procedures for monitoring budget changes, but sometimes they're bypassed during urgent or politically sensitive cases."

The Internal Auditors shared that cash flow was tracked through a centralized financial management system. However, they highlighted issues with delayed disbursements from the central government, which disrupted implementation timelines.

"Cash flow is monitored via the financial system, but delays in central government releases create major challenges in managing funds effectively."

The Principal Town Clerk emphasized that regular monitoring had significantly enhanced the financial discipline of departments. He credited routine budget reviews and performance reports for improving service delivery and reducing misuse of funds.

"Regular budget monitoring has improved financial performance by enhancing discipline, transparency, and timely corrective action."

4.6.1 Testing Hypothesis Three: Budget control and the financial performance in Manafwa Town Council

In order to determine the influence of budget control on the financial performance in Manafwa Town Council, correlation and regression analysis were conducted. The results are summarized in the Tables 12 and 13 below.

Table 12: Correlation Analysis Showing the Influence of Budget control on the financial performance in Manafwa Town Council

		Budget control	Performance
Budget control	Pearson	1	.627**
	Correlation		
	Sig. (2-tailed)		
	N		
Performance	Pearson	.627**	1
	Correlation		
	Sig. (2-tailed)		
	N		

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

Source: Primary 2025

According to the results in Table 12, budget control and the financial performance were found to have a significant positive relationship ($r=0.627$, $p<0.05$). Thus, hypothesis 3 which stated that budget control would have a significant influence on the financial performance is accepted. This means that budget control has a positive significant influence on the financial performance in Manafwa Town Council. This practically implies that the financial performance in Manafwa Town Council improves with better budget control.

In order to determine the influence of budget control on the financial performance in Manafwa Town Council, regression analysis was conducted. The results are summarized in Table 13 below.

Table 13: Regression Analysis Showing the Influence of Budget control on the financial performance in Manafwa Town Council

R square=0.393, F=164.227, P=0.000		
	Standardized	Sig.
	Coefficients	
	Beta	
Budget control	0.627	0.000

Source: Primary 2025

According to the results in the summarized Table 13 above, the coefficient of determination/ r^2 for budget control is equal to 0.393. This means that 39.3% of the variation in the financial performance in Manafwa Town Council is explained by budget control.

The Table also shows that budget control significantly affects the financial performance (F=164.227, P=0.000). This means that budget control is a significant determinant of the financial performance in Manafwa Town Council.

The standardized beta coefficient of ($\beta =0.627$, $p<0.05$) show that budget control is significantly positively related with the financial performance. The results suggest that budget control has a positive significant influence on the financial performance in Manafwa Town Council. This practically implies that the financial performance in Manafwa Town Council improves with better budget control.

4.7 The Overall Influence of Budget control on the financial performance in Manafwa Town Council

In order to determine the overall influence of budget management on the financial performance in Manafwa Town Council, multiple regression analysis was conducted. The findings are summarized in the subsequent sub sections.

Table 21: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.867 ^a	.751	.747	.12360

a. Predictors: (Constant), budget planning, budget execution, budget control

Source: Primary 2025

Table 21 above shows the coefficient of determination $R^2=0.751$ which indicates that 75.1% of the variation in the performance of the health sector in Manafwa Town Council is explained by budget management. A variation of 24.9% remains explained by other variables not under this study.

Table 15: ANOVA Summary

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.891	3	2.630	172.165	.000 ^a
	Residual	2.613	171	.015		
	Total	10.503	174			

a. Predictors: (Constant), budget planning, budget execution, budget control

b. Dependent Variable: Financial performance

Source: Primary 2025

Table 15 above reveals that budget planning, budget execution and budget control have a significant influence on the financial performance in Manafwa Town Council (F=172.165, P=0.000). This means that budget management is a significant determinant of the financial performance in Manafwa Town Council. This practically implies that the financial performance in Manafwa Town Council improves with better budget control.

Table 16: Coefficients Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.402	.217		29.995	.000
Budgetary planning	.301	.159	.171	1.898	.000
Budget execution	.706	.055	.532	12.891	.000
Budget control	.422	.109	.351	3.868	.000

. Dependent Variable: Financial performance

Source: Primary 2025

The standardized Beta coefficient of ($\beta = 0.171$, $p < 0.05$) for budgetary planning, ($\beta = 0.532$,

$p < 0.05$) budgetary implementation and ($\beta = 0.351$, $p < 0.05$) for budgetary monitoring indicate that the three budget control processes have a significant influence on the financial performance in Manafwa Town Council. In the model, budgetary implementation has the greatest influence on the financial performance ($\beta = 0.532$, $p < 0.05$), followed by budget control ($\beta = 0.351$, $p < 0.05$) and lastly by budget planning ($\beta = 0.171$, $p < 0.05$). Overall, the results indicate that the budget control practices of budget planning, budget execution and budget control have a significant influence on the financial performance in Manafwa Town Council. This practically implies that the financial performance in Manafwa Town Council improves with better budget control.

CHAPTER FIVE

SUMMARY, DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The study set out to examine the influence of budget control on the financial performance in Manafwa Town Council. The study specifically examined the influence of budgetary planning, budget execution and budget control on the financial performance in Manafwa Town Council. 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 Manafwa Town Council

The first objective of this study was to examine the influence of budget planning on the financial performance in Manafwa Town Council. 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.

Budgetary planning and the financial performance were found to have a significant positive relationship ($r=0.621$, $p<0.05$; $\beta=0.621$, $p<0.05$). Thus, the hypothesis that budgetary planning would have a significant influence on the financial performance is accepted. This means that budgetary planning has a significant influence on the financial performance in Manafwa Town Council. This implies that the financial performance in Manafwa Town Council significantly improves with better budgetary planning.

5.1.2 Budget execution and the financial performance in Manafwa Town Council

The second objective of this study was to assess the influence of budget execution on the financial performance. The key findings under this objective were: that during the budget execution process, expenditures are authorized; there is verification that the goods ordered for

are delivered; the respondents indicated that during the budget execution process, there were internal controls to ensure proper use of funds; there is proper budgetary control during the budget execution process. However, budget execution is undermined by poor financial reporting and failure by the district authorities to present accountability to the electorates.

Budget execution and the financial performance were found to have a significant positive relationship ($r=0.560$, $p<0.05$; $\beta=0.560$, $p<0.05$). Thus, the hypothesis 2 which stated that budget execution would have a significant influence on the financial performance is accepted. This means that budget execution has a significant influence on the financial performance in Manafwa Town Council.

5.1.3 Budget control and the financial performance in Manafwa Town Council

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

Budget control and the financial performance were found to have a significant positive relationship ($r=0.627$, $p<0.05$; $\beta =0.627$, $p<0.05$). Thus, hypothesis 3 which stated that budget control would have a significant influence on the financial performance is accepted. This means that budget control has a positive significant influence on the financial performance in Manafwa Town Council.

5.2 Discussion of Findings

5.2.1 Budgetary Planning and the Financial performance in Manafwa Town Council

Budgetary planning and the financial performance were found to have a significant positive relationship ($r=0.621$, $p<0.05$; $\beta=0.621$, $p<0.05$). This means that budget planning has a positive significant influence on the financial performance in Manafwa Town Council. This implies that the financial performance in Manafwa Town Council 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 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 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 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 (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 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 Manafwa Town Councils to improve the budgetary planning processes if they are to improve the financial performance.

5.2.2 Budget execution and the financial performance in Manafwa Town Council

The second objective of this study was to assess the influence of budget execution on the financial performance. Budget execution and the financial performance were found to have a significant positive relationship ($r=0.560$, $p<0.05$; $\beta=0.560$, $p<0.05$). This means that budget execution has a significant influence on the financial performance in Manafwa Town Council. This implies that the financial performance improves with better budget execution. However, this study found that budget execution in Manafwa Town Council 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 (2008) 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, 2008).

The study through key informant interviews and questionnaire responses also found out that there was lack of transparency and proper accountability during budget execution. 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).

5.3.4 Budget control and the financial performance in Manafwa Town Council

The third objective of this was to examine the influence of budget control on the financial performance in Manafwa Town Council. Budget control and the financial performance were found to have a significant positive relationship ($r=0.627$, $p<0.05$; ($\beta =0.627$, $p<0.05$). This means that budget control has a positive significant influence on the financial performance in Manafwa Town Council. However, budget control was undermined by limited participation of the community in the budget control process. Accountability, both of officials to elected representatives and of elected local governments to citizens, requires effective systems of accounting and auditing that create trust in the information about how resources have been used (Devas & Grant, 2019). However, in Uganda, elected representatives, never mind ordinary citizens, are rarely in a position to check the details of the use of resources. Yet accounting systems are often extremely weak Manafwa Town Council and are open to all manner of disputes. Annual accounts are often finalized long after the end of the financial year (if at all in

some cases). Meanwhile, the central government rarely has the capacity to perform comprehensive external audits on all local governments (Devas, 2019).

Accountability is more likely to be achieved where there is committed political will on the part of central government (Tendler, 1997; Minogue et al., 1998; Blair, 2020). Golooba-Mutebi (1999) suggests that good leadership and effective supervisory mechanisms are more essential to accountability than participation by the citizens in public. However, inconsistencies in central government such as shortfalls in central fund transfers, cuts in unconditional grants and approval of unrealistic local government budgets often undermine the potential for good leadership and strong supervision (Olum, 2008). This was the case in Manafwa Town Council.

Many local governments depend heavily on transfers from the centre, which are often allocated in inequitable and non-transparent ways. This dependence on the centre (and in some cases on donors) undermines the accountability of local governments to local voters and tax-payers (Businge & Womakuyu, 2020). Muhumuza (2008) drives this point home when he argues that “Whereas the system design of Uganda’s decentralization is impressive and if allowed to function properly would perhaps be quite effective, the reality on the ground is that Uganda’s local governments have been greatly starved of independent resources and made dependent on the centre. Therefore, irrespective of the symbolic structures, officials and the bee-hive activities of local governments, the hidden face is that what glitters is not gold but disguised centralization at play”. Pp 73-74. The dependence on the central government in Manafwa Town Council has undermined effective horizontal accountability. The officials seem to be more accountable to the central government than to the electorate.

5.4. Conclusions

5.4.1 Budgetary Planning and the Financial performance in Manafwa Town Council

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

5.4.2 Budget execution and the financial performance in Manafwa Town Council

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

5.4.3 Budget control and the financial performance in Manafwa Town Council

The third research question that this study set out to answer was “what is the influence of budget control on the financial performance in Manafwa Town Council?” The results of this study indicate that there is a significant and positive relationship between budget control and the financial performance in Manafwa Town Council. This suggests that despite the weaknesses in the budget execution processes in Manafwa Town Council like poor accountability and limited participation of the electorate in the budget control process, budget control has a positive influence on the financial performance. This therefore implies that the financial performance improves with better budget control.

5.5 Recommendations

5.5.1 Budgetary Planning and the Financial performance in Manafwa Town Council

Based on the findings that budgetary planning positively influences financial performance but has areas needing improvement, it is recommended that Manafwa Town Council adopts more inclusive and participatory budgeting practices. The council should ensure wider involvement of stakeholders, including councilors, community members, and technical staff, throughout the budget planning process to improve accuracy and ownership. Clear communication channels should be established to link work plans and budgets effectively, enhancing transparency and alignment of priorities. Additionally, the council should allocate sufficient time for dialogue and public hearings to ensure informed decision-making. Strengthening scenario planning and providing accessible, clear budget materials will improve the quality of political discussions and prioritization. These actions can lead to more realistic and attainable budgets, ultimately boosting financial performance and service delivery.

5.5.2 Budget execution and the financial performance in Manafwa Town Council

To improve budget execution and its impact on financial outcomes, Manafwa Town Council

should enhance internal controls to ensure funds are used appropriately and expenditures are authorized according to budget plans. Regular verification processes must be institutionalized to confirm delivery of goods and services before payments are made. The council should also improve financial reporting by adopting timely, accurate, and transparent reporting systems to provide stakeholders with up-to-date financial information. Accountability to the electorate must be strengthened by increasing transparency in fund usage and involving district authorities in regular public reporting. Training staff on compliance with budget execution protocols and ethical financial management will reduce irregularities and promote efficiency in fund utilization, which in turn will support better financial performance.

5.5.3 Budget control and the financial performance in Manafwa Town Council

Given the mixed results in budget control, with strong accountability monitoring but weak public participation, Manafwa Town Council should focus on strengthening its budget control framework. Proper monitoring of budget modifications and cash management should be prioritized through enhanced documentation and regular audits. The council needs to establish participatory mechanisms that actively involve the public and other stakeholders in budget monitoring processes. Creating platforms for community feedback and ensuring that public views are seriously considered will increase transparency and trust. Additionally, the council should invest in capacity building for staff on best practices in budget control and monitoring techniques. These improvements will enhance overall budget discipline, reduce financial mismanagement, and ultimately improve the financial performance of the council.

5.6 Areas for Further Research

Future research should explore the impact of capacity building and staff training on improving budget management effectiveness and financial outcomes within local governments. Researchers should also investigate the role of technology and digital tools in enhancing transparency and accountability during the budgeting process. Furthermore, studies should examine how political dynamics and leadership styles influence budget implementation and control. Comparative research across different districts or regions should be conducted to understand contextual factors affecting financial performance in local governments better. Such studies should help inform policy and practice at both local and national levels.

5.7 Contribution of the Study

The study contributed valuable insights into how budgetary planning, execution, and control

influenced the financial performance of Manafwa Town Council. It provided empirical evidence that can guide policymakers and local government officials in enhancing budget processes to improve accountability and resource utilization. The findings should help improve understanding of the challenges and best practices in budget management at the local government level. Additionally, the study added to existing academic literature by focusing on a less-studied context, thereby filling gaps related to public financial management in Ugandan local governments. The knowledge generated should serve as a foundation for future research and practical interventions aimed at strengthening financial performance in similar settings.

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QUESTIONNAIRE

Dear respondent,

My name is **Nabustebi Metrine**, a student of Uganda Christian University, pursuing a Bachelor's degree in Business Administration. The purpose of this study is to examine the influence of budgetary planning, execution, and control on the financial performance of Manafwa Town Council. This research seeks to assess how effective budget processes contribute to improved financial outcomes, service delivery, and accountability within local governments. The study aims to generate practical insights that can help policymakers, administrators, and other stakeholders enhance the financial management practices in decentralized government structures.

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?

Certificate and below	Diploma Level	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 and Marketing	Gender and community	Education	Statuary Bodies
1	2	3	4	5

5 Number of years worked at Manafwa Town Council.

1-2	3-4	5-6	7 and above
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1	2	3	4
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SECTION B: BUDGET PLANNING

The following statements are designed to understand your opinion on the extent to which the Manafwa Town Council 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 EXECUTION

The following statements are designed to understand your opinion on the extent to which the Manafwa Town Council Local Government engages in effective budget execution. 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 execution in Town Council is participatory	5	4	3	2	1
2	Expenditures are authorized during budget execution	5	4	3	2	1
3	During budget execution, there is verification that goods and services have been delivered	5	4	3	2	1
4	During budget execution, there is transparency in the use of funds	5	4	3	2	1
5	During budget execution, there is control of the budget	5	4	3	2	1
6	During budget execution there are internal controls to ensure proper use of funds	5	4	3	2	1
7	During budget execution, there is proper financial reporting	5	4	3	2	1
8	During budget implementation, the Town Council authorities present accountability to the electorate	5	4	3	2	1

SECTION D: BUDGET PLANNING

The following statements are designed to understand your opinion on the extent to which the Manafwa Town Council 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 proper monitoring of income	5	4	3	2	1
2	There is proper monitoring of expenditure	5	4	3	2	1
3	There is proper monitoring of cash management	5	4	3	2	1
4	There is proper monitoring of debt management	5	4	3	2	1
5	There is proper monitoring of budget modification	5	4	3	2	1
6	There is monitoring for accountability	5	4	3	2	1
7	In Town Council budget planning is participatory	5	4	3	2	1
8	In Town Council the views of the public are actually considered during the budget planning process	5	4	3	2	1

SECTION E: THE FINANCIAL PERFORMANCE OF THE MANAFWA TOWN COUNCIL TOWN COUNCIL

In your current position, please evaluate the financial performance of Manafwa Town Council.

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 Town Council 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 B: INTERVIEW GUIDE

Researcher: Nabustebi Metrine

Institution: Uganda Christian University

Course: Bachelor of Business Administration

Study Title: The Relationship between Budgeting Practices and Financial Performance in Manafwa Town Council

Purpose: To gather qualitative insights on how budget planning, execution, and monitoring influence financial performance in Manafwa Town Council.

Instructions to Interviewee: Your responses will be kept confidential and used solely for academic purposes. Please respond honestly and freely.

Section A: Background Information

1. Name (Optional): _____
2. Position/Designation: _____
3. Department: _____
4. Years of Experience in Public Financial Management: _____

Section B: Budgetary Planning and Financial Performance

- I. In your opinion, how participatory is the budget planning process in Manafwa Town Council?
- II. How does the linkage between work plans and budgets affect financial outcomes?
- III. What challenges do you face in aligning planned budgets with actual needs and priorities?
- IV. To what extent are stakeholders (including the public) involved in the budget formulation process?
- V. Do you believe the planned budgets are realistic and achievable? Please explain.

Section C: Budget Execution and Financial Performance

- I. How is expenditure authorized during the budget execution process?
- II. What mechanisms are in place to verify the delivery of goods and services before payments?
- III. How effective are internal controls in ensuring proper use of funds?
- IV. Are financial reports prepared on time and used for decision-making?
- V. In your experience, how does the level of transparency during execution affect public trust and financial results?

Section D: Budget Monitoring and Financial Performance

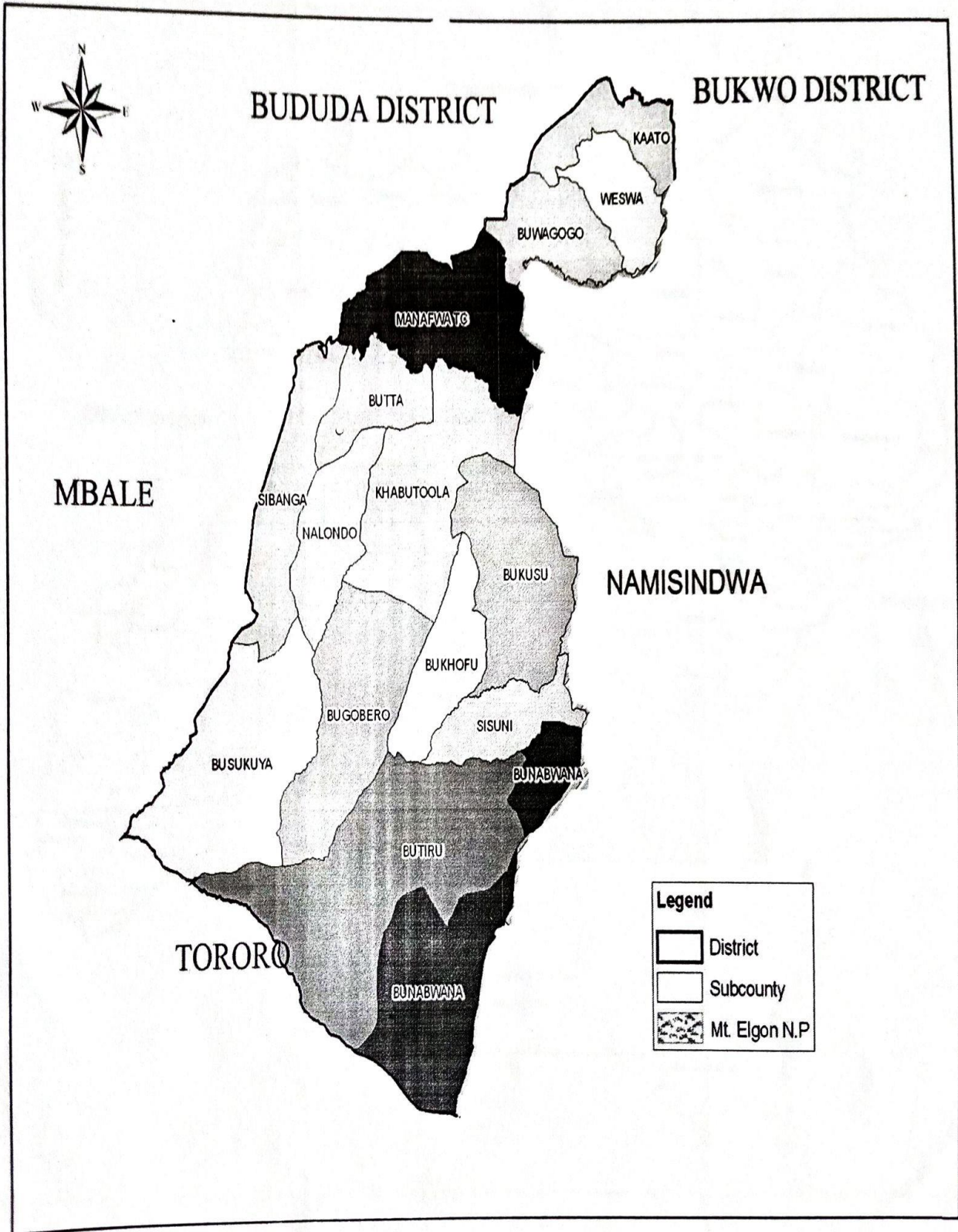
- I. How is the monitoring of expenditure conducted in Manafwa Town Council?

- II. To what extent is the community involved in monitoring the budget implementation process?
- III. Are there procedures to monitor changes made to the budget after approval?
- IV. How is cash flow monitored and managed throughout the financial year?
- V. Do you think regular budget monitoring has improved the financial performance of the Council?
Please elaborate.

THANK YOU

MAP OF THE AREA OF STUDY

MAP OF MANAFWA DISTRICT SHOWING ADMINISTRATIVE UNITS





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

Office of Academic Registrar

To TOWN CLERK
MANAFWA T/C



Dear Sir/Madam,

Re: Academic Research

Christian greetings!

We are honored to introduce to you Mr. Mrs./Miss MARUSTEBI METRING
Of Registration Number; 528/muc/BZA/108 pursuing a Masters'
Degree/Postgraduate Diploma / Bachelor's Degree
BACHELOR'S DEGREE

He/ she is required to carry out an academic research on the topic
Budget Control and Financial performance of Manafwa
Town Council, MANAFWA DISTRICT

and thereafter produce a well bound hard cover research report (MAROON) in color for undergradua
and three (BLACK) copies for Postgraduate students as a University requirement for the award of
degree/diploma in the academic discipline that he / she is pursuing.

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

Yours faithfully,

[Handwritten signature]



Timothy Akampurira
Academic Registrar