

**ASSESSMENT OF BUDGET PERFORMANCE STATUS OF THE DEVELOPMENT
PROJECTS IN LOCAL GOVERNMENT AUTHORITY
A CASE OF MBEYA CITY COUNCIL**

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ABSTRACT

The objective of the study was to assess budget performance status of the development projects in Local Government Authorities. The study was conducted in Mbeya City Council. A study was descriptive with a total of 134 respondents. Data were collected using questionnaires and analyzed using SPSS version 20.0 and excel sheet. Presentation of findings were done using tables and figures. The study revealed that development budget of LGAs is realistic since the budget is set as revenue expected to be collected. Disbursement of development funds is untimely and not sufficient to complete the projects even though the targeted projects in LGAs adhere to budget priorities of the government. Experts implementing projects are insufficient causing the planned project activities to be partially executed leading to untimely project completion. Also, evaluation of projects is done monthly and the documentation of projects documents is very accurate resulting to accurate and complete auditing procedures of development projects. The results conclude that, the government has vested power over the LGAs to implement development projects. Therefore, the government should timely disburse development funds and employ experts so as to timely complete development projects in order to achieve the time value of money.

Keywords: Budget, Development projects and Local Government Authorities

INTRODUCTION

It can be witnessed that in early 1990s the government of Tanzania decided to implement the D-by-D strategy with a brilliant idea of reforming its local governments with an idea of granting them with decision making powers promised by the D-by-D strategy (Anosisye, 2017). The strategy transformed from the earlier centralized system to the decentralized local governance system (Christine, 2012). One of the crucial and important elements of decentralization at a time was fiscal decentralization which gives the local authorities to exercise adequate authority over crucial decisions with regard to setting of development priorities. Also decentralization helped the financing of local services and revenue mobilization which lead to the successful implementation of development expenditure in the Local Authorities (Anosisye, 2017). It is in this regard, the local government reform was used as a leading tool of Decentralization by Devolution (D-by-D) strategy to cement the local government authorities with the main objective of increasing service delivery to the public and efficiency in the allocation of resources (Massoi & Norman, 2009)

Local Government Authorities contribute 3 up to 5 percentages to the overall public revenues and hence they account to more than 20 percent of the total national expenditure. This raise a need to motivate and encourage LGAs with low spending to increase their share on development projects (Christine, 2012). However, a number of reports show that there is an underperformance of these development projects implemented in LGAs (CAG Report, 2017). According to UNICEF report (UNICEF, 2013), mismanagement among district leaders were noticed, whereby funds for development projects used for personal interest.

According to CAG Report (CAG Report, 2017), it was witnessed that 50 budgeted development projects were not executed due to partial disbursement of the budgeted funds since just 49% of the total approved budget TShs 1,034,122,816,044 were disbursed in the financial year 2016/2017. Also TShs 7,793,272,396 were received in 19 LGAs for budget development projects but the projects were not executed. Moreover, 60 projects with total value of TShs 782,468,997 were implemented and executed in 13 LGAs but fortunately enough were not put into a sustainable use.

Also the Government of Tanzania emphasizes and exercises the procurement procedure known as Force Account in executing a number of projects across the country as it is believed to be cost effective method, which helps to attain the time value for money. The use of Force Account method not only saw numerous projects getting implemented at reasonable costs but also provided employment to citizens in areas where a particular project is located. The Government encourages to apply Force Account since is the accurate way of contracting and the best attempt to reduce costs of development projects executed in LGAs which helps to achieve best value for money. Despite of locating more funds in development projects but their performance in LGAs has been facing a number of challenges in various areas, which this study intends to examine.

LITERATURE REVIEW

2.1 Theoretical Review

Theory on Capital Adequacy

Anderson (1996) explains that budgeting process influences the management to formulate strategies, targets, goals and objectives before activities commence. Budget preparation creates a room for the top management to plan spending. One of the determinants of effectiveness is presence of adequate financial resources, which are always scarce and hence hindering the attainment of the desired goals and plans. In order to finance different development projects, the government needs to possess adequate financial resources that need to be planned before executing the projects in the respective financial year (Dunk, 2001).

The budgeting procedures force the government to assess grants and aids in forecasting and implementing the budget. Adequate presence of funds and expertise are among of the determinants of effectiveness when executing development projects and they should abide with government financial regulations in allocating and prioritizing projects through a proper documentation.

The theory has the strength of encouraging the government to allocate adequacy financial resources so as to bring about effective implementation of projects. Also, it helps to decrease the number of uncompleted projects across the country and adequate prioritizing of funds disbursement on the projects on progress in order to complete them on time to attain the money value which can be achieved through effective monitoring, evaluation and proper auditing mechanisms.

On other hand the theory has limitation, it attracts the government to allocate huge amount of funds on the budget to unprepared new projects while the projects on progress are not funded. When the government face inadequate funding it causes the emergency of lacking of priority while allocating funds which leads to allocation of more funds in recurrent expenditure than in development expenditure.

2.2 Empirical analysis

Budget has a core role of connecting the tasks that are required to be performed to the number of resources required to implement the planned tasks (Surianti & Dalimunthe, 2017). Through the use of a budget the Institutions can limit the level of its expenditure and hence maintaining the balance between revenue and expenses. In the public sector, the budget includes the technical and political aspects, which influence the economic aspects, public opinion and the politicians at large. In the budget preparation and monitoring the government has a close link between the people who are the taxpayers with the central government as the main user of the funds that is corrected from the people.

Curristine (2005), conducted the study titled Performance Information in the Budget process, which was the case study of Organization for Economic Co-operation and Development (OECD) countries. The research design used was quantitative study with the sample of 20 countries. The study argued that, the deliberate which force the government to have a need in improving the

public sector performance has become the center of attention when the government is facing a number of demands on committing public expenditure. Performance-based budgeting and performance-based management they all have a mutual need of developing mechanisms of how to change the outlook budget implementation and management.

Among of the approach that can be undertaken to increase the performance of the government is the monitoring and evaluation of executed projects activities in the planned budget which can be conducted quarterly (Syukri, 2005). He indicated that one of the basic elements of managing for results is to plan strategically which is the first aspect that can be used to manage the desired results through establishing government's core mission and goals. Another element is identifying performance information through the usage of government measures which can help to manage and promote performance that enables increasing accountability for better performance and promoting resource allocation (World Bank, 2001).

The key results of the study indicate that a number of countries which exercise performance informed budgeting at the Ministerial of Finance level as its evaluation is quarterly performed implying that performance information has been always used in combination with other information to inform but not used to determine the budgetary allocation. Also, it justified that the significant reason that makes countries not to apply and use performance is unavailability of accurate procedures which can be used to incorporate it to their budgeting system.

The study recommended that lack of procedures and policies for decision making particularly at the Ministerial level in the office of Minister of Finance makes performance information not to be used in eliminating poorly performing programs. Also, it recommended that rewarding individuals mostly like Chief Executives and Heads of Departments is a best way to motivate people to improve performance. But the performance measures are never used by MOF or central budget office in determining rewards since it is done by central bodies or spending Ministries.

Despite of the recommendations but the study has the strength of improving efficiency and effectiveness of government authorities and programmes. It provides perfect information to the government organs, which is used for decision making which helps in setting future targets and priorities. It also layouts out the mechanisms for the MOF to evaluate and monitor the budgetary activities of the public sector in its budget and their performance.

The study demonstrated the weakness of being difficult in promoting the desired results to targeted programs, hardness in developing and establishing a unit of measure for planned activities and it asses only budget performance but it does not suggest specifically performance of the development budget as part of budget.

Abdullah, (2016) on a study about the effect of budgeting and budgetary control in following strength; the local government should prepare a meaningful budget so as to adhere with the central government priorities and its budget preparations should be participatory. Once the budget has been prepared it should be well monitored and at the end its implementation should be reported and timely review of its implementation so as to detect deviation for corrective actions and finally it should be noted that a budget is a working manual of management and not a substitute for management.

The literature has the weakness of discussing only budgeting and budgetary in general but has not discussed the budget performance of the development projects. Also, the literature was done in Nigeria and therefore it sites only the factors that are favorable in Nigeria which is different to this study which is aimed to be undertaken in Tanzania.

Yanxia Qi (2012), did the study on the analysis of the associated effects of performance-based budgeting which may occur on state government expenditure. The study was qualitative and a survey design was used with the sample size of budgets from 50 states for the financial year 2000 to 2009 from the National Governors Association. The study believed that assessing budget performance is aimed at increasing the operations of the government in making sure that services are present to the community. This is done through evaluating the acquired outputs relatively to the actual expenditure incurred to provide the services (Qi, 2012). The study indicates that exercising performance-based budgeting in the government is positively influenced by policies that are political in nature. The results indicated policies of a political nature that influence budget performance but it has not taken into consideration of other factors, which this study intends to analyze.

The study findings showed that there is a negative association in exercising a performance-based budgeting with total expenditures from general fund. Also, it noticed that there is a positive association of budgeting with total expenses that are incurred with other state budget funds.

Recommendations of the study indicates that using performance-based budgeting causes pattern in spending to shift which denotes that there is improvement in government spending. This is achieved through encouraging and dedicating more efforts of measuring and reporting budget outcomes.

The study depicted the strength of advocating performance-based budgeting to be one of the vital factors that can increase operations of the central government in providing basic needs to the community. Furthermore, the study has demonstrated the weakness of considering policies of a political nature that influence budget performance. And also, it has not taken into consideration other factors, which this study intended to analyze.

RESEARCH METHODOLOGY

3.1 Research Paradigm

The study basically relied on positivism research philosophy, this philosophy holds on the scientific method as the criteria to develop truth and avoid subjective events as it emphasizes facts and the cause of behavior (Bogdan & Biklen, 2003). The study is positivism since the questionnaire is open ended, descriptively explained and does not provide a directional response to respondents (Creswell, 2003). Also, the research is independent, human interests are irrelevant with the study. The results explanation demonstrates causality with a generalization which is statistically based and a large number of sample was randomly selected (Ramanathan, 2008).

3.2 Research Design

Msabila and Nalaila (2013), defined research design as conditions that aim to combine the collected and analyzed data with the relevance of the main objective in which the research was undertaken. Survey research design was employed in the study. This method helps the participants to provide response to the questions on the questionnaires (Yin, 2003). The design can also be used to establish relationship or association between or among variables of the study (Devin 2015).

Also, quantitative research approach was used in the study. Kothari (2004), defined quantitative approach to be one of the methods which is vital to describe, decode and hence interpreting the results. This approach minimizes biases in data collection by keeping the researcher distant from respondents and by using standardized computerized techniques in analyzing collected data (Babbie, 2010).

3.3 Area of the Study

The study was conducted at Mbeya City Council, which is located at Southern highland zone of Tanzania. The Council has been selected since is among of the Local Government Authorities which implement different development projects. The area has reasonable population that draws sample size with heterogeneous characteristics, which is suitable to be used to generate a good representative sample that represented other LGAs in Tanzania. Also, there was a representation of the population required which are public servants who rely on government to execute development projects while implementing Medium Term Expenditure Framework in respective financial years.

3.4 Study Population

Population can be referred as total number of respondents that can be used in the study (Onen, 2016). Also population can be referred as the target group of respondents of the study in a selected destination while a sample is a part of the population (Alladi & Berkovich, 2000). The targeted population for this study was 293 employees of Mbeya City Council Head Quarters.

Sample Size

Ndunguru (2007), defined sample as “specimen or part of the study population, which is drawn to show that the rest is alike”. The information obtained from the sample is used to characterize the

population under study. The sample size, as Leady (1980) puts, depends on such factors as the purpose of the researcher, and the nature of the study population, which is available for the particular research problem. The study employed a sample size of 134 respondents, which were obtained through sample size determination using Glenn Dale Cunningham table.

3.6 Sampling Procedures

Sampling is a technique of choosing a sub-group from the total population that can represent the entire population of the study to participate in the study and hence providing the required information (Wanjohi, 2009). The study used snowball simple random sampling technique. The technique was used since the sample of the study was limited and hence the researcher observed the initial respondent and asked for an assistance from the respondent to identify and nominate the respondent with similar role that can administered and provide the needed information from the questionnaire (Creswell, 2014).

3.7 Data Collection Method

Data collection of the study was done through questionnaires which were administered to the respondents. According to White (1999), questionnaire is most suitable as it can be used to collect huge information in a reasonable time. This method is useful as it provides primary source of information (Creswell, 2003). The respondents get something in a written format and usually reply in written form (Kothari, 2004). The questionnaires were administered to public civil servants employed at MCC whereby the questions were prepared using simple and clear language for quick understanding and reducing ambiguous responses.

3.8 Measurement Procedures

The study used ordinal scale in measuring the variables. According to Dalati (2010), ordinal scale is referred to be a measurement that establishes the rank of the data and it doesn't provide any variation to the collected data. Ordinal scale provides quantitative data which can be grouped, ranked and named. It has the attribute of existing of an underlying quantitative measure on which the observations differ. Also individual differences individual on the underlying quantitative measure are either unavailable or ignored (Bendant & Piersol, 2010).

3.9 Data Analysis

Kombo & Tromp, (2006) defined data analysis procedures as a systematic approach where collected data are packed and arranged in order so that the findings and results of the study can be efficiently elaborated. This help to realize the expected results, data obtained from respondents was processed through editing, coding, classification and tabulation.

Data collected from the respondents were analyzed by using Statistical Package for Social Sciences (SPSS) version 20 through descriptive statistical analysis where by frequencies were used to develop percentages, tables and charts. Also, Microsoft excel was used where necessary. Descriptive analysis is widely used to analyze individual variable (Kumari, 2004). Descriptive analysis was used to summarize the obtained data and organize it so as to answer the hypotheses (Kothari, 2004).

4.0 RESEARCH FINDING AND DISCUSSION

Budget Performance Status of the Development Projects in LGAs

4.1 Accurate and Completeness of Planned Activities

It was the intention of the study to find out the rate of the accurate and completeness of planned activities while executing the development projects. This could bring about the linkage between the accurate of the planned activities and its completeness when executing the development projects. The respondents responses were as shown in Table 4.6.

Table 1: Accurate and Completeness of Planned Activities

Response	Frequency (N)	Percentage (%)
Very accurate and complete	29	22.2
Moderate accurate and complete	71	52.6
Nor accurate and complete	17	12.6
Inaccurate and incomplete	17	12.6
Total	134	100.0

Source: Field data (2019)

The findings had both positive and negative responses as follows; 71 (53%) said that the planned activities are moderate accurate and complete, 29 (22%) planned activities are very accurate and complete, 17 (13%) planned activities are nor accurate and complete while 17 (12%) said that planned activities are inaccurate and incomplete. The findings shows that majority of the respondents 71 (53%) had positive opinion. The data can also be compared with the previous question which looked on development budget funds disbursment where 48 (36%) perceived that funds are disbursed untimely and insufficient which cause the activities to be executed moderate accurate and complete. The study does not adhere to the study by Vitus, (2004) from IFM on the role of budget in the whole process of achieving organizational performance. The finds of the study concluded that during the commencement of the annual budget preparation procedures the management of an Institution should legally formalize their opinions and decide on the most important targeted planned activities and their outcomes that they will implement on the next physical year so that the activities can be completed as planned.

It can therefore be concluded that while executing the development projects the central government should disburse the development funds timely and most sufficient so that the planned activities in projects can be executed in a very accurate way and complete.

4.2 Number of Experts Implementing Development Projects

The respondents were asked to give their views whether the number of experts implementing development projects is sufficient because the researcher thought that the number of experts could influence the execution of development projects. Table 4.7 summarizes the findings.

Table 2: Numbers of Experts Implementing Development Projects

Response	Frequency (N)	Percentage (%)
Sufficient	30	22.2
Satisfactory	38	28.9
Insufficient	56	41.5
More than required	10	7.4
Total	134	100.0

Source: Field Data (2019)

The findings revealed that 56 (42%) respondents said that the number of experts implementing development projects is insufficient, 38 (29%) satisfactory, 30 (22%) sufficient and 10 (7%) said the experts are more than required. It can be concluded that, since the majority of respondents 56 (42%) said that the number of experts implementing development projects is insufficient. The study is the same to the study by Gambries, (2005) on the effectiveness of budget and budgetary control in Local Government Authorities which was submitted to Institute of Accountancy Arusha as case study of Mwanza City Council. The finds of the study suggest that as a result of unlimited experts it causes difficulties in implementing projects since the present experts due to their designation have the tendency of resisting changes and other different challenges that may rise in the whole budgeting process. This can be caused by lacking knowledge on the role of budget which hinder the execution of development projects.

Hence insufficient of experts cause delay in projects completion and hence the government should employ more experts that can provide strategies and recommendations on how to execute projects through preventive and predictive maintenance programs and updates to ensure successful completion of projects and reduce downtime. This will help to attain the value of money since the actual activities in projects will be reviewed against the development plan and the Council budget.

4.3 Required Time Frame to Executed Development Projects

The study wanted to know whether the development projects are executed within the required time frame. The data could help the study to know the relationship between time frame and execution of development projects. The data were; out of 134 (100%) participants, 48 (36%) responded yes while 86 (64%) said no. Results are shown in table 4.7.

Table 3: Whether Development Projects are Executed within the Required Time Frame

Response	Frequency (N)	Percentage (%)
Yes	48	35.6
No	86	64.4
Total	134	100.0

Source: Field Data (2019)

The findings shows that out of 134 (100%) participants, 86 (64.4%) of participants had negative reason on required time to execute development projects while 48 (35.6%) had positive reason. This indicates majority of participants who responded on the question viewed that the development projects are not executed within the required time frame in a positive way. The study is the same to the study conducted by Doreen, (2014) on the effectiveness of budgeting process in achieving organizational goals the case of TAMESA. In the study 96% of the respondents agreed that the rate of uncompleted projects in consultancy and technical advice are not conducted within the required financial year is among of the challenges that face the implementation of the development projects within the organization.

The data can also be compared with the previous question which looked on the frequency of central government in disbursing funds for executing development projects where 48 (36%) perceived that the development funds are disbursed untimely and insufficient in the respective budget physical year. Also the data can be compared with the previous question which looked on the sufficient of number of experts who supervise and execute development projects. The majority of respondents 86 (64%) said that the number of experts implementing development projects is insufficient. Therefore, it can be concluded that untimely and insufficient funds disbursed to execute development projects and availability of insufficient number of experts who implement development projects causes the development projects in LGAs to be implemented out of the required time.

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

The main objective of the study was to assess budget performance on the development projects in Local Government Authorities, the case of Mbeya City Council. The conclusion of the study basing on the findings are; the government has massively vest power over the LGAs to implement different development projects. Therefore, the government should timely disburse development funds to LGAs so that the projects can be timely completed. Also the government should employ more experts who will work in LGAs to implement developoiment projects. Furthermore, development projects should be completed within the required time frame so as to achieve the value for money.

5.2 Recommendations

The study has identified major gaps with regard to performance of development projects in Local Government Authorities. In the light of the findings and the conclusion made the following are the conclusion made to inform the policy makers, LGAs staff, development partners and other stakeholders implementing development projects.

The government should not allocate huge amount of funds on the budget to unprepared new projects while the projects on progress are not funded. Hence when the government face inadequate funding it causes the emergency of lack of priority in allocation of funds which leads to allocating more funds in recurrent expenditure than in development expenditure.

When the government doesn't have enough income to fund what is so far estimated in the budget then it has to fund its budget estimates. This can be done through borrowing or any other aid that can help to implement the development budget as it was targeted.

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