

**AN ASSESSMENT OF BUDGET PERFORMANCE ON THE  
DEVELOPMENT PROJECTS IN LOCAL GOVERNMENT AUTHORITIES:  
THE CASE OF MBEYA CITY COUNCIL**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTERS OF PROJECT  
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**2019**

**CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for examination by the Open University of Tanzania a dissertation entitled: *An Assessment of Budget Performance on the Development Projects in Local Government Authorities: The Case Study of Mbeya City Council*”, in partial fulfillment of the requirements for the Degree of Masters of Project Management (MPM) of the Open University of Tanzania.

.....

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.....

Date

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**DECLARATION**

I **Dennis Werner Hyera**, do hereby declare that, the work presented in this dissertation is original. This work has never been presented to any other University or Institution. In case other people's works have been used, references have been provided. It is in this regard that I declare this work as originally mine. It is hereby presented in partial fulfillment of the requirement for the Degree of Masters of Project Management.

.....

Signature

.....

Date

**DEDICATION**

This work is dedicated to my beloved father Mr. Werner Pancras Hyera and my mother Ms. Selina Haule whose understanding on the importance of education laid the foundation to my schooling, since they enabled me to see the light, value and force of knowledge and showed me how to walk in life. This study is also dedicated to my beloved brother Auckland Hyera and sisters Neema Hyera, Frida Hyera and Irene Hyera for their continued prayers and moral support.

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The success of this work has been contributed by multiple people. It might be very difficult to mention them all since their contributions are highly appreciated, but I am indebted to mention few of them.

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**ABSTRACT**

The general objective of the study was to assess budget performance on the development projects in Local Government Authorities. The study was conducted in Mbeya City Council. The study intended to: examine factors affecting budget performance on the implementation of development projects in LGAs; evaluate current budget performance status of the development projects in LGAs; assess the effectiveness of budget control mechanisms on the performance of development projects in LGAs. 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.

## TABLE OF CONTENTS

<b>CERTIFICATION .....</b>	<b>ii</b>
<b>COPYRIGHT .....</b>	<b>iii</b>
<b>DECLARATION.....</b>	<b>iv</b>
<b>DEDICATION.....</b>	<b>v</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>vi</b>
<b>ABSTRACT .....</b>	<b>vii</b>
<b>LIST OF TABLES .....</b>	<b>xii</b>
<b>LIST OF FIGURES .....</b>	<b>xiii</b>
<b>LIST OF ABBREVIATIONS .....</b>	<b>xiv</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>1</b>
1.1 Background Information .....	1
1.2 Problem Statement and Justification of the Study .....	2
1.3 Research Objectives .....	4
1.3.1 General Objective.....	4
1.3.2 Specific Objectives.....	5
1.4 Research Hypothesis .....	5
1.5 Scope of the Study.....	5
1.6 Significance of the Study .....	6
1.7 Limitation of the Study .....	6
1.8 Organization of the Study .....	6



<b>CHAPTER TWO .....</b>	<b>7</b>
<b>LITERATURE REVIEW.....</b>	<b>7</b>
2.1 Introduction .....	7
2.2 Conceptual Definitions.....	7
2.2.1 Local Government Authority .....	7
2.2.2 Budget .....	8
2.2.3 Performance .....	8
2.2.4 Budget Performance .....	8
2.2.5 Development Project .....	9
2.3 Literature Review .....	10
2.3.1 Budgeting Conceptual Models of Performance .....	10
2.3.2 Budgetary Control Model.....	12
2.4 Theoretical Review .....	13
2.4.1 Theory on Capital Adequacy.....	13
2.5 Empirical analysis .....	14
2.6 Research Gaps .....	19
2.7 Conceptual Framework .....	20
<b>CHAPTER THREE .....</b>	<b>22</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>22</b>
3.1 Introduction .....	22
3.2 Research Paradigm.....	22
3.3 Research Design.....	22
3.4 Area of the Study.....	23
3.5 Study Population .....	23

3.6	Sample Size .....	24
3.7	Sampling Procedures .....	24
3.8	Data Collection Method .....	24
3.9	Measurement Procedures .....	25
3.10	Data Analysis .....	25
3.11	Validity and Reliability of Data .....	26
3.12	Ethical Considerations.....	27
3.12.1	Anonymity, Confidentiality and Privacy .....	27
3.12.2	Voluntary and Informed Consent.....	28
3.12.3	Advocacy and Safety.....	28
3.12.4	Beneficence .....	28
	<b>CHAPTER FOUR.....</b>	<b>29</b>
	<b>DATA PRESENTATION, ANALYSIS AND DISCUSSION.....</b>	<b>29</b>
4.1	Introduction .....	29
4.2	Description of Participants .....	29
4.2.1	Respondents Distribution by Sex .....	29
4.2.2	Age Distribution of Respondents .....	30
4.2.3	Participant’s Education Level.....	32
4.2.4	Distribution of Respondents by there Position.....	33
4.2.5	Participant’s Working Experience .....	34
4.3	Factors Affecting Budget Performance on the Implementation of Development Projects in LGAs.....	36
4.3.1	Realistic of Development Budget .....	36
4.3.2	Fund Disbursement .....	37

4.3.3	Budget Priorities.....	39
4.4	Current Budget Performance Status of the Development Projects in LGAs .	41
4.4.1	Accurate and Completeness of Planned Activities .....	41
4.4.2	Number of Experts Implementing Development Projects .....	42
4.4.3	Required Time Frame to Executed Development Projects .....	43
4.5	Effectiveness of Budget Control Mechanisms on the Performance of Development Projects .....	45
4.5.1	Auditing Procedures of Development Projects .....	45
4.5.2	Frequency of Evaluating Development Projects .....	46
4.5.3	Project Document Documentation .....	48
	<b>CHAPTER FIVE.....</b>	<b>51</b>
	<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS.....</b>	<b>51</b>
5.1	Introduction .....	51
5.1	Summary of the Study .....	51
5.3	General Findings .....	51
5.4	Conclusion.....	52
5.6	Recommendations .....	52
5.7	Suggested areas for Future Research .....	53
	<b>REFERENCES.....</b>	<b>54</b>
	<b>APPENDICES .....</b>	<b>59</b>

### LIST OF TABLES

Table 4.1: Participants Distribution by Age .....	31
Table 4.2: Distribution of Respondents by their Position .....	34
Table 4.3: Distribution of Respondents by Working Experience.....	35
Table 4.4: Realistic of Development Budget .....	36
Table 4.5: Whether the Targeted Developments Project Adheres to Budget Priorities of the Central Government .....	39
Table 4.6: Accurate and Completeness of Planned Activities .....	41
Table 4.7: Numbers of Experts Implementing Development Projects.....	42
Table 4.8: Whether Development Projects are Executed within the Required Time Frame .....	44
Table 4. 9: Accurate of Auditing Procedures of Development Projects .....	45

**LIST OF FIGURES**

Figure 2.1: Conceptual Framework..... 20

Figure 4.1: Participant’s Gender ..... 30

Figure 4.2: Participant’s Education Level..... 32

Figure 4.3: Rate of Fund Disbursement while Executing Development Projects..... 38

Figure 4.4: Frequency of Evaluating Development Projects ..... 47

Figure 4.5: Rate of Project Document Documentation..... 49

**LIST OF ABBREVIATIONS**

CAG	Controller and Auditor General
CHF	Community Health Fund
D by D	Decentralization by Devolution
EGPAF	Elizabeth Glaser Pediatric AIDS Foundations
EQUIP	Education Quality Improvement Programme
GOT	Government of Tanzania
HBF	Health Basket Fund
LGAs	Local Government Authorities
MCC	Mbeya City Council
MHRP	Us Military HIV Research Program
MCC	Mbeya City Council
MTEF	Medium Term Expenditure Framework
NGOs	Non Governmental Organization
OECD	Organization for Economic Co-operation and Development
SEDP	Secondary Education Development Programme
TAMESA	Tanzania Electrical Mechanical Electronics Services Agency
WSDP	Water Sector Development Programme
USA	United States of America
URT	United Republic of Tanzania
UNICEF	United Nation's Children Fund

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background Information**

Across many developing and middle-income countries, reforms are being undertaken to improve governance by introducing new institutional and technical systems intended to increase the transparency and accountability of government (Schaeffer & Yilmaz, 2008). Since the early 1990s, the Government of Tanzania (GoT) has implemented a number of reforms as a strategy to improve its performance. Decentralization is a major component of these reforms. Under decentralization, ministries remain responsible for policy making, long-term macro-planning, and monitoring (World Bank, 2001).

However, districts are given authority to undertake local planning, allocation of resources, and management of development interventions, monitoring, and evaluation. A Budget can be referred as a quantitative expression of plans stated in its physical or financial terms or both, for translating the goals and strategies of an organization into operational terms (Hansen & Mowen, 2003). Also performance can be termed as an accomplishment of a given task measured against present known standards of accuracy, completeness, cost, and speed (Armstrong, 2006).

The LGAs planning and budgeting in Tanzania is guided by the guidelines for preparation of Medium Term Plans and Budget framework issued annually by the MOF. The Government is committed to implement the Local Government Reform Policy (1998) which clearly sets the strategy of ‘decentralization by devolution’

(Anosisye, 2017), to mention some laws that influence the budgeting process include, the Public Finance Act 2001 which has provided a tool and a legal framework of the all components of budget regarding revenue, expenditure control and accountability. Also the law includes the Local Government Finance Act No.9 of 1982 (which was amended by Miscellaneous Act No. 6 of 1999) which states and stipulates the requirements and all the procedures to be adhered by Local the Government Authorities in formulating and preparing annual estimates of revenues and expenditures for a respective physical year.

All the Local Government Authorities in Tanzania implement development activities and projects which are all financed through internal revenues generated by LGAs, Government funds disbursements and grants, community contribution and assistance from other development stakeholders (CAG Report, 2017). For the purpose of this research only Health, Water and Education projects will be assessed. These include various development activities and projects which are financed by Secondary Education Development Programme (SEDP), Education Quality Improvement Programme (EQUIP), Community Health Fund (CHF), Elizabeth Glaser Pediatric AIDS Foundations (EGPAF), Health Basket Fund (HBF), Water Sector Development Programme (WSDP), United Nation's Children Fund (UNICEF) and MHRP.

## **1.2 Problem Statement and Justification of the Study**

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 most 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 there performance in LGAs has been facing a number of challenges in various areas, which this study intends to examine. All these reports indicated that budget performance of development projects in LGAs is questionable. And therefore, this study aimed at assessing budget performance of the development projects in Local Government Authorities.

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

The overall objective of the study was to assess budget performance of the development projects in Local Government Authorities.

### **1.3.2 Specific Objectives**

- (i) To examine factors affecting budget performance on the implementation of development projects in LGAs.
- (ii) To evaluate current budget performance status of the development projects in LGAs
- (iii) To assess the effectiveness of budget control mechanisms on the performance of development projects in LGAs.

### **1.4 Research Hypothesis**

- (i) There are factors that affect budget performance on the implementation of development projects in LGAs.
- (ii) There are statuses on budget performance of the development projects in LGAs.
- (iii) There are mechanisms for effectiveness of budget control on the performance of development projects in LGAs.

### **1.5 Scope of the Study**

The focus of this study is to assess budget performance on the development projects in Local Government Authorities and found out the factors affecting implementation of development projects in LGAs. Apart from that, the study evaluated current budget performance status of the development projects in LGAs. Also the study assessed the effectiveness of budget control mechanisms on the performance of development projects in LGAs. It was a case study conducted at Mbeya City Council.

## **1.6 Significance of the Study**

The study provides knowledge to policy makers, planners, practitioners, potential investors, financial institutions, development partners and Local Government Authorities to devise operating modes so as to enhance good performances of the development budget. It will also be beneficial to other upcoming researchers to investigate further about budget performance of the development projects in Local Government Authorities. Also the study enables to add knowledge to the present literature about budget performance of the development projects in Local Government Authorities.

## **1.7 Limitation of the Study**

The respondents were initially unwilling to participate in data collection process through answering and filling the questionnaires. This was due to fear of identification and other unknown concerns. However, the issue of anonymity and confidentiality was thoroughly clarified to them, thus erasing their concern.

## **1.8 Organization of the Study**

This dissertation consists five chapters. Chapter one provides the introductory part with the background information, problem statement, objectives of the research, hypotheses, scope, limitation and the way the study has been organized. Chapter two presents' literature review where theoretical and empirical literatures are discussed along with relevant theories as well as the conceptual framework and research gap. Chapter three covers methodology. Fourth chapter describes research findings, analysis and discussion. Lastly, Fifth chapter provides summary of the research findings, conclusion and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviewed literature for budget performance of the development projects in Local Government Authorities. It highlighted the definitions of the main terms used in this research, empirical review, theoretical literature review, conceptual framework which shows relationship between variables and research gap.

#### **2.2 Conceptual Definitions**

##### **2.2.1 Local Government Authority**

Local government is a form of public administration which exists as the lowest tier of administration within a given state (Galway, 2015). The term is used to show offices at state level, which are referred to as the central government, national government or (where appropriate) federal government and also to supranational government which deals with governing institutions between states (URT, 2001). Local governments generally act within powers delegated to them by legislation or directives of the higher level of government. The term Local Authority refers to the administrative bodies which are legally accountable for overall public services in a certain geographical area which may include cities, towns, municipalities, counties and boards. Local Authorities are granted and directed to provide and maintain the availability of public services to indigenous citizens through the proper use of revenues which are collected from local communities. The generated revenues may also include loans, grants from stakeholders, disbursed central government funds and other sources of funds.

### **2.2.2 Budget**

Budget can be referred as plans which are formulated and stated quantitatively in a respective financial year which transforms the strategic plan of an entity into an operational term (Hansen & Mowen, 2003). It is well known that a comprehensive planning is vital for the health of any organizations and the government in general in order to determine resources capabilities and the way they are going to be utilized. Such a careful planning can be achieved through installation of formal budgetary system. Budgets resulted from these budgetary systems are very useful for planning, control and performance evaluation.

### **2.2.3 Performance**

Performance refers to results which are qualitatively and quantitatively elaborated in order to shape the desired future of an entity. Organization performance is a series of dedicated financial and non-financial observable features which provides feedback in the extent to which objectives and results have been attained (Lebans & Euske, 2006). Also Performance is the degree to which dedicated teams and Institutions accomplish targeted work. Other scholars define it as completeness of granted task that is assessed in accordance with the established standards of excellence, set time, cost and speed used to achieve desired objectives (Armstrong, 2006). In generally, performance can be defined as an act of doing a job or an activity that a person or group does to certain an audience.

### **2.2.4 Budget Performance**

Budget Performance is measured to ascertain if the public entity implement and achieve its objectives and whether effort is being placed in achieving Institutional

goals and objectives. Budget performance is a quantifiable expression of the amount, cost, or result of activities that indicate how much, how well, and at what level, products or services are provided to clients/customers/the public during a given time period (kauta, 2017). Budget Performance aim to help the Legislature and the general public to have knowledge and scrutinize the extent to which public funds are being spent, increasing transparency and accountability (Joachim, 2014). Performance intend to attain the overall objective of the segments which enables the governors to formulate developmental strategies but it does not concentrate on the individual tasks which are vital to establish strategies (Borad, 2009).

Budget performance is measured in order to influence loyalty and public trust by communicating the outputs of programs, enables to formulate and express funds allocation decree, withhold vital information on public performance, air out status of a project, permits managers of public resources to evaluate weakness and take corrective actions, focuses clearly on achieving outputs crucial to the public entity, development partners and stakeholders. Also timely submission of performance reports to the central (Syukri, 2005).

### **2.2.5 Development Project**

Development projects are being undertaken by different stakeholders including donor agencies, government Institutions at several levels, consultants and local beneficiaries involving local organizations. It has following characteristics, the aim of Development projects including economic and social factors involving poverty reduction which can be financed through a loan or an outright grant. Management of Development projects needs dealing with the whole Project Life Cycle from initiation stage to ex-post

evaluation and all projects can have a number of interested stakeholders who can influence the project both positively and negatively. Development projects often have a large outlook of stakeholders whose opinions must be taken into consideration (Youker, 2003). Development projects faces a number of problems in managing them, these includes, unclear shared perception and agreement on the objectives of the project by donor and government staff and stakeholders, lack of commitment to the project by the team, management and stakeholders, unclear lines of authority and responsibility (organization not structured for project management) and poor or no analysis of major risk factors.

### **2.3 Literature Review**

Theories are established to explain, predict, and providing of an understanding of in most cases phenomena and are also formulated to challenge and extend the existing body of knowledge (Abend, 2013). Theoretical framework is the system that supports a theory of a targeted research study. The theoretical framework introduces and elaborates the theory that describes and gives reasons as to why the problem in hand exists. This study adopted various theories and models based on budget performance which included;

#### **2.3.1 Budgeting Conceptual Models of Performance**

The budgeting conceptual models of performance emerged in 1960s by the Organization that makes the Economic Co-operation and Development (COED) which consists 18 European countries plus USA and Canada. The model argues that performance is aimed at monitoring and controlling expenditure in public sector in a most efficient way so as to maintain and increase performance. It categories budgeting



systems based on their control management and planning systems (Janet, 2005). It can also be referred as a planning activity which vests managerial and monitoring roles to the managers and management levels consecutively (Kelly, 2008). An example is classic thesis of performance budgeting, which categorizes budgetary systems based on their control, management, and planning orientations. Performance budgeting, in its ideal form, is a planning-oriented system and centralizes the planning function and delegates primary managerial and control responsibilities to the supervisory and operating levels respectively (Janet, 2005).

In this conceptualization, performance budgeting practices can be grouped as direct performance budgeting, performance-informed budgeting and presentational performance budgeting (Joyce & Tompkins, 2002). Direct performance budgeting refers to practices that connects budgetary allocation explicitly and directly with performance results, such as through funding formulas or deliberate budgetary discussion, requiring programs to justify funding in accordance with programs. In other way performance informed budgeting considers a more relaxed approach to the relationship between budgetary allocation and performance (Moynihan, 2010)

Performance budgeting has a strength of allowing a better cost estimation which allows companies to allocate funds to various projects by their importance and by assessing the number of experts that are available to implement the project (Carter, 2011). At public level performance budgeting helps to show citizens that the funds are well spent to provide regular updates of the planned activities and the strategies needed to complete the project.

Performance budgeting has the strength of being easy to manipulate data to reach specific targets that have been set and developed by the respective company or authority when implementing their development projects in order to receive funding to implement the project.

Performance budgeting has the weakness of providing different ideas to the public authority. The ideas include prioritizing and allocating funds since the budgeting process is goal oriented as there is no qualitative evaluation and in many cases may not work for long term projects.

### **2.3.2 Budgetary Control Model**

The model was initially proposed by Henri Fayol (Professor of Management) in the year 1916 which was published in the journal of management science in 1949. The theory focuses on the principles how to understand the causes of failure while managing government activities and how they occur, how to evaluate deviations, how to overcome deviations, how to prevent occurrence of failures as a control factor of the mentioned variables (Fayol, 1949).

According to Robinson and Last (2009), budgetary control can be used to manage the activities of a firm which helps in setting up realistic budget and stipulating how expenses are incurred in respect of resources allocated (Robinson & Last, 2009). When preparing the government budget in a respective physical year the management also decides the outcomes to be attained by the expenditure. It is vital to consider that Institutions outcomes delivered meet was targeted by the management. Budgetary control model believes that a good budget is that which considers the expenditure of

an organization in an effective and efficient way. A good budgetary control system can be determined by observing the level of cash inflows or income of an entity (Davis & Cobb, 2009). Budgetary control generally relates to the use of budget as a monitoring device whereby the initially settled plans, outcomes, income and expenditure are compared with actual performance in order to correct the deviations from the actual plan.

The strength of Budget Control model includes ensuring that the budget is effectively administered and monitored in order to allocate the available resources properly. This is essential towards increasing revenues and also allocating them if an organization will plan properly for its resources which can be achieved through cost cutting measure so as to maintain and increase the quality of the offered services.

The Budget Control model has the limitation of, when the organization doesn't have sustainable income to fund the estimated budget it has to look for alternative revenues. This can be done through borrowing or any other aid that can help to implement the development budget as it was targeted.

## **2.4 Theoretical Review**

### **2.4.1 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.

## **2.5 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 assesses 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 factor 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.

Jordan and Hackbart (1999), studied role of performance budget and performance funding based on the response of budget officers from state executive branch from 46 out of 50 states. It was a case study research design performed through regression



analysis and used quantitative data. The study aimed at describing and analyzing the way in which performance budgeting system connects with outcomes and available resources. It further analyzed the extent to which Ministry of Finance, executive and parliamentary organ link results and resources.

The findings showed that 3 states strongly agree and 23 states agree that performance indicators are crucial in budget allocation. The study also discovered presence of budget analysis positively effects budgeting and performance funding. However, 10 states agreed that they use performance budgeting and performance funding at once, 34 states apply performance budgeting and 13 states apply performance funding.

The study recommended that main indicator to the government to exercise performance budgeting is through making agencies and sectors to understand that their output is determined by good performance of the budget.

The strength drowned from the study includes bringing up an appropriate way, which can be used to connect planned results and budget allocation. Then this way is then assessed as the ex-post between outcomes and resources. The study has a major weakness of focusing only on performance budgeting with performance funding. Also the study did not analyze the performance of development budget in implementing various projects which this study intended to cover.

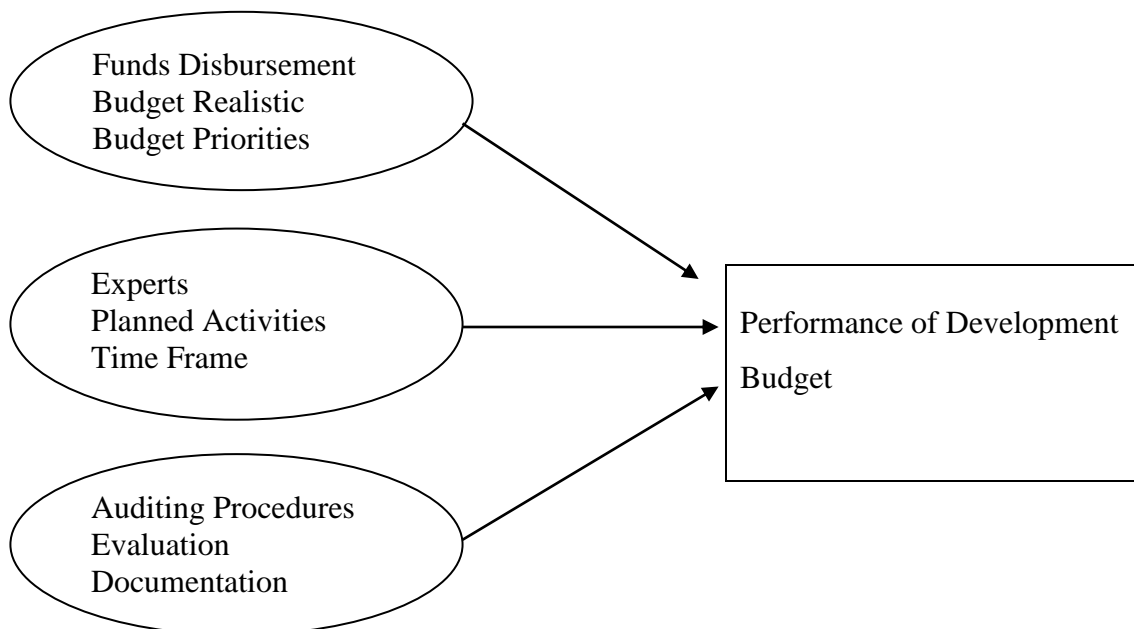
## **2.6 Research Gaps**

The literatures reviewed have been done in other African countries and globally at large, many researchers have conducted research in area of budget performance. The findings from the discussed studies can't be generalized to Local Government

Authorities since there is existence of challenges concerning poor implementation of development budget in implementing development projects. However, there are scant studies that have been comprehensively done on assessing budget performance of the development projects, which this study intended to fill those gaps. Conducting research to the population will help budget implementers to understand clearly the challenges as well as recommended solutions.

## 2.7 Conceptual Framework

Mugenda, (2003) defined conceptual framework as a conceptualization of the available relationship between variables, which can be depicted diagrammatically. Through the usage of a conceptual framework it is easy to show different factors which are going to be used in the study (Jabareen, 2009).



**Figure 2.1: Conceptual Framework**

Source: Researcher (2019)

The conceptual framework also illustrates set of relationships that is present between the independent variables and dependent variables (Figure 2.1). The dependent variables can be influenced by the independent variable either positively or negatively.

Figure 2.1 provides a pictorial presentation of the conceptual frame which shows the dependent and independent variables. The specific research objective on factors affecting budget performance of the development projects in LGAs posses variables budget realistic, funds disbursement and budget priorities. The specific research objective on evaluating current budget performance status of the development projects in LGAs consists of variables planned activities, number of experts and time frame. And the last research specific objective involves variables auditing procedures, evaluation and documentation. All these stated variables can either positively or negatively influence the performance of development budget in Local Government Authorities.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

A research method can be referred as a systematic plan that can be used while conducting a research (Kothari, 2004). This chapter presents the research methodology that was used to conduct this study and focuses on research design, survey population, area of study, sampling procedures. The chapter also looks at method of data collection, data processing and analysis.

#### **3.2 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).

#### **3.3 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 method 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).

### **3.4 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.

### **3.5 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.

### **3.6 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.

### **3.7 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).

### **3.8 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.

### **3.9 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).

### **3.10 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).

### **3.11 Validity and Reliability of Data**

Validity indicates the degree to which an instrument of the study measures what it is supposed to measure (Kothari, 2004). Validity addresses ability of the data to provide the researcher with the information that answers the hypothesis (Kelvin, 1999; Musiba, 2015). Test of questionnaire was conducted before data collection process to 20 employees who were not part of the sample. Results from pilot study helped in making modification.

Reliability can be defined as the ability of an instrument that is used in the study to produce consistent results throughout the course of the study (Creswell, 2003). The procedure is considered to be reliable if when repeated it offers out same results over and over again (Best, 1998). Reliability attempts to look at the level of which there are correlations between information given by the same people but at different time. Reliability of the data was achieved through preparation of the questionnaire questions in a simplified way that enabled respondents to understand and answer them properly.

Reliability of the questionnaire was tested by using Cronbach's alpha. The approach employ the internal consistency of the questionnaire where responses of each question in the questionnaire associated the responses with those to other questions in the questionnaire. That is, it measures the consistency of all questions in the questionnaire. In general, reliabilities less than 0.60 are considered to be poor, those in



the 0.70 range, acceptable and those over 0.80 good (Sekaran & Bougie, 2009). Reliability of the data was also achieved through preparation of the questionnaire questions in a simplified way that enabled respondents to understand and answer them properly. All constructed questions were related to specific research objectives and questions.

The Cronbach's alpha scale reliability test revealed a Cronbach's alpha of 0.741 for the 55 research questions in the questionnaire. The result suggests that the questionnaire was reliable basing on scores 0.7 which is a good fit.

**Table 3.1: Cronbach's Alpha Reliability Scale Statistics**

<b>Cronbach's alpha reliability scale statistics</b>		
<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on Standardized Items</b>	<b>No. of Items</b>
.741	.853	55

### **3.12 Ethical Considerations**

According to Kovacs (1985), ethics is defined as guidelines which deal with the conduct of the people in the society with one another. It is important for the researcher to understand ethical considerations before, during and after research. This research considered the following ethical issues as revealed by (Akaranga, 2006).

#### **3.12.1 Anonymity, Confidentiality and Privacy**

Anonymity can be defined as maintain the secrecy of the respondents by not disclosing their information such as responses, name and anything related to them during the study (Mugenda, 2003). While conducting the study, the researcher

protected the information given in confidence by the respondents. When by any chance the information's of the respondents are to be aired out the researcher will seek the consent of the respondents for permission so as to prevent the respondents from any misconduct.

### **3.12.2 Voluntary and Informed Consent**

This is one of the ethical issues to be taken into consideration when conducting research which implies the fact that “a person knowingly, voluntarily, intelligently and in a clear and manifest way gives his or her consent” (Arming, 1997). The researcher ensured that when executing a questionnaire the respondents provided information from their own personal will and voluntary (Arming, 1997).

### **3.12.3 Advocacy and Safety**

The researcher took the total responsibility to conduct the study that will not violate the general human rights of the respondents (Bryman & Bell, 2007). This helped to protect the respondents since all the related issues of the study were explained.

### **3.12.4 Beneficence**

Beneficence simply implies that “doing good” (Churchil, 1995). The researcher explained the general objective of the research to all the respondents and the profits that will attain from the study. The researcher did not deviate to explain the outcomes of the research to the respondents that will be obtained after the study is completed.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION**

#### **4.1 Introduction**

This chapter was about data presentation, analysis and discussion. The chapter discusses the findings for better understanding basing on the research specific objectives, hypotheses and conceptual framework. It also provides interpretation of the findings that gives clear meaning of the data gathered.

#### **4.2 Description of Participants**

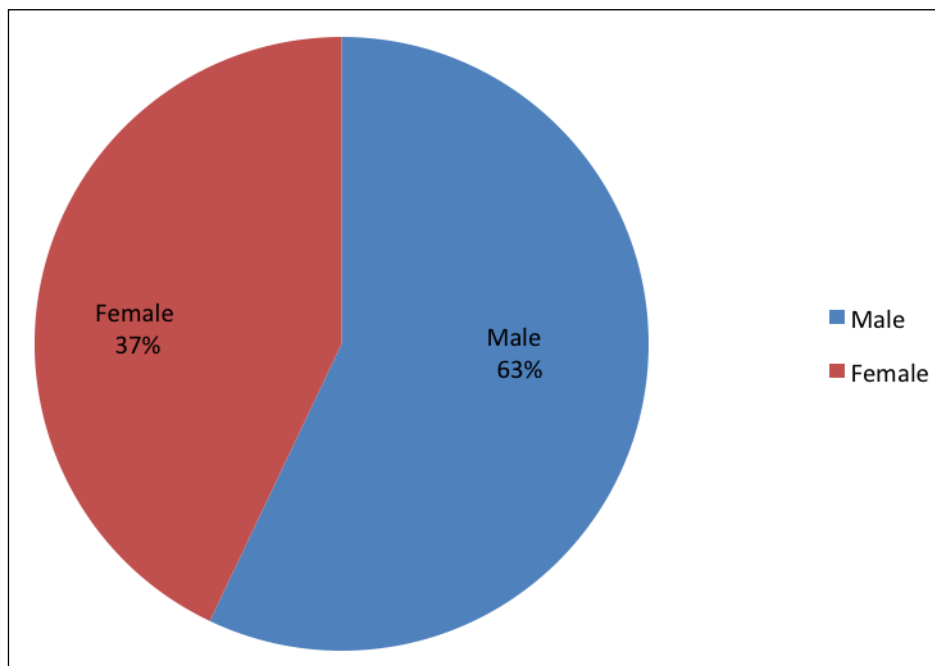
The research used the sample size of one thirty four (134) staff obtained through sample size determination using Glenn Dale Cunningham table from the total population of 293. The selected sample has been represented using five dimensions namely; sex, age, level of education, type of the cadre and working experience at the studied area. The respondents are the staff who deal directly with the budget implementations of the development budget in MCC and their participation positively help in bringing about the outputs that are significantly in accordance with the study.

##### **4.2.1 Respondents Distribution by Sex**

Figure 4.1, the researcher employed 63% males and 37% females. This indicates that 37% of the data collected for all the variables settled in this study comes from female and male made contribution of 63% , this shows that male involved much in the study while female were few. The study is similar with the study by Onduso, (2013) on the study topic effectiveness of budget on the financial performance of manufacturing companies in Nairobi, the findings depicted that 65% of the manufacturing companies

where by 65% of the respondents are male and 35% are female which suggest that female consists minority of the respondents and most of the organizations employ more males than the females.

It can be concluded that the findings illustrates sex representation in the sample was imbalanced because of the nature of the population and the area under study. Also it can be evidenced that the City Council does not have equal employment of the employees since it has the majority of the male employed staff than the female employed staff.



**Figure 4.1: Participant's Gender**

Source: Field Data (2019)

#### **4.2.2 Age Distribution of Respondents**

Participant age distributions were determined by the study. It was important for the study because of determination of a representative sample of the target population for generalization purposes. The study employed four different age categories,

participants were asked to identify age group they belong. As shown in the table 4.1, participants aged 18 – 25 were 8 (6%), 26 – 34 years old constituted 54 (40%), 35 – 49 years old constituted 60 (45%) and above 50 years old constituted 12 (9%).

**Table 4.1: Participants Distribution by Age**

<b>Age (Years)</b>	<b>Frequency</b>	<b>Percentage (%)</b>
18-25	8	6
26-34	54	40
35-49	60	45
Above50	12	9
<b>Total</b>	<b>134</b>	<b>100</b>

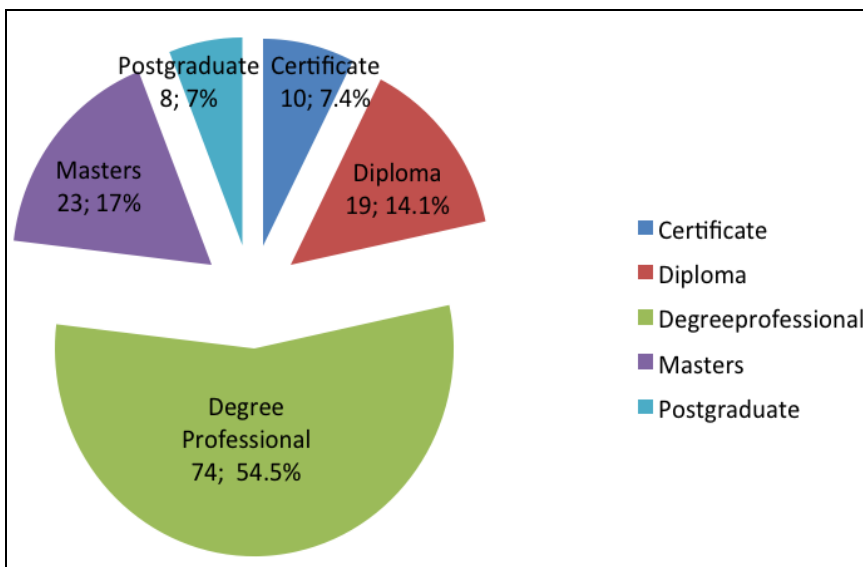
Source: Field Data (2019)

Findings indicates that, the age range from 26 – 50 years constitute a large number of respondents which is 63% which suggests that large population of Mbeya City Council are matured and long in the service. The study is the same to the study by Laryea, (2016) on the study budgeting and its impact on financial performance the case of non bank financial Institution in Ghana were by 48% of the respondents age ranges between 35-50 years which suggest that most of the respondents are adults and are effectively performing budgetary duties which makes them to have maximum knowledge pertaining budgeting and hence they provided knowlegable feedback on the questionnaires.

It can be concluded that since the majority of respondents age ranges between 26-50 years hence it allowed inflow of varying views about budget performance on the development projects in Local Government Authorities. The data also indicates that the population has enough energy to perform different budgdetary undertakings and have high knowledge on budget and development projects which are executed.

### 4.2.3 Participant's Education Level

The study assessed the education level of respondents since this character was very essential to the researcher as education level of respondents was thought to have a relationship with the level of understanding on an assessment of budget performance of the development projects in Local Government Authorities. The data pertaining to education level is presented in Figure 4.2 below.



**Figure 4.2: Participant's Education Level**

Source: Field Data (2019)

The data showed that, the population had 10 (7%) of participants with Certificate level, 19 (14%) with Diploma, 74 (55%) with Bachelor degree, 23 (17%) with Masters and 8 (7%) with Postgraduate level. The findings revealed that 74 (55%) possess Bachelor degree which suggests that the population is highly schooled and that, there level of education have a positive relationship with the level of understanding of budget performance on the development projects in Local Government Authorities. The study is contrarily with the study by Meskel, (2018) on the study assessment of budget implementation and controlling the case study of Addis Abba whereby the

findings suggest that 37% of the respondents are Diploma graduates and assumed that the information's that were provided by the respondents are valid and reliable. It can be concluded that the findings of the study denoted that majority of the respondent's posses Bachelor Degree and hence it was easy to provide response of the questionnaires since is the group which is responsible for the day to day operations of the budget activities as realistic as practical. Also they are accountable of making sure that the budget targets are met and the funds are allocated to the planned development projects.

#### **4.2.4 Distribution of Respondents by there Position**

The researcher wanted to know participants work positions. The reason for encompassing the component was ensuring fair representation of both positions in the study. The data indicated that, the sample selected had 17 (13%) Economist, 23 (17%) Accountant, 19 (14%) Planning officers, 13 (10%) Education officers, 23 (17%) Procurement officers, 15 (11%) Project Coordinators, 8 (6%) Health officers, 7 (6%) engineers, and Administrator 9 (6). Different occupation were involved in the study since person's occupation have a bearing on his/her personality and the magnitude of assessing a problem before him which influences a level of understanding a particular phenomenon. The study is similar with the study by Onduso, (2013) on the study topic effectiveness of budget on the financial performance of manufacturing companies in Nairobi, the findings depicted that 52% of the respondents were accountants which suggest that most Accountants have deverse experience in discharging there duties and experience effectively and efficiently regarding financial performance of budgets since they are intermediate between the budgets and the projects.

It can be generalized that a person's response to this study was possibly determined by the type of occupation he/she is engaged in and hence variable occupation was investigated by the researcher and the data pertaining to occupation is presented in table 4.2. The findings have the implication that development budget implementation is a participatory activity as its a cross cutting issue which require multiple professionals.

**Table 4.2: Distribution of Respondents by their Position**

Position	Frequency	Percentage (%)
Economist	17	12.6
Accountant	23	17
Planning Officer	19	14.1
Education Officer	13	9.6
Procurement Officer	23	17
Project Coordinator	15	11.1
Health Officer	8	5.9
Engineer	7	6
Administrator	9	6.7
Total	134	100

Source: Field data (2019)

#### **4.2.5 Participant's Working Experience**

The researcher intended to extract information on the years of working experience with Mbeya City Council by the respondents. The respondents were provided with the questionnaires which required them to state the number of years they have worked with the Mbeya City Council. The question was set in order to determine the time the respondent has been involved in implementation of development projects.



**Table 4.3: Distribution of Respondents by Working Experience**

<b>Experience (Years)</b>	<b>Frequency (N)</b>	<b>Percentage (%)</b>
1 to 5 years	41	30.4
6 to 10 years	46	34.8
11 to 15 years	33	24.4
16 to 20 years	6	4.4
21 years and above	8	5.9
<b>Total</b>	<b>134</b>	<b>100.0</b>

The results as illustrated in table 4.3 indicates that majority of respondents 46 (35%) had 6 to 10 years followed by 41 (30%) 1 to 5 years, 33 (24%) 11 to 15 years, 6 (5%) 16 to 20 years and 8 (6%) 21 years and above. This provided a researcher with a sample of staff who had worked with Mbeya City Council and therefore they were in a good position to provide their wealth of experience on the study.

The study is similar with the study by Onduso, (2013) on the study topic effectiveness of budget on the financial performance of manufacturing companies in Nairobi, the findings depicted that 53% of the respondents were in the operation for more than 10 years which were able enough to give the information that were required by the researcher.

It can be concluded that budget performance on the development projects in Local Government Authorities is not affected by lacking of experience among the budget implementers since most budget implementers have a better working experience.

### 4.3 Factors Affecting Budget Performance on the Implementation of Development Projects in LGAs

#### 4.3.1 Realistic of Development Budget

The study asked the respondents whether the budget set aside to undertake the development projects was realistic in each respective budget physical year. The reason was the direct relationship exists between development budget and development projects in Local Government Authorities. The data showed that, majority of staff at MCC, 58 (43%) responded that budget is realistic due to revenue, other, 30 (23%) said that the budget is realistic due to project cost and 37 (27%) said that the development budget is unrealistic while 9 (7%) responded that the budget is partially realistic. Results presented in Table 4.4.

**Table 4.4: Realistic of Development Budget**

<b>Response</b>	<b>Frequency (N)</b>	<b>Percentage (%)</b>
Realistic due to revenue	58	43.0
Realistic due to project cost	30	22.9
Unrealistic	37	27.4
Partially realistic	9	6.7
<b>Total</b>	<b>134</b>	<b>100.0</b>

Source: Field data (2019)

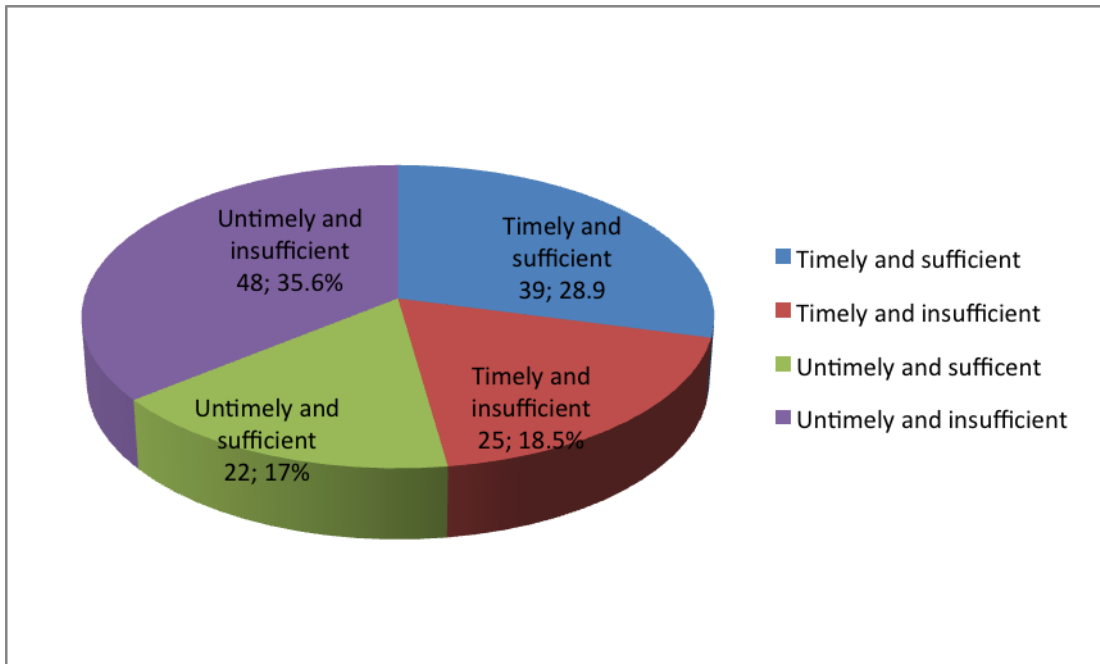
Data presented reveals that, out of 134 (100%) participants, 58 (43%) responded that development budget is realistic and is set due to the revenue that is expected to be collected in the respective physical year. The study match with the study by Gacheru, (2012) in the study on effect of budgeting process on budget variance of NGOs in Nairobi Kenya with the main objective of determining relationship between

budgeting process and budget variance. The findings of the study show that budget control, implementation and preparation positively influence budget variance. The researcher recommended NGOs to deliberately maintain best budgeting process as it influences their budget variance which help them to have a maximum monitoring of revenue and expenditure ratios as it will ensure that cash inflows and outflows remains at sufficient levels. This will enable organizations to prepare and develop a realistic budget as per expected revenues to be collected.

According to budgetary control model a good budget is that which take in hand organization expenditures in an effective and efficient way. A good realistic budget can be determined by observing the level of cash inflows or income of an entity that can be collected. This makes the development projects to be undertaken through the use of budget as a control device whereby predetermined projects, plans or standard output can be attained.

#### **4.3.2 Fund Disbursement**

The study wanted to know to what extent is the rate of fund disbursement influence the undertaking of development projects among participants. The data could help the study to know the relationship between the rate of fund disbursement and the execution of development projects. The data were; out of 134 (100%) participants, 48 (36%) responded that funds are disbursed untimely and insufficient, 22 (17%) said that the funds are disbursed untimely and sufficient, 39 (29%) timely and sufficient while 25 (18%) responded that the funds are disbursed timely and insufficient. Results are shown in Figure 4.3.



**Figure 4.3: Rate of Fund Disbursement while Executing Development Projects**

Source: Field Data (2019)

Findings indicate that the majority of respondents out of 134 (100%) participants, 48 (36%) responded that funds are disbursed untimely and insufficient, as they agreed that during the execution of development projects funds are disbursed but its disbursement is done untimely and also the disbursed funds are insufficient. This led to untimely completion of development projects. The findings does not adhere to the study by Shields and Young, (2009) on the effectiveness of budgetary control in an organization which contend that the government has the responsibility of providing and disbursing funds and resources including also providing employment opportunities to citizens so as to meet the targeted objectives and goals. This is vital as it implies that the government and organization management with staff have the mutual role of ensuring timely implementation of budgetary activities through developing and following up effective control and directives.

Therefore, in order to finance different development projects the government needs to have adequate access to financial resources that can generate more revenue to finance the projects. This can help to reduce the number of uncompleted projects across the country and adequate prioritizing of funds disbursement on the ongoing projects so that they can be completed on time to achieve the value for money.

### 4.3.3 Budget Priorities

The researcher found it was necessary to know whether the targeted developments project adheres to budget priorities of the central government in the respective physical year. The reason for the test was to establish the relationship that might be existing between budget priorities of the central government with the development budget priorities in the LGAs. Table 4.5 summarizes the findings.

**Table 4.5: Whether the Targeted Developments Project Adheres to Budget Priorities of the Central Government**

<b>Response</b>	<b>Frequency (N)</b>	<b>Percentage (%)</b>
Agree	70	51.9
Strongly agree	27	20.7
Disagree	17	12.6
Strongly disagree	12	8.9
Neither agrees nor disagree	8	5.9
<b>Total</b>	<b>134</b>	<b>100.0</b>

Source: Field Data (2019)

The findings revealed that, 70 (52%) of the respondents agreed that development projects adheres to budget priorities of the central government, 27 (21%) strongly agree, 17 (12%) disagree, 12 (9%) strongly disagree and 8 (6%) neither agrees nor

disagree that development projects adheres to budget priorities of the central government. The study agree with D-by-D strategy (Anosisye, 2017). The policy shifted from the former centralized system to the decentralized local governance system. One of the crucial elements of decentralization was fiscal decentralization which gives the local jurisdictions to exercise adequate authority over important 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).

A total of 70 (52%) of the respondents agree that development projects adheres to budget priorities of the central government. The finds of the study are similar to the study by Bert, (2003) on the role of budget and the budgetary control in the District Council. The research findings show that the budget has the role of ensuring that the organization goals are achieved which makes the management to make sure that it excises a proper and clear budgeting system by laying down and developing sustainable budget guildlines and policies which can help the organization to avoid the wastage of resources which can hinder the achievement of expectations.

This is significantly true since the government through the Ministry of Finance provides budget guidelines which state its priorities in every physical year. Hence public Institutions and Authorities use the guidelines in formulation of budgets to be implemented in the respective year which improves efficiency in the allocation of resources.

#### 4.4 Current Budget Performance Status of the Development Projects in LGAs

##### 4.4.1 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 4.6: Accurate and Completeness of Planned Activities**

<b>Response</b>	<b>Frequency (N)</b>	<b>Percentage (%)</b>
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
<b>Total</b>	<b>134</b>	<b>100.0</b>

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 disbursement 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.

#### **4.4.2 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 4.7: Numbers of Experts Implementing Development Projects**

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

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.

#### **4.4.3 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 4.8: Whether Development Projects are Executed within the Required Time Frame**

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

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 achieveing 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 centarl 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.

#### **4.5 Effectiveness of Budget Control Mechanisms on the Performance of Development Projects**

##### **4.5.1 Auditing Procedures of Development Projects**

The researcher assessed the accurate of auditing procedures of the development projects because he thought that when the auditing is accurately done on the development projects could help the achievement of time value for money. The respondent's responses were as shown in table 4.8.

**Table 4. 9: Accurate of Auditing Procedures of Development Projects**

<b>Response</b>	<b>Frequency (N)</b>	<b>Percentage (%)</b>
Very accurate and complete	75	55.6
Moderately accurate and complete	28	20.9
Inaccurate and complete	16	11.9
Inaccurate and incomplete	15	11.7
<b>Total</b>	<b>134</b>	<b>100.0</b>

Source: Field data (2019)

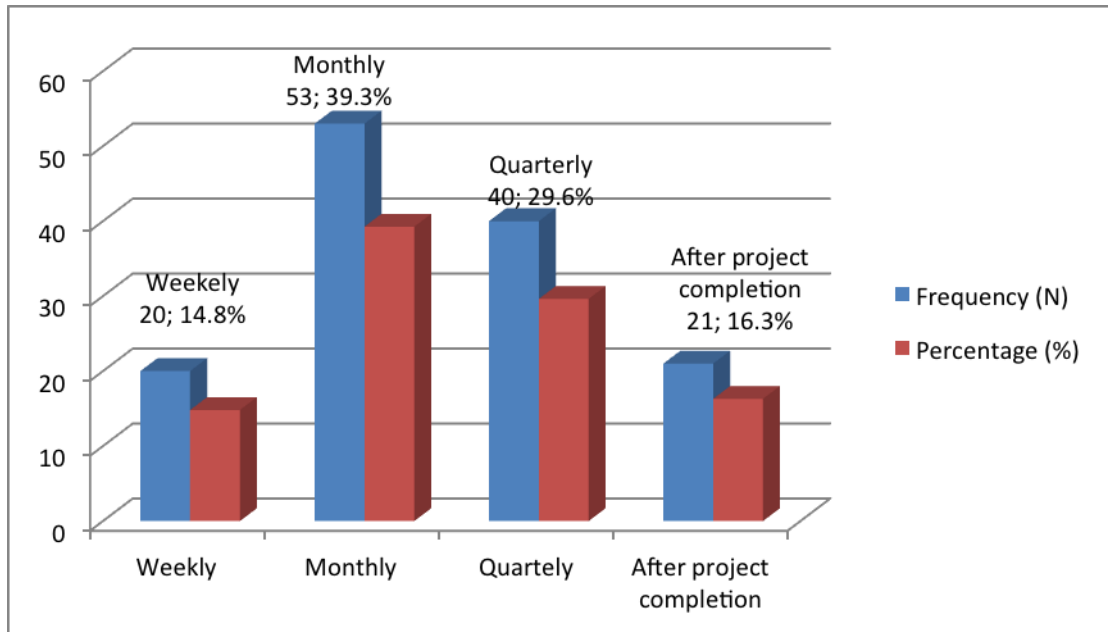
The findings from Table 4.8 indicate that out of 134 (100%) participants, 75 (56%) respondents said that auditing is very accurate and complete, 28 (21%) moderate

accurate and complete, 15 (11%) inaccurate and incomplete and 16 (12%) inaccurate and complete. Basing on the findings presented it can be argued that majority of staff 75 (56%) concur and appreciate the auditing procedures of the development projects in LGAs in terms of the budget and its cash flow, contractual procedures, operation and control. The study adhere to the study by Horvah (2009) on the effectiveness of accounting methods which recommended that the accounting methods when auditing the budget and implemented projects fail to meet all the necessary auditing procedures should not be accepted. This is crucial since auditing helps to justify and guide the mangers in extracting and use the audited information in allocating resources during budget preparation which will help to execute the planned projects.

This is positively significant since the government allocates adequacy financial resources so as to bring about effective implementation of projects. In doing so, it helps to reduce the number of uncompleted projects across the country and adequate prioritizing of funds disbursement on the ongoing projects so that they can be completed on time to achieve the value for money. Due to the presence of accurate auditing procedure hence it what makes the LGAs receive either qualified or unqualified financial statements of the respective physical year budget.

#### **4.5.2 Frequency of Evaluating Development Projects**

The researcher found that it was necessary to ask the respond on the frequency of evaluating development projects because it helps the client, contractor and the consultancy to be on the same track so as to achieve the objective of which the project was undertaken. Figure 4.4 summarizes the results.



**Figure 4.4: Frequency of Evaluating Development Projects**

Source: Field Data (2019)

The findings revealed that 53 (39%) of respondents said evaluation of development projects is done monthly, 40 (30%) quarterly, 21 (16%) after project completion and 20 (15%) weekly evaluation of development projects. Majority of the respondents responded that evaluation of development projects is done monthly. The study is contrarily to the study conducted by Doreen, (2014) on the effectiveness of budgeting process in achieving organizational goals the case of TAMESA.

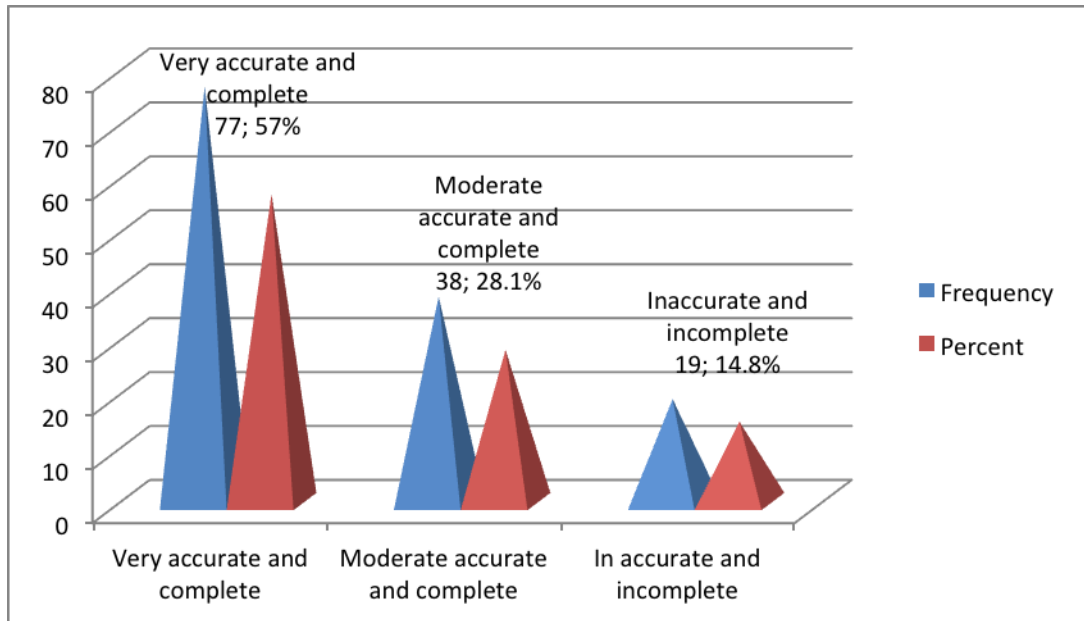
The study show that the performance of budget operation and execution of projects its evaluation is through progress report which is done on quarterly basis that helps to identify the observed variances and establish the control mechanisms. Also Curristine (2005) conducted the study titled performance information in the Budget process. The key findings of the study demonstrated that majority of countries engage in performance informed budgeting at the Ministry of Finance level as its evaluation is

quarterly performed implying that performance information is most often used along with other information to inform but not to determine the budget allocation. Also it justified that the significant reason that makes countries not to apply and use performance information is the lack of a method to integrate it into the whole budget process.

Considering the findings of this study, it can be concluded that one approach that can be done to improve the performance of the LGAs development projects is the managing and evaluation of implemented development projects and activities which can be done monthly so as to determine the work done, time spent, financial status of spent funds, challenges and expectation of project completion.

#### **4.5.3 Project Document Documentation**

The study had an interest to know whether the project documents are documented when implementing the development projects. The intention was to know how accountable are the projects implementers responsible with the projects through proper record keeping of project documents. The question had three options where the participants required to select one basing on the actual situation. The results were; 77 (57%) said that project document documentation is very accurate and complete, 38 (28%) moderate accurate and complete and 19 (15%) inaccurate and incomplete. Figure 4.5 summarizes the findings.



**Figure 4.5: Rate of Project Document Documentation**

Source: Field Data (2019)

The findings revealed that documentation of project documents is very accurate and complete as it was commented by majority of respondents 77 (57%). Adequate presence of financial resources and expertise is 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 (Anderson, 1996).

The findings of the study applies to the study by Shields and Young, (2009) on the effectiveness of budgetary control in an organization which suggest that the organization have the role of developing standards and effective control of documentation mechanisms. Also government organizations they need not to have the individuals and employees who are unethical by acting outside the established control since they can adversely affect organizational profitability and sustainability as well as

the resources allocation and performance. It can be concluded that when there is a very accurate and complete documentation of project documents it helps to improve and create proper quality control mechanisms of the projects. Also it helps to create learned lessons that can be used for improvements when the same documents are used to implement a different project which brings about sustainability of executed projects.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter consists of the summary of the findings, conclusion and recommendations. It includes summary of the study and of the major findings. It also provides suggestions for implementations and for further research where other researcher can investigate on.

#### **5.1 Summary of the Study**

The purpose of the study was to assessment of budget performance on the development projects in Local Government Authorities. The study was conducted at Mbeya City Council as a selected case study. Respondents involved were 134 who were randomly selected. Primary data were collected using questionnaires and the data obtained were analyzed using SPSS version 20.0 through descriptive statistical analysis. The findings were presented using frequency, percentage distribution, tables and charts.

#### **5.3 General Findings**

The findings of the study have revealed that development budget for implementing development projects in LGAs are realistic since the budget are set due to the revenue that is expected to be collected. Disbursement of development funds by the central government is untimely and not sufficient to complete the projects even though the targeted projects in LGAs adhere to the budget priorities of the central government. Also the experts implementing development projects are insufficient which cause the

planned project activities to be moderately executed in the respective physical year and hence the projects are completed and implemented out of the required time frame. Furthermore, evaluation of projects is done monthly and the documentation of projects documents is very accurate. This results to very accurate and complete auditing procedures of development projects, which causes the LGAs to receive either qualified or unqualified opinion of the financial statements.

#### **5.4 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 development projects. Furthermore, development projects should be completed within the required time frame so as to achieve the value for money.

#### **5.6 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.

### **5.7 Suggested areas for Future Research**

Since there are little researches and studies done on the topic particular development budget issues. Other areas which seem to be important could continually be studied by other researchers, therefore, the following are suggested areas for further studies:

To examine the strength of development project implementation with and without force account construction method. Evaluation of challenges facing execution of development projects in Local Government Authorities.

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## APPENDICES

### Appendix 1: Questionnaire

#### GENERAL INFORMATION

Dear Respondent

I am a Post graduate student at Open University of Tanzania conducting a research on **“An assessment of budget performance on the development projects in Local Government Authorities”**. This questionnaire is designed to obtain information from respondents where researcher depends mostly in order to fulfill his objectives and finally to get conclusion based on my survey. All the information obtained from the respondent will be used to achieve the study objectives and not otherwise, your responses will be treated as strictly confidential and the anonymity of departments and respondents is assured and sharing of results is possible. Most of the questions can be answered by simply making a tick in a box.

1. Age

- |            |                          |             |                          |
|------------|--------------------------|-------------|--------------------------|
| a) 18 - 25 | <input type="checkbox"/> | b) 26-34    | <input type="checkbox"/> |
| c) 35-49   | <input type="checkbox"/> | d) Above 50 | <input type="checkbox"/> |

2. Gender

- |         |                          |           |                          |
|---------|--------------------------|-----------|--------------------------|
| a) Male | <input type="checkbox"/> | b) Female | <input type="checkbox"/> |
|---------|--------------------------|-----------|--------------------------|

3. Educational level

- |                        |                          |            |                          |
|------------------------|--------------------------|------------|--------------------------|
| a) Certificate         | <input type="checkbox"/> | b) Diploma | <input type="checkbox"/> |
| c) Degree professional | <input type="checkbox"/> | d) Master  | <input type="checkbox"/> |
| e) Postgraduate        | <input type="checkbox"/> |            |                          |

Other specify.....

4. What is your working experience at Mbeya City Council?

- |                   |                          |                       |                          |
|-------------------|--------------------------|-----------------------|--------------------------|
| b) 1 to 5 years   | <input type="checkbox"/> | b) 16 to 20 years     | <input type="checkbox"/> |
| c) 6 to 10 years  | <input type="checkbox"/> | d) 21 years and above | <input type="checkbox"/> |
| e) 11 to 15 years | <input type="checkbox"/> |                       |                          |

5. What is your designation at MCC?

- |                        |                          |                        |                          |
|------------------------|--------------------------|------------------------|--------------------------|
| a) Economist           | <input type="checkbox"/> | b) Accountant          | <input type="checkbox"/> |
| c) Planning Officer    | <input type="checkbox"/> | d) Education Officer   | <input type="checkbox"/> |
| e) Procurement Officer | <input type="checkbox"/> | f) Project Coordinator | <input type="checkbox"/> |
| g) Health Officer      | <input type="checkbox"/> | h) Engineer            | <input type="checkbox"/> |
| i) Administrator       | <input type="checkbox"/> |                        |                          |

Others (specify).....

6. What is the realistic of development budget in each respective budget physical year?

- |                                   |                          |
|-----------------------------------|--------------------------|
| a) Realistic due to revenue       | <input type="checkbox"/> |
| b) Realistic due to project costs | <input type="checkbox"/> |
| c) Unrealistic                    | <input type="checkbox"/> |
| d) Partially realistic            | <input type="checkbox"/> |

7. How do you rate fund disbursement from central government while implementing development projects?

- |                              |                          |
|------------------------------|--------------------------|
| a) Timely and sufficient     | <input type="checkbox"/> |
| b) Timely and insufficient   | <input type="checkbox"/> |
| c) Untimely and sufficient   | <input type="checkbox"/> |
| d) Untimely and insufficient | <input type="checkbox"/> |

8. Are the targeted developments project at Mbeya City Council adhere to budget priorities of the central government in the respective physical year?

- |                                 |                          |                      |                          |
|---------------------------------|--------------------------|----------------------|--------------------------|
| a) Agree                        | <input type="checkbox"/> | b) Strongly Agree    | <input type="checkbox"/> |
| c) Disagree                     | <input type="checkbox"/> | d) strongly disagree | <input type="checkbox"/> |
| e) Neither agrees nor disagrees |                          |                      | <input type="checkbox"/> |

9. How do you rate the accurate and completeness of planned activities while executing the development projects?

- |                               |                          |
|-------------------------------|--------------------------|
| a) Very accurate and complete | <input type="checkbox"/> |
| b) Moderately and complete    | <input type="checkbox"/> |
| c) Nor accurate and complete  | <input type="checkbox"/> |
| d) Inaccurate and incomplete  | <input type="checkbox"/> |

10. How do you rate the number of experts implementing development projects at Mbeya City Council?

- |                       |                          |
|-----------------------|--------------------------|
| a) Sufficient         | <input type="checkbox"/> |
| b) Satisfactory       | <input type="checkbox"/> |
| c) Not sufficient     | <input type="checkbox"/> |
| d) More than required | <input type="checkbox"/> |

11. Are the development projects executed within the required time frame?

- |        |                          |
|--------|--------------------------|
| a) Yes | <input type="checkbox"/> |
| b) No  | <input type="checkbox"/> |

12. How do you rate the auditing procedures of the development projects in Mbeya City Council?

- |                               |                          |
|-------------------------------|--------------------------|
| a) Very accurate and complete | <input type="checkbox"/> |
|-------------------------------|--------------------------|

- b) Moderately accurate and complete
- c) Inaccurate and complete
- d) Inaccurate and incomplete

13. What is the frequency of evaluating development projects?

- (a) Weekly
- (b) Monthly
- (c) Quarterly
- (d) After project completion
- e) Others, please specify

.....  
.....  
.....

14. How do you rate project document documentation during project execution?

- a) Very accurate and complete
- b) Moderate accurate and complete
- c) Inaccurate and incomplete

**Thank you very much for your cooperation**