

Budget implementations in local governments in Uganda; reflections from Kiruhura and Mbarara

Marus Eton^{1*}, Arthur Sunday², Dianah Nkamusiima³

Faculty of Economics and Management Sciences Kabale University, Kabale, Uganda^{1,2&3}

eton.marus@gmail.com



Article History

Received on 2 February 2023

1st Revision on 20 February 2023

2nd Revision on 9 March 2023

3rd Revision on 22 March 2023

4th Revision on 27 March 2023

5th Revision on 4 April 2023

Accepted on 6 April 2023

Abstract

Purpose: This study focused on the extent of budget implementation in selected local governments in Uganda, focusing on the governance principles of budget implementation, which included participation, transparency, accountability, and gender equity.

Research methodology: The research design used was descriptive and analytical to allow for a comprehensive description of budget implementation in the local governments of reference. Data were collected using a structured questionnaire and interview guide. The participants were chosen purposively because they were conversant with the variables under study.

Results: The study findings indicated that budget participation increasingly varies from one local government to another due to the low level of awareness among less-educated citizens. There was also a reduction in revenues, a failure of the budget to meet citizens' needs, and the lack of sufficient time to implement the budget variedly affected budget implementation.

Limitations: The study was conducted in only two districts and one city in western Uganda, and their findings make it difficult to generalize the findings.

Contribution: This study provides a solid basis for advocating more observation of good governance principles in budget implementation. The study showed that budgeting is a collective responsibility for all, and therefore, transparency and participation are important. It provides valuable insights into budget implementation challenges in Uganda and proposes a workable strategy to respond to the challenges established. It also adds literature on the role of governance, transparency, and participation in budget implementation.

Keywords: Budget implementation, Governance, Transparency, Budget controls, Participation

How to cite: Eton, M., Sunday, A., & Nkamusiima, D. (2023). Budget implementations in local governments in Uganda; reflections from Kiruhura and Mbarara. *International Journal of Financial, Accounting, and Management*, 5(2), 235-249.

1. Introduction

Many countries across Africa have reformed their budgeting process and have registered some success in terms of legal frameworks and formalization. However, budget implementation remains a thorn in the effectiveness of budgeting on the continent. Most budgets in Africa fail at the implementation stage since most of them are made due to disintegrated actors, poor change-management processes, and poor capacity building (CABRI, 2011). Budget implementation strategies like budgetary committees, call circulars, and budget controls are only effective if there exists cooperation of all the concerned during implementation (Lawyer & Nigeria, 2013; Omosidi, Oguntunde, Oluwalola, & Ajao, 2019). Selfish interests and political maneuvers override the approved interests of the public, rendering budget

allocations irrelevant to development needs ([Ejumudo & Ejumudo, 2020](#); [Ianna, 2018](#)). From a Ugandan perspective, budget outcomes fail because of incoherent planning and execution, corruption, and inadequate funding ([Nampewo & Bogere, 2012](#)). Accounting Officers to whom money is disbursed prepare semi-annual and annual budget reports to the Ministry of Finance, reconciling budget information with spending information (Ministry of Finance Planning and Economic Development ([MFPED, 2009](#))). Evidence from the Bank of Uganda shows that guidelines for budget implementation exist; however, they lack functionality due to irregular budget implementation reviews ([Baluku, 2016](#)). Many local governments in Uganda fail to deliver their budgetary goals to the citizens due to the ill-trained staff who cannot accurately implement the budget ([Moses, Christopher, Muhindo, Teddy, & Alex, 2022](#); [Mutuma, Ileri, & Lyria, 2016](#)). A study conducted in the Kabale district by [Eton, Murezi, Fabian, and Benard \(2019\)](#) reveals that many proposed budgets are implemented just for the sake to the extent that some are abandoned before completion.

1.1. Problem statement

Local governments have continuously been faced with budget implementation challenges, which have been witnessed in Uganda since the government switched from output-based budgeting to program-based budgeting, where more than one spending agency may be responsible for a budget outcome, and the implementation of budgets has suffered in the hands of the agency with greater responsibility for implementation ([Ssekitoleko, 2020](#)). Worst of all, 69% of the monies designated for local governments in Uganda are always retained by the national government, and the majority of donations come in the form of loans, which have raised national debt ([Ggoobi & D., 2019](#)). Budget implementations receive some attention because of the effectiveness of budget consultations and the Accountability Sector when money intended for local government service delivery is returned to the national government. Second, while these reports constitute evidence and usage of the money received from the Ministry, public accountability constitutes the extent to which the money disbursed to accounting officers effectively met the needs of citizens. Based on Kiruhura and Mbarara districts as references, this study examines the extent of budget implementation in local governments in Uganda and therefore comes up with scientific measures to address the above challenges being identified for policymakers to take action.

1.2. Objectives

1. To examine the governance principles of budget implementation in the Kiruhura and Mbarara district local governments of Uganda.
2. To assess the challenges in budget implementation in the Kiruhura and Mbarara district local governments in Uganda.
3. To design strategies for enhancing budget implementation in the Kiruhura and Mbarara district local governments in Uganda.

2. Literature review

2.1. The Goal Setting Theory

This study expands on the goal-setting theory, which holds that a person's behaviors are always consistent with their commitment to the goal ([Locke & Latham, 1990](#); [Syahputra, 2014](#)). Performance is higher with hard goals than with easy ones ([Locke & Latham, 2013](#); [Lunenburg, 2011](#)). Participating in a task with others allows them to see the budget goals' clarity and how they can be achieved ([Bura, 2018](#); [Karlsson, Blidnert, & Dergård, 2017](#)).

The participatory budgeting theory of goal setting and budgeting outlines how participatory budgeting encourages control, coordinates work, and evaluates outputs. Using participatory budgeting, the government is required to assess its goals and the results of those goals when using public funds. With budgeting, public resources are committed to proper causes and are made sure they are achieved. Different stakeholders gather to debate and exchange strategies that could affect budget performance during participatory budgeting ([Ndiwalana, 2009](#)).

2.2. Budget Implementation

The involvement of stakeholders should be taken into account while investing in the implementation of budget controls ([Mudeheli, Miroga, & Onyango, 2020](#)). To assist stakeholders' efficient budget execution, management should abide by the financial regulation and policy framework. We must make significant investments in developing relationships and sound financial principles to accomplish sustainable budget implementation in organizations ([Ashoka & Mango, 2015](#)). In order to implement budgets, it's important to have close, personal relationships with workers, beneficiaries, legislators, donors, and volunteers ([Pratt, Hailey, Gallo, Shadwick, & Hayman, 2012](#)). Poor culture and low-budget participation in education are to blame for the citizenry's lack of interest in budget processes, implementation, and monitoring in the majority of projects ([Buele, Vidueira, Yagüe, & Cuesta, 2020](#)). As a result, advanced democratic governance concepts that encourage people's involvement in governance would include citizen participation ([García, 2018](#)). While the majority of educated and trained citizens appear to be highly motivated to demand enhanced responsibility on the part of the government, there is evidence that expertise in budgeting formulation has a positive link with an increase in attitudes and skills ([Montambeault, 2016](#); [Su, 2017](#)).

From the viewpoint of zero-based budgeting, [Nnoli, Adeyemi, and Onuora \(2016\)](#) show that zero-based budgeting drives performance and identifies redundant projects, that require realigning budgeting to affect their implementation. Budget implementation may be measured in terms of budget planning and financial resource availability, which shows the significance of budget implementation on performance ([Cheboi, 2019](#)). Consistently, [Mathenge, Shavulimo, and Kiama \(2017\)](#) show that financial resources and government financial regulations significantly enhance budget implementation. Effective budget implementation requires reliable public program measures, such as inputs, efficiency, service quality, and outputs ([Ouda, 2013](#)). This study explored the challenges of budget implementation. Efficient budget implementation is an indicator of public accountability, similar to inefficient budget implementation, indicating poor accountability ([Ianna, 2018](#)).

2.3. The governance principles of budget implementation

An efficient financial management system aids funding organizations and management in their supervisory responsibilities for cash flows, which enhances budget implementation and controls the major factors that influence the choice of budgeting strategies. Those affecting its execution approaches include the organization's size, type, and focus ([De Andrés, De Fuente, & Martín, 2015](#)). Most companies experience difficulties in implementing their budgets and providing adequate accountability for monies at lower levels as a result of management shortages ([Yulihantini & Wardayati, 2017](#)). The budget implementation phases are impacted by the lack of capable individuals in the accounting area. According to [Bowers and Bunt \(2010\)](#), a participatory budget encourages innovation and transformation across the board, especially given available resources. The emancipation of residents and upward mobility resulting from participatory budgeting will enable social changes in the provision of community services. Agents engage in a new arrangement that would impose additional stakes and norms, leading to alienation and closing the divide between communities ([Célérier & Cuenca Botey, 2015](#)). Citizens continue to express rising concerns about how organizations are managed, particularly with regard to the idea of financial management that is transparent and the dedication of those in charge of the money to their jobs ([Faedulloh & Wiyani, 2019](#)).

Since it may result in sustaining the public's faith in the organization and its employees, the principle of openness in managing public finances needs to be upheld and promoted by all organizations. Participatory budgeting's creation of transparency and accountability aids in decreasing inefficiencies, corruption, and patronage ([Shah, 2007](#)). The public would judge institutions that handle public monies in a closed manner, as they lack the capacity to adequately report financial facts and have insufficient capacity to manage finances ([Medina & Rufin, 2015](#)). Budgeting and its execution depend greatly on the approval of all transactions included in the budget, evaluation and determination of performance metrics as expressly allocated throughout the budgeting process, management and control of tangible assets, and oversight of all human resources ([Asimiyu & Kizito, 2014](#)).

According to Nurcahyani and Pituringsih (2017), budget execution is facilitated by participatory budgeting's major impact on performance management [Nurcahyani and Pituringsih \(2017\)](#). To improve the administration of the money budgeted for in the designated term, organizations should have a more stringent or demanding budget surveillance system. Budgetary control, feedback, and community involvement are among the budget features that must be observed during the budgeting process in order to enable budget implementation are budgetary control, feedback, and community involvement [\(Kamau, Rotich, & Anyango, 2017\)](#).

There is a need to promote good governance that would be efficient and effective in the provision of accountability [\(Kooli, 2019\)](#), which is as transparent as possible, and that would be productive and serve effectively in the utilization of resources in order to have a good budget implementation strategy that may be accepted by all stakeholders [\(Mustofa, 2015\)](#). To strengthen financial accountability, organizations must solicit community input during the budgeting process, promote openness throughout the procedure, and promote internal controls [\(Rotinsulu & Nurnajamuddin, 2021\)](#).

The main components and elements of managing accountability relationships in budget implementation are shaped by participatory budgeting and budget design, which comprise the accountability context [\(Cuganesan, 2017; Messabia, Beauvoir, & Kooli, 2022\)](#). Managers would encounter fewer difficulties in budget management and implementation of performance budgeting is incorporated into the budgeting process. It plays a vital role during the budget implementation stages [\(Lu, Mohr, & Ho, 2015\)](#). The financial performance of an organization enables it to identify the financial strengths and weaknesses in its operations and its root causes [\(Olayinka & Mustapha, 2022\)](#). Organizations may have a favorable budget performance where all sectors are covered when all necessary budgeting procedures are followed [\(Gachoka, Aduda, Kaijage, & Okiro, 2018\)](#).

2.4. Challenges in budget implementation

A budget is an important part of an organization that is technically prepared in a financial format to identify the expected revenues that are projected in comparison to the expenditure that is anticipated to be paid in a particular period, clearly demonstrating how the resources would be allocated, quantified, and distributed to all sectors of the organization [\(Onye, 2019\)](#). A budget should offer a better method of planning that places emphasis on carefully defining the goals for the budget while considering the resources available to achieve the organizational goals. To prevent any chances of noncompliance, misappropriation, and fraud during the implementation period, the organizations' financing budgets should ensure that they have an efficient supervision structure and auditing [\(Ali, 2020\)](#). Building the capacity of key employees who control the budget and are in charge of budget implementation should be an organization's primary goal [\(Kahari, Gathogo, & Wanyoike, 2015\)](#). However, it is still difficult to implement budgeting at both the local and national levels of government, because the personnel responsible for doing so do not follow the established plan [\(Surianti & Dalimunthe, 2015\)](#). Budget receipts in the form of fund allocations are often released late and uncontrolled in such a way that it negatively impacts the development of the community [\(Maikameng, Djani, & Toda, 2020\)](#).

Budget implementation is impacted by important issues like the difficulties in managing enormous amounts of money, the organization's fragmented sources of income, the ongoing rise in transaction costs, fluctuations in revenue due to erratic but stable economic conditions, and poor cash flow management [\(Raudla, Karo, Valdmaa, & Kattel, 2015\)](#). According to [Jena \(2016\)](#), when an organization's financial reporting systems or methods are insufficient, financial responsibility may easily be jeopardized, which has an impact on budget execution. The implementation of the budget would be negatively impacted by the ambiguity around its outcome, the lack of information needed for budgeting, and the budgeting methodologies used [\(Al-Mutairi, Naser, & Saeid, 2018\)](#). Therefore, organizations should utilize pertinent information readily available to reliable organizations. According to [Purtell and Fossett \(2010\)](#), opposition from financial management methods in governments and funding organizations that do not keep up with the financial world's swiftly changing speed is the root cause of budgeting issues. Budget cuts from the funding source, low or insufficient budget allocation, persistent delays in the release of funds to carry out the stated activities, and lack of commitment on the

part of most departmental heads during the budget preparation period are some of the challenges in budget implementation ([Motloli-Litjobo & Makhele, 2019](#)).

It would be quite challenging to keep track of how money was spent during the budget implementation phase in such a situation. According to [Raudla et al. \(2015\)](#), budget execution has been problematic because of rising transaction costs, the dispersed and ongoing decline in revenue, coordination issues, and challenges in securing cash inflows and paying for indirect expenditures. [Sarkar and Hossain \(2016\)](#) found that servile politicking, promoting individual interest in an organization, inadequate planning, conspiracies to commit fraud and embezzlement, and a mismatch between planned jobs and actual work were some of the implementation issues they faced. As a result, the budget would perform poorly. [Onyiah, Ezeamama, Ugwu, and Mgbodile \(2016\)](#) found that inadequate project design, planning, and conceptualization lead to poor budget implementation and resource management in their study on the impact of budget implementation in Nigeria. The lack of proper strategies during budget implementation, the non-release of money provided in the budget, and the absence of a team in place to oversee budget performance are all factors that contribute to poor and low-level budget implementation ([Edeme & Nkalu, 2017](#)). According to [Masser \(2013\)](#), institutions face a significant problem in ensuring that the participatory budget process actually reflects the opinions and interests of the community rather than a few highly wealthy elite groups. The issues that could cause a low level of budget implementation may also be connected to institutional flaws in staff capability for using information and communication technology, slack management in its daily monitoring, and weaknesses in the audit function that should play an oversight role ([Mutuma et al., 2016](#)).

2.5. Strategies to enhance budget implementation

According to the sound budgeting principle, businesses should improve their financial reporting procedures for all projects while ensuring that the monitoring and assessment teams are diligent in their work on ongoing projects ([Mathenge et al., 2017](#)). The budget implementation phase greatly benefits from stakeholders' dedication, openness, and participation during the budgeting process ([Rendra & Cendekia, 2015](#)). The budget is likely to fall short of its goals when there is a gap between the planning and implementation phases. Budget implementation benefits from openness and participation in the budgeting process, particularly when it comes to timely disclosure of all financial information to all stakeholders, which is still insufficient ([Hiola & Rusidi, 2016](#)). The public is required to receive financial information disclosure so that stakeholders and citizens can participate in budget implementation ([Mutuha, 2020](#)). It is useful in highlighting the timeliness of financial reporting that should focus on aiding in decision-making by stakeholders to avoid risks ([Mappadang, Wijaya, & Mappadang, 2021](#)). Service delivery benefits from improved access to funds and efficient resource allocation during budgeting, which has a significant impact on departmental budget implementation ([Boldbaatar & Lee, 2015](#)).

The budgeting process is sufficiently supported by the availability of pertinent financial information during the budgeting period, which would support managers in the execution and control of budgets ([Hidayah & Azwardi, 2019](#)). Employees and citizens have lost interest in participating in the budgeting process as a result of unfair resource allocation, and this will be felt during budget execution ([Owusu, Dwomoh, Collins, Yaa, & Daniel, 2014](#)). However, it is acknowledged that regularity and a reliable source of funding would facilitate budget implementation and serve as a crucial signpost for the process' stabilization ([Igyo, Simon, & Iorlumun, 2016](#)).

Budget implementation would be impacted by weak internal control systems, which would be mostly attributable to the management's shortcomings or laxness in implementing the internal controls put in place ([Eton et al., 2019](#)). Organizations are presumptively eager for budget appropriation to enable maximal control over budget allocation, which would increase the authority in budget appropriation ([Ocheni, 2016](#)). Funding organizations should develop strategies for creating an active monitoring team that would ensure that monies authorized for various projects and units are used wisely ([Onyele & Nwokocho, 2016](#)). The company or those in charge should clarify the budgeting procedure and timeline for the budget framework so that everyone understands how the approval is made in accordance with it

(Effiom & Edet, 2019). It is noted that the tighter the budget time pressure, the more motivated the workers would be, which would improve their quality of work (Rosadi & Barus, 2022).

3. Research methodology

The study was conducted among selected stakeholders in the budget implementation stage in Kiruhura and Mbarara district local governments in Uganda, while in Mbarara, the study covered the Mbarara district and Mbarara city. The research design used was descriptive and analytical to allow for a comprehensive description of budget implementation in the local governments of reference. A sample of 98 units from a targeted population of 141 was used in this study and Krejcie and Morgan (1970) table was used to determine the sample size. The researcher used survey questionnaires and an interview guide to collect data. Both closed- and open-ended items were included in the semi-structured questionnaire. Each participant in the budgeting process contained one component in the questionnaire. They included technical staff at the local government level, political leaders, Civil Society Organizations (CSO) leaders, members of the business sector, and community leaders. Because they made up the membership of some stakeholders in the budgeting process, each participant was specifically chosen. The participants were asked to demonstrate how they contributed to and used the budgeting process. The data processing program SPSS was used to process the data. Budget implementation was measured on an interval scale to operationalize budget implementation and challenges.

4. Results and discussions

The study examined a number of demographic variables and how they influenced the understanding of budget implementation in the Kiruhura and Mbarara districts. Most of the participants in this study came from Mbarara City (43.3%), followed by Mbarara District (31.1%), and Kiruhura (25.6%). Most of the participants were elected leaders (47.8%), most of them were male (58.9%), and 44.4% were adults in the 35 –years of age group. With respect to marital status, 72.2% were married, and 53.3% had tertiary education. This level of education suggests that they were in a position to understand the issues raised in this survey.

4.1. Descriptive Statistics

This study examined the governance principles that influence budget implementation in local governments. The results are summarized in Table 1.

Table 1. Governance principles of budget implementation

Variable List	Name of local government	Mean	Std.	95% Confidence Interval for Mean	
				Lower Bound	Upper Bound
Participation	Kiruhura	3.30	0.97	2.88	3.73
	Mbarara City	3.51	0.91	3.22	3.81
	Mbarara District	3.71	1.05	3.31	4.12
	Total	3.52	0.97	3.32	3.73
Transparency	Kiruhura	2.26	0.75	1.94	2.59
	Mbarara City	2.85	1.01	2.52	3.17
	Mbarara District	2.36	0.83	2.04	2.68
	Total	2.54	0.93	2.35	2.74
Accountability	Kiruhura	3.57	0.79	3.22	3.91
	Mbarara City	3.79	0.77	3.55	4.04
	Mbarara District	3.71	0.71	3.44	3.99
	Total	3.71	0.75	3.55	3.87

Gender equality					
	Kiruhura	3.87	0.63	3.60	4.14
	Mbarara City	3.72	0.72	3.48	3.95
	Mbarara District	3.89	0.42	3.73	4.05
	Total	3.81	0.62	3.68	3.94

Source: Field data, 2022

Given the four principles of governance, the participants were mostly satisfied with the implementation of gender equality (mean = 3.81; std. = .62), and least satisfied with their participation (mean = 3.52; std. = .97). Besides being satisfied with gender equality in budget implementation, the participants were also satisfied with how local governments implemented accountability in budget implementation. The satisfaction of participants with gender equality in budget implementation can be attributed to affirmative action in political offices in Uganda. Participants were the least satisfied with participation in budget implementation because the implementation of the budget is not all-inclusive because it is done only by budget holders.

A clear analysis of the standard deviations shows that variation in budget participation increases in Mbarara district, variation in budget transparency increases in Mbarara city, and budget accountability and gender equality appear uniform in the three local governments. A comparison of Confidence Intervals (CI) shows that budget participation can increase to (mean = 4.12; CI = 95%) and is therefore an important indicator of good governance in budget implementation in the Mbarara district. In Mbarara city, budget transparency can decrease to as low as (mean = 2.52; CI = 95%) and therefore not a good indicator of good governance in budget implementation. In Mbarara City, budget accountability can grow to (mean = 4.04; CI = 95%) and is, therefore, an important indicator of good governance in budget implementation. In the Mbarara district, gender equality can grow to (mean = 4.05; 95% CI:3.73 – 4.05) and is therefore an important indicator of good governance in budget implementation. The statistics above provide evidence of good governance in budget implementation in Mbarara City and Mbarara District, which can be attributed to transparency in budget management and controls.

This study examined the extent of budget implementation in selected local governments. Participants gave their opinions on the statements that the study raised regarding budget implementation. The findings are summarized in Table 2.

Table 2. Budget implementation

Variable List	Kiruhura		Mbarara City		Mbarara District		Total	
	Mean	Std.	Mean	Std.	Mean	Std.	Mean	Std.
Our local government has a complete accounting system that tracks transactions at each stage of the expenditure cycle	2.74	1.45	3.08	1.40	3.29	1.38	3.06	1.41
Our local government has effective controls at each stage of the expenditure cycle	3.26	1.21	2.77	1.35	3.07	1.30	2.99	1.30
Our local government has a system for managing contracts and forward commitments	3.57	1.12	3.72	1.17	3.36	1.47	3.57	1.25
Our local government has adequate transparent procedures for competitive procurement	3.17	1.19	3.26	1.29	3.36	1.13	3.27	1.21
Our local government's budget funds are released on time	2.78	1.31	2.36	1.44	2.00	1.22	2.36	1.36

Our local government's procurement for activities is competitive	3.09	1.16	3.21	1.30	3.21	1.26	3.18	1.24
--	------	------	------	------	------	------	------	------

Source: Field data, 2022

In Kiruhura District, budget implementation is mostly observed in their system that manages contracts and forward commitment (mean = 3.57; std. 1.19) and least observed in the accounting system's effectiveness of the accounting system in tracking transactions at each stage of the expenditure (mean = 2.74; std. = 1.45). In addition to strengthening the contract system, the Kiruhura District local government has effective controls at each stage of the expenditure cycle and ensures competitiveness in procurement activities. The presence of a system that manages contracts implies that procurement systems are in place and are properly followed. An accounting system that is not sufficiently dependent on tracking transactions at each stage of the expenditure cycle implies that fraud and lack of accountability would be the order of the day, thus affecting budget implementation.

In Mbarara City, budget implementation is mostly observed in the contract management system (mean = 3.72; std. = 1.17), and least observed in the timely release of budget funds (mean = 2.36; std. = 1.44). Besides the dependable contract management system, evidence from Mbarara suggests some transparency in procurement procedures and competitiveness in procurement activities. The gaps in the timely release of budget funds imply that budget activities would be affected by less and untimely release of budgeted funds, and would likely cause a challenge in budget implementation.

In Mbarara District, budget implementation was mostly observed in contract management (mean = 3.36; std. = 1.47) and transparency in procurement procedures (mean = 3.36; std. = 1.13) and least observed in the timely release of budget funds (mean = 2.00; std. = 1.22). Besides the timely release of budget funds, evidence from the Mbarara District suggests some gaps in expenditure controls (mean = 3.07). The gaps in the controls of the expenditure cycle imply that budget holders may influence the activities, and some may have conflicts of interest and fraud, which may pose a challenge to budget implementation.

Generally, the statistics provide evidence that budget implementation in local governments is a function of contract management, effective control of the expenditure cycle, and transparency of procurement procedures. However, budget implementation in selected local governments is primarily a function of contract management systems. This is because contract management helps ensure that the contract period is adequately followed, whereas control of expenditure cycles is affected by bureaucracies in payments, and all of these would affect budget implementation.

Table 3. Challenges of Budget implementation

Variable List	Kiruhura		Mbarara City		Mbarara District		Total	
	Mean	Std.	Mean	Std.	Mean	Std.	Mean	Std.
The persons who make decisions on the budget are rigid	4.09	0.79	3.72	0.97	3.71	1.12	3.81	0.98
Sometimes, there is not enough time to implement the budget	4.35	0.49	4.13	0.80	4.21	0.83	4.21	0.74
The persons supposed to implement the budget deliberately reduce revenues and increase expenses	4.43	0.59	4.49	0.85	4.04	0.88	4.33	0.82
Shifting blame to other departments	4.13	0.76	4.33	0.66	4.11	0.88	4.21	0.76
Misuse of overhead costs	4.39	0.66	4.41	0.85	3.89	1.03	4.24	0.89

Authorizing excessive expenditures at the last minute	3.96	0.88	4.13	0.80	3.79	0.88	3.98	0.85
The budget does not support the needs of the citizens	4.22	0.67	4.51	0.56	3.93	0.90	4.26	0.74

Source: Field data, 2022

In Kiruhura District, the mean scores did not reveal significant differences in the challenges of budget implementation. Nevertheless, the deliberate reduction in revenues and increase in expenses by the persons supposed to implement the budget (mean = 4.43; std. = .59) mostly affected budget implementation in Kiruhura. On the other hand, authorizing excessive expenditure at the last minute (mean = 3.96; std. = .88) did not seem to be a significant threat to budget implementation in Kiruhura. Technical officers sometimes reduce revenues on account of economic conditions at that particular point in time, and these actions have a corresponding effect on budget implementation.

In Mbarara City, budget implementation mostly suffers from budget failure to meet citizens' needs (mean = 4.51; std. = .56). On the other hand, the rigidity of the people who make decisions on the budget (mean = 3.72; std. = .97) did not seem to be a significant threat. Technical officers reduce revenues on account of the assessment of licenses to traders, and the consequence of these actions on budget implementation is that most planned activities will not be done.

In Mbarara District, budget implementation mostly suffers from a lack of time to implement the budget (mean = 4.21; std. = .83). On the other hand, the rigidity of the people who make decisions on the budget (mean = 3.71; std. = 1.12) does not seem to be a serious threat to budget implementation in the Mbarara district. Generally, the challenges of budget implementation vary according to the local government and cannot be generalized.

Table 4: Strategies for improving Budget implementation

Variable List	Kiruhura		Mbarara City		Mbarara District		Total	
	Mean	Std.	Mean	Std.	Mean	Std.	Mean	Std.
Strengthen the financial reporting system	4.00	0.85	4.33	0.62	3.57	1.00	4.01	0.87
Ensure close monitoring of the project teams	3.65	1.19	3.87	1.08	3.61	1.13	3.73	1.12
Involve stakeholders in the budgeting process	4.52	0.59	4.05	0.89	3.71	0.98	4.07	0.90
Train user departments in the basic concepts of budgeting	4.57	0.59	4.64	0.78	4.50	0.58	4.58	0.67
Ensure mandatory disclosure of financial information to the public	4.70	0.56	4.51	0.64	4.18	0.77	4.46	0.69
Resource allocation during the budgeting process should be fair	4.04	0.71	3.87	1.03	3.93	1.02	3.93	0.95
Local governments need a stable source of funding	4.35	0.65	4.26	1.07	4.25	0.89	4.28	0.91

Source: Field data, 2022

The findings from Kiruhura District strongly recommend the mandatory disclosure of financial information (mean = 4.70; Std. = .56), training user departments in the basic concepts of budgeting (mean = 4.57; std. = .59), and involving stakeholders in the budgeting process (mean = 4.52; std. = .59) as key strategies for improving budget implementation. The findings from Mbarara City strongly recommend training user departments on the basic concepts of budgeting (mean = 4.64; std. = .78), mandatory disclosure of financial information to the public (mean = 4.51; std. = .64) and securing a stable source of funding (mean = 4.25; std. = 1.07). The findings from the Mbarara District recommend

training users on the basic concepts of budgeting (mean = 4.50; std. = .58), securing a stable funding source (mean = 4.25; std. = .89) and mandatory disclosure of information to the public (mean = 4.18; std. = .77). Comparing the recommendations of the three local governments, it can be observed that training user departments on the basic concepts of budgeting and ensuring the mandatory disclosure of information to the public are key strategies that are most likely to improve budget implementation in local governments. The role of information disclosure and training suggests that transparency and participation of all stakeholders may improve budget implementation. The findings further reveal that monitoring project teams are likely to have the least effect on improving budget implementation in local governments.

The study found an increase in budget participation in Mbarara District and an increase in budget transparency in Mbarara City. The increase in budget participation at the local government level supports [Ashoka and Mango \(2015\)](#), who argued that a strong relationship with volunteers, donors, politicians, and beneficiaries promotes sustainable budget implementation. Bringing on board different stakeholders during budget implementation holds the government responsible but also ensures that the critical needs of the community are addressed. Citizens' participation supports democratic decision-making and ensures accountability and transparency, especially when they are handled in a planned way ([Švaljek, Rašić Bakarić, & Sumpor, 2019](#)). However, the increase in budget participation observed in the three local governments disagrees with [Kituyi and Moi \(2021\)](#), who established low public awareness regarding citizens' participation and a negative attitude towards budget implementation that does not add value to the development of the country.

The variations in budget participation among the three local governments are due to the sensitization and awareness promoted by civil society organizations such as CSBAG. This organization has many offices across the country and is committed to sensitizing citizens to participate in the budgeting processes. In Mbarara, one respondent said, "...CSBAG has conducted several workshops that elicit citizens' interest in getting to know about budgets. It is our money and we must follow it in our very best interest..." The findings that transparency increased in Mbarara city agree with [Ott, Bronić, Petrušić, and Stanić \(2017\)](#) who observe that the implementation of transparency in budgeting at the local level may be accomplished through a variety of communication channels, with an emphasis on excellent participatory budgeting procedures. Today, many actors, including politicians, raise awareness among citizens of their responsibility to hold the government accountable for budget implementation. Recently, the local population in Mbarara City raised their voices on the dragging completion of the central market funded by the World Bank: "...ever since they removed us from the market, claiming that they wanted to build it to a world-class level, we have suffered working from outside. Some of us have lost our stock and do not know when the market would be completed..." Besides the cry from the public, the PPDA intervened and instructed the contractors as recalls one respondent: "...the PPDA gave the contractors up to six (6) months to complete the project, cautioning them to avoid shoddy work to hurriedly complete..." From these excerpts, it is evident that citizens in Mbarara city are actively involved in budget implementation to hold the government accountable.

The findings on the variations in transparency consistently disagree with ([Ott et al., 2017](#)) who assert that in order to participate in the budget process, many citizens are not in a position to easily obtain budgetary information and data. The Ministry of Finance Planning and Economic Development has an accountability system where all accounting officers provide accountability for the finances extended to them quarterly. These reports are publicly accessible. However, the inaccessibility to budgetary information is likely to increase due to the limited knowledge of information technology, which facilitates access to these reports through Internet facilities. Generally, the statistics provide evidence that budget implementation in local governments is a function of contract management, effective control of the expenditure cycle, and transparency of procurement procedures. However, budget implementation in selected local governments is primarily a function of contract management systems. In the FY2017/2018 budget, Kiruhura District approved UGX 577 and 116,000 for domestic development expenditures in the education sector. However, by March of the same financial year, only UGX 72,104,000 was received. In the water sector, out of the approved UGX 552,467,000 for domestic

expenditure, only UGX 110,881,000 was received by March of the same financial year ([LG Approved budget estimates for FY2017/18, 2017](#)). In a comparison of expenditures in the education sector in the Mbarara district in the FY2020/21 budget, the district approved UGX 1,482,250,000 for domestic expenditure, of which UGX 969,487,000 had been received by March of the same year ([MFPED, 2020](#)). These discrepancies in spending across local governments support a relationship between contract management and budget implementation. Comparing the recommendations of the three local governments, it can be observed that training user departments on the basic concepts of budgeting and ensuring the mandatory disclosure of information to the public are key strategies that are most likely to improve budget implementation in local governments.

5. Conclusion

This investigation unveiled the void that underlies budget implementation in local governments. Specifically, budget implementation embraces good governance, transparency, and participation. However, budget participation increasingly varies from one local government to another due to the low level of awareness among less-educated citizens. Budget implementation in Uganda manifests itself in contract management, especially when procurement procedures are open and transparent. The challenges that local governments face in budget implementation vary from one local government to another. However, the reduction of revenues, failure of the budget to meet citizens' needs, and lack of sufficient time to implement the budget variedly affect budget implementation. To mitigate these challenges, local governments in Uganda should consider training user departments in the basic concepts of budgeting and promote mandatory disclosure of information to the public.

5.1. Implications and limitations

This study provides a solid basis for advocating for further observation of good governance principles in budget implementation in Uganda. It adds literature on the role of governance, transparency, and participation in budget implementation in local governments. Socially, The literature has shown that budgeting is a collective responsibility for all; therefore, transparency and open participation are important. This study contributes empirical evidence that validates the goal-setting theory and extends its relevance to the budget implementation of local governments.

The study was conducted in only two districts and one city in western Uganda, and their findings make it difficult to generalize the findings. The study is an anecdote about budget implementation in local governments and the strongest expression of the gap between the ideals of budgeting and its reality in Uganda. Given that information could not be collected on local government budget performance during the Covid-19 pandemic, future researchers should consider investigating budget implementation in local governments during the pandemic.

Acknowledgment

We would like to thank the Directorate of Research and Publications, Kabale University, for their support in this study.

References

- Al-Mutairi, A., Naser, K., & Saeid, M. (2018). Capital budgeting practices by non-financial companies listed on Kuwait Stock Exchange (KSE). *Cogent Economics & Finance*, 6(1), 1468232.
- Ali, W. (2020). Online and remote learning in higher education institutes: A necessity in light of COVID-19 pandemic. *Higher education studies*, 10(3), 16-25.
- Ashoka, J., & Mango, K. (2015). An Assessment of NGO's Institutional Performance. *South-Western Publishing*.
- Asimiyu, A. G., & Kizito, E. U. (2014). Analysis of internally generated revenue and its implications on fiscal viability of state governments in Nigeria. *Journal of empirical economics*, 2(4), 216-228.
- Baluku, S. M. (2016). Challenges of budget implementation at Bank of Uganda.
- Boldbaatar, M., & Lee, C. L. (2015). Financial accessibility and economic growth. *Journal of East Asian Economic Integration*, 19(2).

- Bowers, A. P., & Bunt, L. (2010). *Your local budget: unlocking the potential of participatory budgeting*: Nesta.
- Buele, I., Vidueira, P., Yagüe, J. L., & Cuesta, F. (2020). The participatory budgeting and its contribution to local management and governance: Review of experience of rural communities from the Ecuadorian Amazon rainforest. *Sustainability*, 12(11), 4659.
- Bura, M. T. (2018). THE EFFECT OF PARTICIPATION AND GOAL CLARITY BUDGET TO PERFORMANCE APPARATUS WITH TORAJA CULTURAL AS A MODERATING VARIABLE. *International Journal of Advanced Research*, 6, 470-479.
- CABRI. (2011). *Making Budgets Work: The Implementation Challenge*. Paper presented at the 7TH ANNUAL CABRI SEMINAR 17–18 August 2011. https://www.cabri-sbo.org/uploads/files/Documents/report_2011_cabri_cabri_seminar_cabri_7th_annual_seminar_english_cabri_english_2011.pdf
- Célérier, L., & Cuenca Botey, L. E. (2015). Participatory budgeting at a community level in Porto Alegre: a Bourdieusian interpretation. *Accounting, auditing & accountability journal*, 28(5), 739-772.
- Cheboi, E. K. (2019). Budget implementation and financial performance of The county government of elgeyo marakwet, kenya. *A research project submitted in partial fulfilment for The award of the degree of master of business Administration (finance option), school of business, of Kenyatta university. Prieiga per internetq: https://irlibrary.ku.ac.ke/bitstream/handle/123456789/21669/Budget%20Implementation....pdf*.
- Cuganesan, S. (2017). The design of performance budgeting processes and managerial accountability relationships. *Public management review*, 19(7), 954-971.
- De Andrés, P., De Fuente, G., & Martín, P. S. (2015). Capital budgeting practices in Spain. *BRQ Business Research Quarterly*, 18(1), 37-56.
- Edeme, R. K., & Nkalu, N. C. (2017). Budgeting for development: Lessons from 2013 capital budget implementation in Nigeria. *Journal of economics and international finance*.
- Effiom, L., & Edet, S. E. (2019). Challenges to capital budget implementation in Nigeria. *African Research Review*, 13(3), 167-180.
- Ejumudo, K. B. O., & Ejumudo, T. B. (2020). The problematic of budget implementation in Nigeria: A study of Delta State Government. *Research in Social Change*, 12(1), 38-56.
- Eton, M., Murezi, C., Fabian, M., & Benard, P. O. (2019). Internal Control and Budget Implementation in Kabale District Uganda.
- Faedlulloh, D., & Wiyani, F. (2019). Promote Good Governance in Public Financial: The Practice of Local Budget (APBD) Transparency Through Open Data Jakarta in Jakarta Provincial Government. *Jurnal Good Governance*, 15(1).
- Gachoka, N., Aduda, J., Kaijage, E., & Okiro, K. (2018). The Moderating Effect of Organizational Characteristics on the Relationship Between Budgeting Process and Performance of Churches in Kenya. *Journal of Finance and Investment Analysis*, 7(2).
- García, C. R. (2018). Las políticas de gobernanza, participación y descentralización en el éxito de la gestión local y su importancia para construir nuevos horizontes a la humanidad. *Prospectivas UTC" Revista de Ciencias Administrativas y Económicas"*, 1(2), 16-28.
- Ggoobi, R., & D., L. (2019). *Financing Local Governments in Uganda: An analysis of Proposed National Budget FY 2019/20 and Proposals for Re-allocation (Vol. 92)*. Kampala: ACODE Policy Research Paper Series.
- Hidayah, R. U., & Azwardi, T. W. (2019). The Perception of Budgetary Goal Characteristic, Budget Adequacy and Organizational Commitment toward Regional Government Performance with Internal Control as a Moderator Variable in Musirawas Regency and Lubuk Linggau Municipality Organizational Management. *Saudi Journal of Economics and Finance. Sriwijaya University, Palembang*.
- Hiola, Y., & Rusidi, A. (2016). Political environment in the effect of the regional government financial performance on disclosure of financial information on website. *Journal of Economics, Business, and Accountancy Ventura*, 19(1), 27-36.
- Ianna, J. (2018). Budget implementation and governance in Nigeria. *International Journal of Academic Discourse*, 4(6), 1-8.

- Igyo, A. J., Simon, J., & Iorlumun, A. P. (2016). Beyond statutory federal allocation: A critical evaluation of the contribution of personal income tax on internally generated revenue of Benue State. *British Journal of Economics, Management & Trade*, 13(3), 1-13.
- Jena, P. R. (2016). Reform initiatives in the budgeting system in India. *Public Budgeting & Finance*, 36(1), 106-124.
- Kahari, C., Gathogo, G. M., & Wanyoike, D. (2015). Assessment of factors affecting the implementation of integrated financial management information system in the county governments: A case of Nyandarua county, Kenya.
- Kamau, J. K., Rotich, G., & Anyango, W. (2017). Effect of budgeting process on budget performance of state corporations in Kenya: A case of Kenyatta National Hospital. *International Academic Journal of Human Resource and Business Administration*, 2(3), 255-281.
- Karlsson, A. L., Blidnert, V., & Dergård, J. (2017). Contradictory budgeting practice?
- Kituyi, O., & Moi, E. (2021). Determinants of Public Participation in Budget Making Process in Devolved Governments in Kenya: A Case of Trans Nzoia County. *Journal of International Business, Innovation and Strategic Management*, 5(1), 37-51.
- Kooli, C. (2019). Governing and managing higher education institutions: The quality audit contributions. *Evaluation and program planning*, 77, 101713.
- Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607-610.
- Lawyer, C. O., & Nigeria, P. H. (2013). Budget preparation and implementation in the Nigerian public sector. *Research Journal of finance and accounting*, 4(16), 50-54.
- LG Approved budget estimates for FY2017/18. (2017). Kiruhura: Kiruhura District Local Government.
- Locke, E. A., & Latham, G. P. (1990). *A theory of goal setting & task performance*: Prentice-Hall, Inc.
- Locke, E. A., & Latham, G. P. (2013). Goal setting theory: The current state *New developments in goal setting and task performance* (pp. 623-630): Routledge.
- Lu, E. Y., Mohr, Z., & Ho, A. T.-K. (2015). Taking stock: Assessing and improving performance budgeting theory and practice. *Public Performance & Management Review*, 38(3), 426-458.
- Lunenburg, F. C. (2011). Goal-setting theory of motivation. *International journal of management, business, and administration*, 15(1), 1-6.
- Maikameng, A. S., Djani, W., & Toda, H. (2020). Village fund management accountability in Kleseleon village, Weliman district, Malaka regency. *Annals of Management and Organization Research*, 2(2), 67-80.
- Mappadang, A., Wijaya, A. M., & Mappadang, L. J. (2021). Financial performance, company size on the timeliness of financial reporting. *Annals of Management and Organization Research*, 2(4), 225-235.
- Masser, K. (2013). Participatory budgeting as its critics see it. Retrieved from <https://www.bpb.de/themen/stadt-land/buergerhaushalt/513409/participatory-budgeting-as-its-critics-see-it/>
- Mathenge, M. S., Shavulimo, P. M., & Kiama, M. (2017). Financial factors influencing budget implementation in counties (A survey of selected counties in Kenya). *IOSR Journal of Economics and Finance*, 8(4), 62-96.
- Medina, C., & Rufin, R. (2015). Transparency policy and students' satisfaction and trust. *Transforming Government: People, Process and Policy*, 9(3), 309-323.
- Messabia, N., Beauvoir, E., & Kooli, C. (2022). Governance and management of a savings and credit cooperative: The successful example of a Haitian SACCO. *Vision*, 09722629221074130.
- MFPEd. (2009). *A Guide to The Budget Process: Ensuring That Uganda's National Budget Reflects The Views and Priorities of Citizens*. Ministry of Finance Planning and Economic Development Retrieved from file:///C:/Users/acer/Downloads/A%20Guide%20to%20the%20Budget%20Process.pdf.
- MFPEd. (2020). *Citizen's Guide To The Budget Fy2020/21*. Retrieved from <https://budget.finance.go.ug/sites/default/files/National%20Budget%20docs/The%20Citizen%27s%20Guide%20To%20The%20Budget%20FY%202020-21.pdf>
- Montambeault, F. (2016). Participatory citizenship in the making? The multiple citizenship trajectories of participatory budgeting participants in Brazil. *Journal of Civil Society*, 12(3), 282-298.

- Moses, N., Christopher, F., Muhindo, M. E., Teddy, A., & Alex, A. (2022). The Role of Budgets in the Implementation of Work Plans in Local Governments in Uganda: A Case Study of Kabale Municipality. 6(7).
- Motloli-Litjobo, M., & Makhele, M. (2019). The challenges of recurrent expenditure budgets in District Administration departments of local government ministries in Lesotho. *Journal of Management & Administration*, 2019(2), 73-92.
- Mudeheli, F. G., Miroga, J., & Onyango, R. O. (2020). Determinants of budget implementation in non-governmental organisations operating in Kakamega County Kenya. *The Strategic Journal of Business & Change Management*, 7(4), 50-71.
- Mustofa, A. (2015). The successful implementation of e-budgeting in public university: A study at individual level. *Journal of Advances in Information Technology Vol*, 6(3).
- Mutiha, A. H. (2020). *The Effect of Accessibility of Internet Financial Reporting on E-Government of Cities/Regencies in West Java*. Paper presented at the 3rd International Conference on Vocational Higher Education (ICVHE 2018).
- Mutuma, A., Ireri, J., & Lyria, R. K. (2016). Challenges of budget implementation in the public sector: A case of Meru county in Kenya.
- Nampewo, S., & Bogere, G. (2012). Effectiveness of the National Budget: Taking Stock of Fiscal Expenditure Outcomes in Uganda. *A Synthesis Report of the Proceedings of the Second High Level Policy Dialogue on the Budget*.
- Ndiwalana, J. K. (2009). Budgeting participation, goal commitment and employee performance. *Makerere University*.
- Nnoli, U., Adeyemi, S., & Onuora, O. (2016). Zero-Based Budgeting: Pathway to Sustainable Budget Implementation in Nigeria. *Business Trends*, 6(3), 28-35.
- Nurchayani, F., & Pituringsih, E. (2017). The influence factors on managerial Performance. *E-PROCEEDING STIE MANDALA*.
- Ocheni, S. (2016). Treasury Single Account: A catalyst for public financial management in Nigeria. *The Nation*.
- Olayinka, A. A., & Mustapha, S. (2022). Analysing financial performance of listed cement industries in Nigeria: Financial Ratio Approach. *Annals of Management and Organization Research*, 3(4), 231-244.
- Omosidi, A. S., Oguntunde, D., Oluwalola, F. K., & Ajao, R. (2019). Budget implementation strategies and organisational effectiveness in colleges of education in Nigeria. *Makerere Journal of Higher Education*, 10(2), 119-131.
- Onye, C. (2019). Effective educational planning and strategic management techniques. *Owerri: Cape publishers int'l Ltd*.
- Onyele, K. O., & Nwokocha, E. B. (2016). Influence of capital flight on budget implementation in Nigeria. *Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development*, 16(4), 247-256.
- Onyiah, I. A., Ezeamama, N., Ugwu, J. N., & Mgbodile, C. (2016). Nigerian budget implementation and control reforms: Tool for macro economic growth. *British Journal of Economics, Management & Trade*, 11(2), 1-13.
- Ott, K., Bronić, M., Petrušić, M., & Stanić, B. (2017). Budget transparency in Croatian counties, cities and municipalities (November 2016–March 2017). *Newsletter: an occasional publication of the Institute of Public Finance*, 19(112), 1-13.
- Ouda, H. A. (2013). Suggested Framework for Implementation of Performance Budgeting in the Public Sector of Developing Countries with special focus on Egypt. *International Journal of Governmental Financial Management*, 13(1), 50-67.
- Owusu, E. E., Dwomoh, G., Collins, M., Yaa, G., & Daniel, O. (2014). Assessing the relationship between budget participation and employees' performance of public universities in Ghana: A case of University of Education. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 4(1), 85-95.
- Pratt, B., Hailey, J., Gallo, M., Shadwick, R., & Hayman, R. (2012). Understanding private donors in international development. *Policy Briefing*(21).

- Purtell, R. M., & Fossett, J. W. (2010). Beyond budgeting: Public-service financial education in the 21st century. *Journal of Public Affairs Education*, 16(1), 95-110.
- Raudla, R., Karo, E., Valdmaa, K., & Kattel, R. (2015). Implications of project-based funding of research on budgeting and financial management in public universities. *Higher Education*, 70, 957-971.
- Rendra, M., & Cendekia, I. (2015). *The national budget transparency initiative at ministry of finance in open government data*. Paper presented at the 2015 3rd International Conference on Information and Communication Technology (ICoICT).
- Rosadi, Y. M. R., & Barus, I. S. L. (2022). The Effect of Time Budget Pressure and Auditor's Competency on Audit Quality. *International Journal of Financial, Accounting, and Management*, 4(3), 241-254.
- Rotinsulu, C. N. M., & Nurnajamuddin, M. (2021). The Effect Of Budget Participation, Transparency and Internal Control on Accountability and Regional Financial Performance Banggai District. *American Journal of Humanities and Social Sciences Research*.
- Sarkar, S. H., & Hossain, S. Z. (2016). Budgetary Challenges of Higher Education: Evidence from Bangladesh. *Journal of Education and Practice*, 7(12), 32-41.
- Shah, A. (2007). *Participatory budgeting*: World Bank Publications.
- Ssekitooleko, J. (2020). Strengthening budgeting for sustainable development: Uganda's transition from output-based budgeting to program-based budgeting.
- Su, C. (2017). Beyond inclusion: Critical race theory and participatory budgeting. *New Political Science*, 39(1), 126-142.
- Surianti, M., & Dalimunthe, A. R. (2015). The implementation of performance based budgeting in public sector (Indonesia case: A literature review). *Research Journal of finance and accounting*, 6(12), 198-210.
- Švaljek, S., Rašić Bakarić, I., & Sumpor, M. (2019). Citizens and the city: the case for participatory budgeting in the City of Zagreb. *Public Sector Economics*, 43(1), 21-48.
- Syahputra, Z. (2014). Budget participation on managerial performance: Related factors in that influenced to government's employee (Study of Indonesian local government). *Journal of Economics and Sustainable Development*, 5(21), 95-100.
- Yulihantini, D. T., & Wardayati, S. M. (2017). Financial accountability in the management of village fund allocation.