



**DETERMINANTS OF BUDGET PERFORMANCE IN PROJECTS OF PUBLIC SECTOR  
INSTITUTIONS IN UGANDA: A CASE STUDY OF THE DOMESTIC TAXES  
MODERNISATION PROJECT**

**BY**

**WILLIAM KIGANDA**

**09/MMSFM/20/010**

**FEBRUARY, 2014**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF MANAGEMENT SCIENCES  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF  
MASTERS DEGREE IN MANAGEMENT STUDIES (FINANCIAL MANAGEMENT)  
OF UGANDA MANAGEMENT INSTITUTE**

**FEBRUARY, 2014**

## DECLARATION

I, William Kiganda, declare that this dissertation entitled “*Determinants of Budget Performance in Projects of Public Sector Institutions in Uganda: A case study of the Domestic Taxes Modernization Project*” is the result of my own work and that it has not been submitted either wholly or in part to this institute or any other university for the award of any Degree.

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Mr. William Kiganda

## APPROVAL

We hereby certify that this dissertation entitled “*Determinants of Budget Performance in Projects of Public Sector Institutions in Uganda: A case study of the Domestic Taxes Modernization Project*” is the original work of William Kiganda and was done in partial fulfilment of the requirements for the award of a master’s degree in management studies of Uganda Management Institute. The dissertation was produced under our supervision and has been submitted with our approval.

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Dr. Maria K. Barifaijo

**Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

Mr. Mayanja Kambugu

## **DEDICATION**

I dedicate this study to God, the originator and finisher of all things, this would not have been possible without your blessings and will forever sustain my life and give me a sense and hope of living. To my parents, Mr. & Mrs. Mayombwe, you have maintained a vision of my success through educating and supporting me. To my wife, this is a milestone achieved as a result of your day to day encouragement.

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## **LIST OF ABBREVIATIONS**

AC	-	Assistant Commissioner
CG	-	Commissioner General of Uganda Revenue Authority
CGO	-	Commissioner General's Department
CSD	-	Corporate Services Department
DT	-	Domestic Taxes Department
DTMP	-	Domestic Taxes Modernization Project
IFB	-	Invitation for Bids
M&E	-	Monitoring and Evaluation
PPDA	-	Public Procurement and Disposal Act
RFP	-	Request for Proposals
SPSS	-	Statistical Package for Social Sciences
UMI	-	Uganda Management Institute
URA	-	Uganda Revenue Authority

## ABSTRACT

This study was carried out to establish the determinants of budget performance in projects of public sector institutions. Specific objectives included establishing whether planning, leadership, communication, and procurement management were determinants of budget performance in the Domestic Taxes Modernization Project of the Uganda Revenue Authority. The study used a cross-sectional survey research design that applied both quantitative and qualitative approaches. The sample was drawn from the study population (84) using stratified and purposive sampling techniques. Questionnaires and the interview guide were administered via email and face to face interviews. The quantitative data collected from the respondents (79) was organized and analyzed using the statistical package (SPSS) while the qualitative data was group under common themes for further analysis. The results revealed that planning, leadership, communication and procurement management have a positive relationship with budget performance. In conclusion, the study established that planning, leadership, communication and procurement management are positively related to budget performance and therefore improvement in the above four factors leads to better budget performance. Finally it is recommended that; URA management involves its stakeholders early enough in the planning of its projects; URA should provide adequate budget skills to the project team members; URAs leadership and best practices in project management should be shared with other government agencies towards the improvement of the overall delivery of government services; internal communication across functions be strengthened further to ensure that solutions implemented bring about benefits across the organization and that procurement experts should be appointed to project teams so that they are involved in project activities right from the planning stage in order to enhance the delivery of quality products with in the projected time and cost.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

Despite the fact that budgeting is a common phenomenon in organizations worldwide, budget performance is still a challenge in many public sector institutions (Tindarwesire, 2007). This study sought to investigate the determinants of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.

#### **1.1 Background to the study**

This chapter presents the Background to the study, statement of the problem, purpose of the study, specific objectives of the study, research questions, conceptual framework, scope of the study, significance of the study, justification of the study, and operational definitions used in this study.

##### **1.1.1 Historical background to the study**

The public sector is that part of the economy that is controlled by the state. Public sector organizations are that part of the economy that provide basic goods and services that cannot be provided by the private sector. Members of the public expect government to continuously improve the quality of services offered by its institutions, to meet their expectations in line with the most recent developments in the political, economic, social and technological environment and at the lowest cost possible. Subsequently, governments have embarked on implementing public sector reforms so as to improve services offered to the public. These interventions have been implemented through the project management framework in order to achieve their set objectives which usually includes the delivery of high quality services at a specific cost in a given timeframe. To achieve this, a lot of resources have been dedicated towards service delivery improvement. According to Henley (1992), appropriate budgeting practices are consistent with all societies' legitimate expectations that public resources must be employed efficiently and effectively. However, despite the recognized importance of budgeting, and various studies carried out on budget per-



formance in other Public Sector Institutions, there has been little empirical exploration of the determinants of budget performance in projects of Uganda Revenue Authority.

### **1.1.2 Theoretical background to the study**

Various studies on the subject of budget performance have been carried out. Two budget theories were analysed during this study. These are; the Zero based and Incremental budgeting theories as extracted from the works of Otto, Dempster & Wildavsky (1966). Zero based budgeting is a method of budgeting in which all expenses must be justified for each new period. Zero-based budgeting starts from a "zero base" and every function within an organization is analyzed for its needs and costs. Budgets are then built around what is needed for the upcoming period. Okumu (2006), reports that developing a Zero based budget requires participation of all stakeholders in order to come up with relevant costs. Each cost associated with running a budget must be justified before it can be included into the budget.

The incremental budget theory looks at previous expenditures and predicts the future expenditures by assuming the same proportionate increase or decrease year after year. The Incremental budgeting model uses the past to extrapolate the future with a slight increment. Mbaziira (2008), studied the factors affecting budget management in non-government organizations with emphasis on the International Rescue Committee of Uganda. She used the Zero based and incremental budgeting theories to emphasize that budget management can be improved by increasing organizational participation in budget preparation.

Byomuhangi (2009), studied the influence of the budget process on performance in National Water and Sewerage Corporation. He used the Zero based and Incremental budgeting theories to emphasize the relationship between the budgeting process and performance of National Water and Sewerage Corporation. His findings show that although budgets are drawn and approved every year, there were persistent divergences registered between planned/approved budgets and actual budget performance. This level of budget performance is determined by a weak monitoring team, rigid budgets and limited employee participation in the budgeting process.

### **1.1.3 Conceptual background to the study**

In this study, there are six major concepts. These are; Projects, Budgeting and budget performance, Planning, Communication, Leadership, and Procurement. Projects can be described as short term efforts undertaken to accomplish specific goals and objectives in a defined timeframe. Flamholtz (1983) describes budgets as financial blue prints that quantify an organization's plans for a future period; they provide a mechanism for effective planning and control in organizations. Welsch (1976) explains that budgeting is a financial planning, coordinating and control process used by organizations to enable them achieve set objectives. It provides a means of measuring actual performance in comparison with budgeted performance. Public sector budgets serve three major aims: they are tools of accountability; tools of management; and instruments of implementing fiscal and economic policy (Premchand, 1983). Budgets are a fundamental tool for the improvement of the performance of any public sector institution. A budget's usefulness lies in the activities of measuring of actual results in comparison with budgeted performance in order to ascertain any variances. Balunywa (1994) states that when an institutions' budget is successfully implemented, the institutions' objectives will be realized and the institution is said to have achieved good budget performance.

In this study, budget performance has been defined as a measure of the variances between planned expenditure against actual performance realized. This was adopted from the study of Tindarwesire (2007). A budget with significant adverse and favourable variances shows poor accountability of funds and according to Amanywa (2003), the smaller the gap between planned and actual expenditure, the better the budget performance. According to Tindarwesire (2007), budget performance is a measure in terms of funds received, actual expenditure realized and the resultant variances. At Uganda Polytechnic Kyambogo, any variance above or below 5% of the planned budget was considered acceptable as per the set financial regulations; hence any variance that was below or beyond that level was considered poor budget performance. In this

study, Tindarwesire's conceptualization of budget performance has been adopted. That is, a measure of the variances between planned expenditure against actual performance realized.

According to the Merriam Webster dictionary (2011), planning is defined as the act or process of making or carrying out plans; specifically: the establishment of goals, policies, and procedures for a social or economic unit. It is the process of setting goals, developing strategies, and outlining tasks and schedules to accomplish the goals.

According to the online Webster dictionary, communication is a process by which information is exchanged between individuals through a common system of symbols, signs, or behavior. Communication cannot be detached from the organization structure of an institution because the structure defines the lines of authority and communication. Organizational structure further helps to define roles, power, and responsibilities of all appointed individuals and how information flows between levels of management.

Leadership has many definitions but according to the Wikipedia encyclopedia, it has been generally described as a process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task. There are alternative definitions of leadership. For example, some understand a leader simply as somebody whom people follow, or as somebody who guides or directs others while others define leadership as "organizing a group of people to achieve a common goal". Leadership is also defined as the ability to inspire confidence and support among the people to achieve organisational goals. Leadership is about getting people to move in the right direction, gaining their commitment, motivating them to achieve their goals.

Procurement is defined broadly using the Uganda Public Procurement and Disposal Act definition. It defines procurement as the preparation, award and implementation/administration of contracts for goods, works and other services and covers not just the narrow selection of a contract partner by a purchasing body and the actual entering of a contract between the two, but the entire

procurement process. Procurement for the purposes of this research is defined broadly using the Uganda Public Procurement and Disposal Act definition.

#### **1.1.4 Contextual background to the study**

Uganda Revenue Authority is a semi-autonomous public sector organization which is mandated to administer taxes on behalf of the government of Uganda. It was set up under the Uganda Revenue Authority Act (1991), as a deliberate reform strategy to improve tax administration and subsequently increase revenue performance to enable government finance its recurrent and development needs. During the period 1992 to 2004, various projects were implemented to deliberately increase revenue performance. These include; the Tax Identification Number (TIN), Introduction of the Value Added Tax and the new Income Tax Regime. In 2005, Uganda Revenue Authority launched a transformation strategy to further drive its quest towards improved service delivery and revenue performance. This strategy was known as the URA Modernization Programme which was structured in eight subprojects over the four year period ending in June 2010. A major reform project (the Uganda Revenue Authority Modernization Programme) was completed in June 2010. Analysis of the URA Modernization project financial report for the period ending June 2010 indicates significant variances between budgeted and actual expenditure. Although U shs. 29,599,451,524 was budgeted /planned expenditure for the four year period, only U shs. 26,136,977,939 was actually spent thereby registering a variance of over 11.7% from the budget. In some instances, there was shortage of funds on given sub projects while on other sub-projects there were unutilized funds over a long period of project implementation. It was further reported that a number of activities were not completed by June 2010 while others were completely cancelled. Closer analysis of the Domestic taxes modernization project status report of October 2010 indicates that, the original budget of USD 6,927,100 in October 2006 was revised to USD 12,900,078 in June 2008. Further, although USD 6,126,027 was supposed to have been spent by end of June 2010, only USD 3,803,107.70 had been paid out. The balance was commit-

ted awaiting the supply of the etax hardware that delayed by 10 months. Overall, the project implementation fell behind schedule by one year. The reasons given in the end of the project report were; increases in project scope and delays in the procurement process.

## **1.2 Statement of the problem**

Governments have embarked on implementing reform initiatives so as to improve services offered to the public. Such reforms are implemented through projects which are funded jointly by government and development partners. Work plans and budgets are drawn and approved to guide the implementation of projects. However, project reports indicate that there are significant variances between planned/approved budgets and actual expenditure. Analysis of the URA Modernization project financial report for the period ending 30th June 2010 indicates that the variance between budgeted and actual expenditure was 11.7 percent. Budget variances, in form of underutilization and over utilization, are an indicator of poor budget performance. This may in turn discourage government and development partners from providing funds for future reforms. The lack of funds negatively impacts on government's future ability to finance its budget and subsequently to provide quality services to its people. This gap was the motivation to the researcher to investigate the determinants of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.

## **1.3 Purpose of the study**

The purpose of this study is to establish the determinants of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.

## **1.4 Specific objectives of the study**

The specific objectives of this study were;

- 1) To establish whether planning is a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.
- 2) To establish whether communication is a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.

- 3) To establish whether leadership is a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.
- 4) To establish whether procurement management is a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.

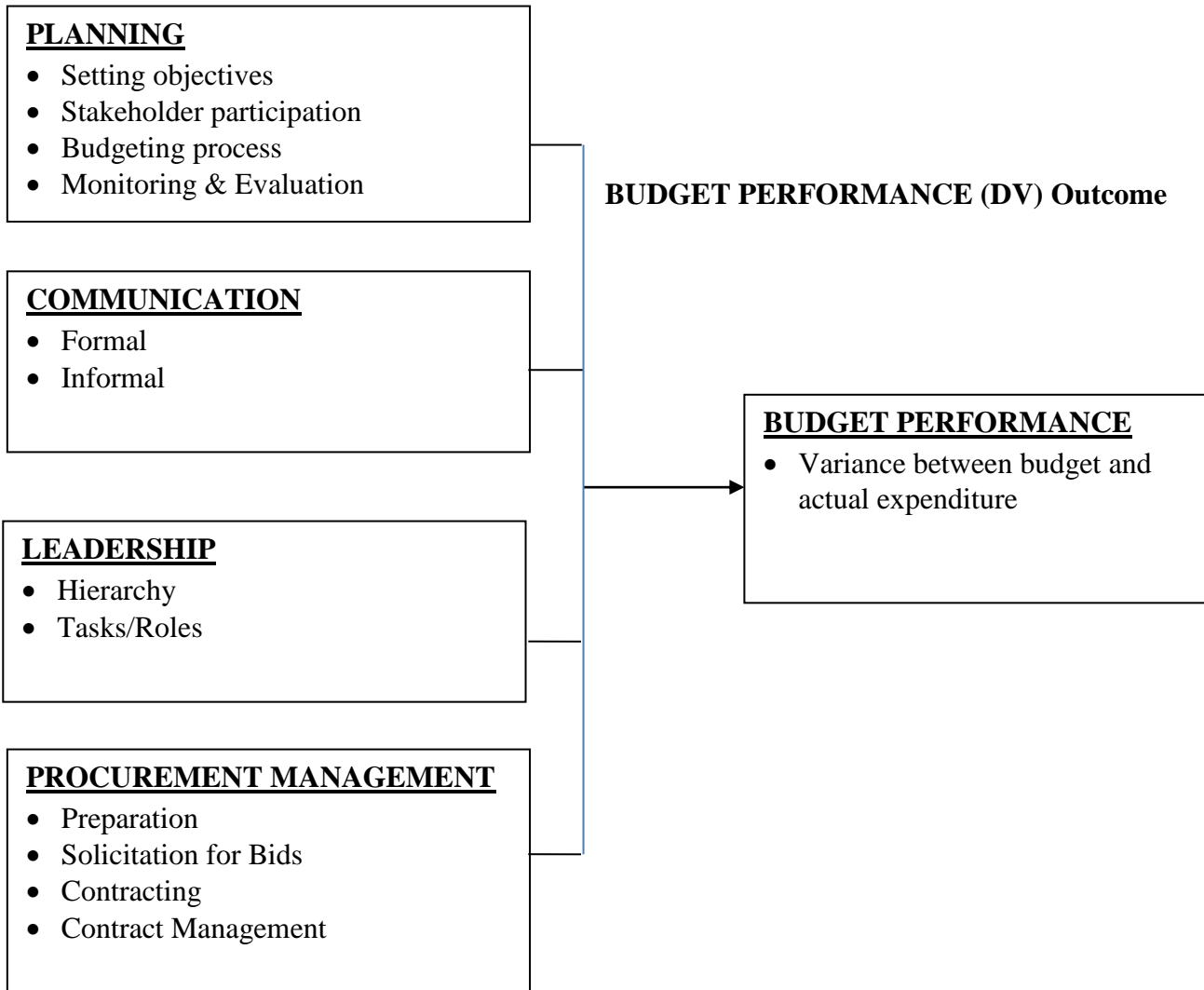
### **1.5 Research questions**

- 1) What is the relationship between planning and budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority?
- 2) What is the relationship between communication and budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority?
- 3) What is the relationship between leadership and budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority?
- 4) What is the relationship between procurement management and budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority?

## 1.6 Conceptual framework

The conceptual framework below is a diagrammatic representation of the relationship between; planning, communication, leadership and procurement management as independent variables with budget performance as the dependent variable on the other side. The diagram further describes the dimensions of each variable that were adopted for this study.

### DETERMINANTS (IV)



**Figure 1:** Conceptual framework

**Source:** Adopted from the research works of Tindarwesire, (2007) and modified by the researcher.

## **1.7 Significance of the study**

This study provides new knowledge to policy makers, practitioners and scholars on the subject of budget performance of projects in public sector institutions. It specifically provides empirical evidence from projects implemented in developing countries where lots of development partner funds have been injected. The study provides empirical evidence and practical advice that leads to improved budget performance in subsequent projects of Uganda Revenue Authority and other public sector institutions. The study will foster greater efforts towards good budget performance and subsequently enable the realization of reform programme goals in public sector projects.

## **1.8 Justification of the study**

Many scholars have carried out studies to examine the factors affecting budget performance in government institutions in the developed world. However, little or no research has been done in the developing world yet lots of funding is continuously channeled into government owned projects (Seers, 2004). The study provides new evidence on the determinants of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority that can be used as a guide in the implementation of future reform projects.

## **1.9 Scope of the study**

### **1.9.1 Time scope**

The study covered the four year project period starting July 2006 up to June 2010. This was intended to relate the findings with the overall assessment made by the external evaluation team and recommendations will further be useful for the subsequent reform initiatives.

### **1.9.2 Geographical scope**

This research was conducted at the Domestic Taxes Department in Kampala with a focus on the three tax offices where the project implementation was piloted. These were: Kampala East, Large Taxpayer and Medium Taxpayer offices.



### **1.9.3 Content scope**

The study was specifically carried out on the Domestic Taxes Modernization Project of URA analyzing the budget performance. There are many determinants of budget performance as identified by various scholars. However, this study covered independent variables in planning, communication, leadership and procurement management.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter comprises of the theoretical and detailed review of existing literature from various scholars on the determinants of budget performance. Details shown here include the analysis of the existing literature that was used to draw relationships between the variables in question. These are; planning, communication, leadership and procurement management in relationship with budget performance. The literature is then summarized to derive its relevance to the determinants of budget performance in projects of public sector institutions.

#### **2.1 Theoretical review**

A number of scholars have come up with theories on budget performance and its determinants. In this study, theories related to the concepts of study are defined and operationalized. The theories adopted for this study included; the collaborative planning theory and the systems theory. Segal and Summers (2002), defines performance based budgeting as a way to allocate resources to achieve specific objectives based on program goals and measured results. It focuses on: the result (final outcome), the strategy (different ways to achieve the final outcome), and activity/outputs (what is actually done to achieve the final outcome). Within this framework, a connection exists between the rationales for specific activities and the end results. In this method, the entire planning and budgeting framework is result oriented. In this study, budget performance was the result on which project activities are focused. The need to establish the connection between set project goals and objectives with the expected results is amplified by this theory. This focus helps managers to use resources on specific activities more efficiently in order to deliver the desired outputs which will subsequently result into good budget performance.

According to Healey (2006), collaborative planning is a process by which societies and social groups interactively manage their collective affairs and such a collaborative planning process should be as inclusive as possible. However, although stakeholder involvement in planning is

desirable in organizations, it is time consuming and over involvement of stakeholders may not necessarily lead to better results. Organizations therefore grapple every day with the decision on how much collaboration is adequate given that total involvement of stakeholders is desirable but it is time consuming and tends to negatively impact on delivery timelines. This study therefore will seek to establish the effect of collaborative planning on budget performance in public organizations. According to Bertalanffy (1968), Systems theory states that all the components of an organization are interrelated, and that changing one variable might impact many others. In this study, this theory is relevant as it strengthens the argument that optimum funds utilization can only be achieved if a number of inputs and processes are well coordinated and administered. Good budget performance can be achieved if the components of planning, communication, leadership and procurement are well coordinated.

## **2.2 Determinants of Budget Performance**

### **2.2.1 Planning and Budget Performance**

Planning involves setting objectives, defining activities and sequencing them, identifying and defining sources of funding, and monitoring and evaluation of the progress towards the set objectives. Planning refers to the process of deciding what to do and how to do it. Planning occurs at many levels, from day-to-day decisions made by individuals and families, to complex decisions made by businesses and governments (Litman, 2011). According to Matovu (2006), planning means looking ahead and chalking out future courses of action to be followed. It is a systematic activity which determines when, how and who is going to perform a specific job. A plan is a detailed programme regarding future courses of action. In the planning process, strategic discourses of different interests are ideally opened to include all interested parties, generating new planning discourses, allowing participants to gain knowledge of the positions and values of other participants, and creating capacity for collaborative action to change current conditions (Healey, 2006). Similarly, budgeting means drawing a plan in monetary terms according to Matovu (2006). He further states that planning and budgeting

can either be participatory or non-participatory. Participatory planning is a process by which a community undertakes to reach a given socio-economic goal by consciously diagnosing its problems and charting a course of action to resolve those problems. On the other hand participatory budgeting is a process where all the people have an opportunity to affect the allocation of public resources from local government perspective taking into account sectoral priorities. The local and national government bodies arrange participatory budgeting to use information by the public in order to influence revenue mobilization and expenditure related decision-making processes (Vergara, 2002). Furthermore according to UN (2005), participatory budgeting refers to the involvement of citizens in identifying local priorities, policies, programs, and projects that require allocation of resources. It could be viewed in two ways. First, it uses a tool for participatory governance wherein program/project interventions are needs-based; thus, programs/projects financed by the local government have direct and significant impact on the lives of local constituents. Second, it could be viewed as a mechanism whereby the citizens are directly involved in the actual budgeting processes budget formulation, approval, execution, and review thereby ensuring transparency and accountability of the expenditure management of local funds.

Participatory approaches to public expenditure management refer to the range of methods, tools, and choices that involve ordinary citizens and civil society in general into the process of allocation, tracking disbursement, and monitoring the use of public resources (Thindwa, 2004). They contribute to transparency where people have access to public information; efficient service delivery and needs fulfillment. However, despite overwhelming support for participation in the budgetary setting, Drury (1992) cautions that unless it is used selectively, it may introduce bias where managers tend to overstate costs and understate revenues especially where budgets are used as a punitive action. Milani (1975) reaffirms this when he reported a weak positive association between participation and budgetary performance. Secondly, par-

ticipation increases the costs of the budgeting process in terms of time taken to develop the budget (Waldman (2006). However, Byomuhangi (2009) studied the influence of the budgeting process on the performance of National Water and Sewerage Corporation. He reports a high level of participation in budgeting and hence its effect on performance. The arguments above for and against participation in the budgeting process bring about contradictory findings hence the need for further empirical evidence on this matter.

### **2.2.2 Communication and Budget Performance**

Meeampol & Ogunlan (2006) studied the factors affecting cost and time performance on highway construction projects from the viewpoint of the public owner. A total of 13 success factors were identified from literature and the opinions of experienced engineers sought. Data was collected from 99 projects handled by the Department of Highways (DOH) in Thailand and projects were grouped as successful and unsuccessful. The results indicated that success in cost performance depends on communication among others hence the importance of communication if good performance or success is to be achieved.

Laura F et al, (2004) carried out a study on large organizations that mandate their managers to attend budget meetings and exchange budget reports with their immediate supervisor and budget staff. They explored whether such organization-mandated budgetary involvement is related to managers' budgetary communication with their supervisor in terms of budgetary participation, budgetary explanation, and budgetary feedback. Questionnaire data from 148 managers employed by 94 different companies were analyzed and the findings indicate that budget meetings with supervisors had a positive relationship with all three forms of budgetary communication (budgetary participation, budgetary explanation, and budgetary feedback). Mandatory budget meetings with budget staff had a positive relationship with both budgetary participation with supervisor and budgetary feedback from supervisor. On the contrary, mandatory budget reports from budget staff had a negative relationship with all three forms of budgetary communication with the supervisor. The results failed to support proposed relationships between mandatory

budget reports to supervisor and budgetary participation with supervisor, and between mandatory budget reports from supervisor and budgetary explanation from supervisor. Implications of the results shows that there is need for future research to establish the determinants of budget performance.

Another study was carried out by on the budget process in Jordanian private universities by Osama M. and Roger B., (2009) to establish the relationship between budget process and budget participation. The research explored the budget process and the level of budget participation in these universities, nineteen interviews were conducted in 11 universities in Jordan. The findings indicate that the budget usage varies between universities, and budget participation in some universities is not consistent where management is centralized. Although respondents understand the importance of budget usage, most of them are dissatisfied with the ministry budget format. The implications of the findings are that budget participation has influence on the university's overall performance. On the contrary, studying the impact of the ministry budget format on the university performance indicated a reverse impact and relation might be of vital interest to verify the government's expectation about the universities' compliance and to highlight the importance of implementing a unique standard for all Jordanian universities.

### **2.2.3 Leadership and Budget Performance**

Terry H., (2011) in his study on "Personalisation Tipping Point Framework" investigated the effect of leadership development on performance. The investigation established that it is not possible to deliver good personalised services and the financial savings if the right leadership and tools are not in place. The findings further identify a need for leadership capabilities to be developed in the two key areas of change management and financial management.

Elizabeth B. and James W., (2005) studied the impact of leadership in project management. They sought to assess other leaders' perceptions on the importance and contribution

of communication to organizational success and the abilities of their communication executives to contribute to strategic decision making. The results of the study revealed that reactive decisions relating to monitoring of schedules and budgeting data of projects is one aspect of project control that impacts project success but proactiveness (an aspect of project leadership) in controlling projects is more effective. Transactional leadership focuses on doing things right but transformational leadership looks at doing the right things. The two are distinct leadership requirements for project managers but the later is more effective at ensuring project success.

#### **2.2.4 Procurement management and Budget Performance**

Procurement according to Kovacs (2004) is the process of obtaining goods, services or works and it has two focal points; determination of the right content of requirements in terms product scope and quality. The second is selection of the right source in terms of price, time and other conditions of supply. According to Mathew (2005), the procurement or purchasing process is divided into four different activities, or phases: planning, formalization, implementation, and evaluation. Procurement planning calls for early involvement of the purchasing office so that options and alternatives can be explored with the requesting user. The next phases include formalization and implementation of the procurement action. Essentially these entail adapting the request for a formal solicitation, either an invitation for bids (IFB) or request for proposals (RFP) and issuing it to the private supplier. Procurement evaluation is the final step of the process model.

Weele (2005) lays down a generic purchasing process model consisting of a number of activities that can be combined and laid down in six main steps. Specifying, Selecting of suppliers, Contract award, Ordering, Monitoring and After-sales service. He further describes organizational buying as a complex process of problem solving in which many individuals with varying backgrounds are involved. According to Rosli et al., (2006), procurement systems differ from each other in terms of allocation of responsibilities, activities sequencing, process and procedure and

organizational approach in project delivery. These differences have invariable effect on project performance. Project performance is further defined as “the degree of achievement of certain effort or undertaking” which relates to the prescribed goals or objectives that form the project parameters. In Uganda, public procurement entails the following steps as indicated below; the user department initiates and specifies the terms of reference (TOR), and then approval of the budget, advertisement of bids for supply of goods and services are placed, notification of pre-qualified firms, receipt and opening of bids in the presence of bidders, vetting of bids by a technical evaluation committee, award of tender by the Government Contracts Committee (GCC), to the successful bidder and latter’s acceptance in writing, conclusion and signing of contract agreement between district and successful bidder, supply of services and goods tendered for, and award of certification after GCC has approved of delivery and quality of services and goods (PPDA, 2003, Act No.1).

Even though the purchasing process is different for dissimilar products purchased, some main activities are always necessary and similar. For instance the procurement model and PPDA (2003) model are similar and can be summarized into the specification stage, the selection stage, the contract stage, the monitoring stage and the evaluation stage.

Improving the efficiency of public sector bodies’ procurement has been one of the key-priorities for many policymakers in the past ten years. According to the report prepared by Gershon (2004) for the Office of Government Commerce (OGC), the efficiency within public procurement could be improved by various means: by reducing the number of inputs (people and assets) without impeding quality of service; by driving down costs, by increasing value through improving quality of service and ratio of output per unit. However, he recognizes that the extent of fragmentation in public sector procurement may in some cases impede efficiency savings. In addition, he mentions other potential barriers to improvement in procurement processes as; aversion to risk taking in the public sector, lack of professional skills specific to the procurement process, budgetary constraints, resource



limitations to developing innovation and a significant fragmentation in public sector procurement among different department and bodies. Results reveal that a positive relationship exists between procurement and budgeting performance meaning that early procurement preparations, followed by proper solicitation of bids, following contract issues as well as ensuring contracting management are crucial for positive budget performance.

### **2.3 Budget performance**

Thompson (1967), as cited by Williams et al., (1990), challenged researchers to examine budgetary behavior in public sector organizations, as the budgetary behavior may be different in these organizations compared to the behavior in profit-making and less bureaucratic organizations. Similarly, Williams et al. (1990), suggests that future research on budgetary participation and its effect on performance in the public sector institutions is important as there may be a universal set of budget-related behavioral factors which apply with equal facility to both sectors. This is a rich foundation for future research. Budget performance is measured in terms of funds received, actual expenditure realized and the resultant variances (Tindarwesire, 2007). In this study, this definition was adopted and modified to emphasize the positive and negative variances. Positive variances also known as over utilization is a sign of poor funds utilization while negative variances are a sign of underutilization of funds.

### **2.4 Summary of literature review**

Budget performance in public sector institutions is determined by many factors. However, for purposes of this study, the determinants singled out are; planning, communication, leadership and procurement management. The literature reviewed puts emphasis on participation of stakeholders in planning and budgeting in order to achieve set goals and objectives. Participation improves transparency and access to information which leads to the satisfaction with the level of service delivery. On the other hand, caution should be exercised on participation as it increases costs of operation and may introduce bias where managers overstate their costs and understate their revenues. Milani (1975), actually reported that there is a weak association between partici-

pation and budget performance. Communication especially the dissemination of budget information has a significant impact on budget performance. Laura F., (2005) established that Mandatory budget meetings with budget staff had a positive relationship with both budgetary participation with supervisor and budgetary feedback from the supervisor. However on the contrary, mandatory budget reports from budget staff had a negative relationship with all three forms of budgetary communication with the supervisor since the results failed to support proposed relationships between mandatory budget reports to the supervisor and budgetary participation with the supervisor. Hence it is important to understand how communication affects budget performance. Leadership in project management has been established as a key factor as indicated by Elizabeth B. and James W., (2005) in their study on the impact of leadership in project management. They sought to assess other leaders' perceptions on the importance and contribution of communication to organizational success and the abilities of their communication executives to contribute to strategic decision making. The results of the study revealed that project leadership is an important factor the control of projects. Transformational leadership looks at doing the right things and is a necessary requirement for project managers to ensure project success.

The procurement stages are different from one organization to another but procurement contains similar fundamental principles. Gershon (2004), noted that fragmentation of the procurement process affects efficiency which is a major determinant of budget performance. He further reports that lack of professional skills in procurement, budgetary constraints and resource limitations may impede efficiency. The three factors were therefore a subject of investigation under this study.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter comprises of the research design that was used during the study. Further, it specifies the study population, sample size selection and sampling techniques, data collection methods and instruments, pretesting for data validity and reliability, data analysis techniques and measurement of variables that were used in the study.

#### **3.1 Research design**

The study was carried out using the cross-sectional case study design. This design focuses on a given situation at a given time. This done using both quantitative and qualitative approaches also known as triangulation. According to Burns & Grove (1993), quantitative research is a formal, objective, systematic process in which numerical data are utilized to obtain information about the world. It is based on the idea that social phenomena can be quantified, measured and expressed numerically. Objectivity, deductiveness, generalizability and numbers are features often associated with quantitative research. On the other hand, the qualitative design was used to gain new perspectives on things already known, but which may be difficult to convey quantitatively (Strauss & Corbin, 1990). Much as the results of qualitative research can give some indication as to the why, how and when something occurs, it cannot provide answers on the how often or how many; this may render the results inadequate for decision making. Therefore in this study, a combination of the two approaches was used on the selected sample and the findings were thereafter generalized to the whole population.

#### **3.2 Study population**

The study population was 103 people who participated in the implementation of the Domestic Taxes Modernization Project. These were grouped according to their roles as follows; the project

management committee (5), task leaders (3), workgroup members (75), budget officers (3), procurement officers (3), consultants associated with the project (2) and system users (12).

**Table 3.1:** Accessible population

Category of respondents	Accessible population
Domestic Taxes Project Management Committee	5
Task Leaders	3
Budget Officers	3
Procurement Officers	3
Consultants	2
Workgroup Members	75
System Users	12
<b>Total</b>	<b>103</b>

**Source:** List of staff on projects (June, 2010)

### 3.3 Sample size and selection

A sample of 84 respondents was drawn from the population using the Krejcie and Morgan (1970) table. According to Krejcie and Morgan (1970), a sample of over 30 is representative and acceptable in such a study. Table 3.2 shows the details of how the sample was drawn from the population.

**Table 3.2:** Sample size and selection

Category of respondents	Accessible Population	Sample size	Sampling techniques
Domestic Taxes Project Management Committee	5	4	purposive sampling
Task Leaders	3	3	purposive sampling
Budget Officers	3	3	purposive sampling
Procurement Officers	3	3	purposive sampling
Consultants	2	2	purposive sampling
Workgroup Members	75	57	stratified sampling
System Users	12	12	stratified sampling
<b>Total</b>	<b>103</b>	<b>84</b>	

**Source:** Krejcie and Morgan (1970) Mathematical Table

### **3.4 Sampling techniques and procedure**

Stratified and purposive sampling techniques were used. The accessible population was divided into uniform strata so that respondents with similar characteristics are grouped together. Further, the purposive sampling technique was used to draw a representative sample of respondents within the strata. This was done because each technocrat in a stratum had unique skills and subject matter knowledge in specific areas of project implementation and budget performance, which was meant to ensure that there was proper representation from each function of the project.

### **3.5 Data collection methods**

Primary and secondary data collection methods were used in this study. Primary data was collected through semi-structured questionnaires.

#### **3.5.1 Interview method**

According to Amin (2005), an interview is an oral administration of a questionnaire and involves face to face encounter between the interviewer and respondent. In the process the researcher gathers in-depth data through direct verbal interaction with the respondent. This method is used in order to obtain information of qualitative nature that cannot be obtained from quantitative data. Secondly, the interview method enables the researcher to gather data through open ended questions that could have been limited by the questionnaire method. Further, the use of open ended questions creates an environment of comfort to respondents to provide information on sensitive matters and the interviewer in this case has an opportunity to ask additional questions or clarify on specific questions so that the respondent can provide appropriate responses. This data is then useful to back up quantitative data.

The exercise involved developing a list of structured questions that were in line with the variables and dimensions of the study. These were arranged logically on a standard interview schedule so that the interviewer can ask the questions in the same manner in order to later categorize the responses in a systematic way that will enable consistent analysis and interpretation. The in-

interview schedule was thereafter sent in advance together with the questionnaire that was developed. After questionnaires were received, arrangements were made with selected respondents for face to face interviews. During the face to face interviews, respondents were asked specific questions to give their views about various issues regarding budget performance in the Domestic Taxes Modernization Project of URA and the responses were written down by the researcher. Initially, respondents felt that they were not very competent to respond on questions to do with budget performance. However, after explaining the importance and objectives of the study to them and asking the initial general questions, the respondents became comfortable with the interviewer and were more open to providing appropriate responses. This made it possible for the researcher to capture the unique views, perceptions, attitudes and beliefs of respondents on specific statements that could not be obtained through the questionnaire method. However, the consultants and members of the executive management were not available for the interview due to their busy schedules of work and the consultants had left the country which made it difficult to carry out face to face interviews. Some of these however wrote their views and sent them by email to the researcher.

### **3.5.2 Questionnaire method**

Data was collected from respondents using a questionnaire that contained closed ended structured questions. According to Mugenda & Mugenda, (2005), the researcher needs to develop instruments for use while collecting information from respondents. The questionnaire is easier to administer and is cost effective because it enables the collection of information from respondents in a short time. It collects data that is easy to analyze because they are in a readily usable form. However on the other hand, this method may leave out important information required in the study because it does not provide an opportunity for respondents to provide more information than what was asked for. Further, if respondents find the questions confusing, they do not have an opportunity to ask for clarification. The questions were arranged on a 1 to 5 likert scale and placed into a questionnaire in a logical order. The questionnaires were initially pretested and

thereafter sent via email to the respondents because it is an acceptable medium of communication in URA. This allowed respondents to complete them without due influence from the researcher which could be associated with face to face interaction especially because the subject matter of budgeting is sensitive and closely related to one's performance. Also for purposes of anonymity, some respondents were free to submit hard copies without trace to their names. Respondents were asked to put a tick in the box that appropriately reflects their view or perception to a given statement. Although 80 questionnaires were administered, responses were received from 66 respondents.

### **3.5.3 Documentary review method**

Under this method, data and information from existing documents and library references is studied and the findings used to critique the findings from the study. During this study, data and information was gathered from existing documents at URA as well as library reference materials and used to correlate with the findings obtained from respondents. Project documents were obtained from the registry and studied. The researcher visited the library at UMI as well as the online reference journals in order to obtain information relating to the variables, themes and dimensions of the study. The documents at URA that were studied were; memorandum of understanding with development partners, project plans, financial reports, project progress monitoring and evaluation reports. The data and information collected was then taken through document analysis.

## **3.6 Data collection instruments**

Below are the instruments that were used during the study.

### **3.6.1 Interview guide**

The interview guide was developed in line with the conceptual framework. Questions were developed under each of the variables of planning, communication and procurement management. The questions were open ended but specific to subject of this study. These were then organized into an interview schedule that was then availed to respondents. The responses received were

then grouped under common themes and used as part of qualitative analysis of the findings. (*See appendix II*)

### **3.6.2 Questionnaire**

Primary data was collected using a semi -structured questionnaire with structured questions under specific variables. The questionnaire was developed using the variables identified in the conceptual framework. This process involved identifying the dimensions, themes and questions that can be grouped under each variable. Questions were grouped under the themes and dimensions of the variables and arranged in a logical sequence. The questions were then arranged into a logical flow starting with questions of a general nature to make it easy and consistent for the respondents. Under each dimension and theme were statements which were grouped in a logical order that called for responses on a 1 to 5 likert scale to assess the extent to which a respondent agrees or disagrees with a statement. (*See appendix I*). These were then administered to the sample selected.

The respondent would then be expected to put a tick in the box that best describes their views, perceptions, attitudes or belief about the statement. Respondents were assured of confidentiality to their responses and that the information provided would be used specifically for purposes of the study.

## **3.7 Validity and reliability**

### **3.7.1 Validity of instruments**

The questionnaire was tested for content and construct validity prior to data collection. A questionnaire is valid when it measures what it is intended to measure. In this particular case, the researcher used the Content validity Index (CVI) to check the extent to which the measuring instruments provide adequate coverage of the topic under study. The questionnaire was subjected to two judges comprising of a Project Consultant and Budget expert. After critical rating by the



two judges; out of 50 questions, 44 were regarded as valid and that is what the researcher used on respondents. Below is a formulae that was used:

$$\text{Content Validity Index (CVI)} = \frac{\text{Number of items declared valid}}{\text{Total number of items}}$$

$$\text{CVI} = 44/50 = 0.88 \text{ (approximately 88 percent)}$$

Content Validity Index (CVI) result of 0.88 (0.83\*100) =88%, is an indicator that the instrument was valid since the result was above 0.7 as stated by Amin (2005).

### 3.7.2 Reliability of instruments

Reliability is a measure of the degree to which the research instruments yield consistent results or data after repeated trials, (Mugenda 2003). This instrument was administered to 10 respondents and the variations analyzed using the Cronbach Alpha Co-efficient; a feature embedded in SPSS. The results of the findings are shown in table 3.3 below.

**Table 3.3:** Reliability of instruments

Variables	Alpha	Number of items
Planning	0.615	13
Leadership	0.908	10
Communication	0.908	10
Procurement management	0.810	14
Budget Performance	0.7005	7
$\Sigma(\text{alpha})/4$	<b>3.0335</b>	

**Source:** Primary data

The results in Table 3.3 show an average alpha of  $3.0335/4 = 0.758$ , approximately 0.76 (76%). Amin (2005) argues that a reliability score equal to 0.5 (50%) is good enough to indicate reliability of an instrument, while that above 0.76 (76%). Amin (2005), argues that a reliability score equal to 0.5 (50%) is good enough to indicate reliability of an instrument, while that above 0.7

(70%) is excellent enough. Therefore with a 0.76 score it can be concluded that the instrument used was reliable.

### **3.8 Procedure of data collection**

The researcher proceeded to Uganda Management Institute; Department of Higher Degrees and obtained an introductory letter. After, the researcher proceeded with this letter to the Human resource office which later granted permission to conduct the research. The questionnaires were delivered to respondents via email since it is a formal and effective method of communication in URA. Later, reminders were sent via email and telephone to the selected respondents who had not submitted their completed questionnaires. The exercise lasted 3 months. On the other hand, the interview guide was administered to thirteen selected respondents and their responses recorded.

### **3.9 Data analysis**

Quantitative and qualitative data was collected.

#### **3.9.1 Quantitative data analysis**

The quantitative data was first extracted from the questionnaires that were received from respondents via email. These Questionnaires were printed, data was coded, and cleaned. This involved scrutinizing the data received and assessing it for validity, accuracy and completeness. The cleaned data was then captured into the computer with support of Statistical Package (SPSS) so that it can be organized, analyzed, presented and interpreted. After it was entered into SPSS, it was organized and presented in tabular form, pie charts and graphs for descriptive analysis using the mean, frequency, standard deviation and percentages. The results were interpreted to draw meaningful conclusions and recommendations.

#### **3.9.2 Qualitative data analysis**

Qualitative data analysis was carried out on the data and information obtained from administering the interview guide. According to Amin (2005), this is done in order to make sense out of the

text data gathered. The notes taken through the interviews were sorted, edited and re-typed to remove errors and then grouped under similar themes. The data was then analyzed for similarities or differences that would then be compared with the existing literature and the quantitative findings obtained from the study. Specific statements and quotations were brought out to strengthen the findings on the determinants of budget performance in the Domestic Taxes Modernization Project of URA. The qualitative data was then integrated with the findings where the two were in agreement and on the contrary this data was used to amplify contradictions that need to be addressed through recommendations and areas for further research.

### **3.10 Measurement of variables**

The researcher used both nominal and ordinal measures linked to the variables. For the background information on respondents, a nominal scale was used while for the main variables in planning, communication, leadership and procurement management, the ordinal scale was used based on a five likert scale comprising of Strongly Agree (5), Agree (4), Not Sure (3), Disagree (2) and Strongly Disagree (1).

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

#### 4.0 Introduction

This chapter contains the data presentation, analysis and interpretation of the findings based on the specific objectives of the study.

#### 4.1 Response rate

The researcher distributed questionnaires as well as conducted face to face sessions with a number of respondents. The responses are summarized on table 4.1 below.

**Table 4.1:** Response rate summary

<b>Instrument</b>	<b>Planned/Issued</b>	<b>Actual/returned</b>	<b>Response rate (%)</b>
Questionnaire	69	66	<b>95.6%</b>
Interviews conducted	15	13	<b>86.6%</b>
<b>Total</b>	<b>84</b>	<b>79</b>	

**Source:** Primary data

Findings from table 4.1 above, reveal that out of 69 questionnaires distributed, 66 were returned constituting a 95.6 percent while out of 15 respondents planned for interview, 13 respondents were interviews, forming an 86.6 percent. The overall response rate for both instruments is  $79/84 \times 100\% = 90.04\%$ . A response rate of 50 percent and above is very good (Mugenda & Mugenda, 1999). Hence the response rate of 90.04 percent achieved was very good. This success rate is mainly attributed to the fact that purposive sampling was used and the respondents were still accessible

#### 4.2 Demographic characteristics of respondents

The demographic characteristics of respondents considered for this category were; Age category of respondents, gender of respondents mainly on email, respondents' rank and department coupled with number of years they have worked in URA, and the role played in DTMP. The results of the findings are summarized below.

#### 4.2.1 Age category of the respondents

Age is a key demographic characteristic in Projects because age influences one's ability to innovate and articulate issues and it is one of the key variables the organization (URA) uses when recruiting new staff the summary of findings is as indicated in the Table 4.2 below.

**Table 4.2:** Age category of respondents

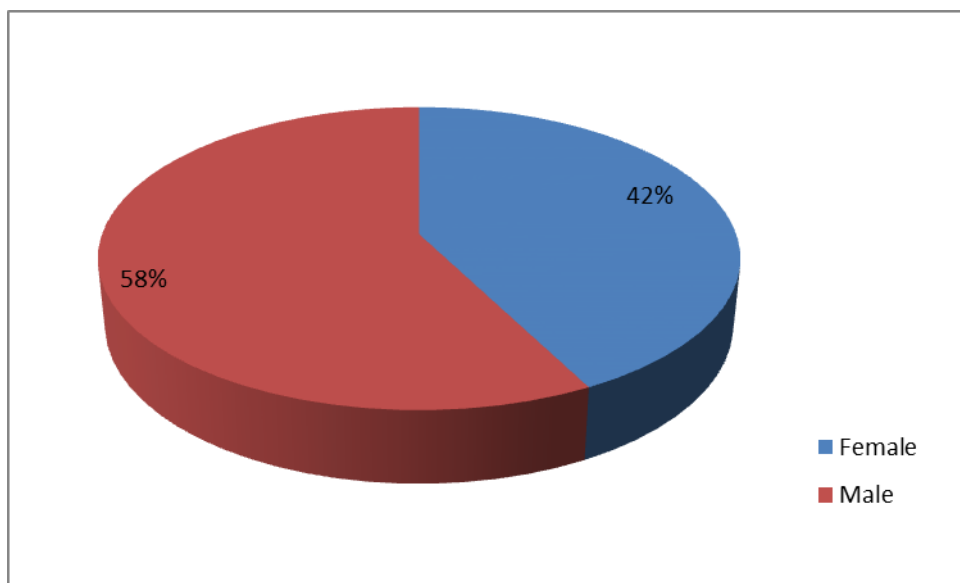
Age	Frequency	Percent
20-30 Years	20	30.3
31-40 Years	23	34.8
41-50 Years	20	30.3
51 and Above	3	4.5
<b>Total</b>	<b>66</b>	<b>100.0</b>

**Source:** Primary data

The results from the table above reveal that 65.1 percent (n=43) respondents were 40 years and below while 34.9percent (n=23) were 41 years and above. This finding highlights the fact that URA recruits mainly young and middle aged graduates, on projects as a deliberate strategy to bring new energy and ideas to ensure continuity after implementation. Further, the researcher found out that as a requirement, staff deployed to projects possess the required abilities to learn new skills in planning, procurement, gathering of user requirement and change management to support delivery of required outputs on time, with quality and at a reduced cost. On the other hand, staff with the age above 41 years were line managers with mentoring skills and domain expertise deployed intentionally to provide guidance, oversee and ensure that the overall project goals are achieved. This is in agreement with the statement by Healey (2006) that collaborative planning is a process by which societies and social groups interactively manage their collective affairs and such a collaborative process should be as inclusive as possible. The deployment of staff to the project regardless of their age is an all-inclusive culture that URA upholds.

#### 4.2.2 Gender of the respondents

The gender of respondents (staff) was considered instrumental in the analysis of this study because URA is non-discriminative and recognizes that both males and females have equal potential to contribute towards the achievement of its goals. URA therefore focuses on leveraging value out of people regardless of their gender. Below is the summary statistics of the gender of respondents.



**Figure 2:** Gender of respondents

Figure 2 above reveals that 58 percent (n=58) of the respondents were male while the female constituted 42 percent (n=28) meaning that there are more men working in the said project than women. However, most of the respondents engaged in projects are mainly male, results show that there is an increasing in the number of female staff engaged in the modernization project in Uganda Revenue Authority when compared to the average share of males to females (62 percent to 38 percent as at 30<sup>th</sup> June, 2013). The results thus are in line with URAs human resource policy that there is no gender based employment discrimination, thus staff have equal opportunities to participate in URA operations.

This is still consistent with the participative approach to work practiced at URA. Mbaziira (2008) reaffirmed that budget management can be improved by increasing staff participation in budget preparation, communication of the budget information to users. Hence involvement of staff re-

ardless of their gender ensures that all available skills in the organization are utilized towards successful budget performance.

#### 4.2.3 Rank of the respondents

Highly ranked people in projects with many responsibilities tend to engage in a variety of activities notably budgeting process and ultimate project execution so as to meet the objectives of the project. Thus rank of respondents was considered in this perspective to find out which status group largely participates in project work which thus influences the budgeting process and ultimate performance. Table 4.3 below presents the summary statistics of the rank of respondents in the project.

**Table 4.3:** Rank of respondents

<b>Rank of respondents</b>	<b>Frequency</b>	<b>Percentage</b>
Assistant Commissioner	6	9.1
Manager	16	24.2
Supervisor	29	43.9
Officer	13	19.7
Consultant	2	3.0
<b>Total</b>	<b>66</b>	<b>100.0</b>

**Source:** Primary data

Results in the table 4.3 rank of respondents above show that the supervisors topped with 43.9 percent (n=29); followed by managers at 24.2 percent (n=16), officers followed at 19.7 percent (n=13). This was followed by Assistant Commissioners (ACs) at 9.1 percent (n=6) while consultants were at 3 percent (n=2) meaning that each of the staff have differing duties and responsibilities and their structure are well set. Further, the results imply comprehensive representation of staff on the modernization project that was studied where almost all ranks are represented. The results further indicate that the management of URA is involved in projects and keeps a close eye on the project through ACs which is very instrumental in efficient budget performance.

It is also important to note that the number of supervisors and managers is more than three times that of officers because of the technical nature of work involved in the project implementation which requires individuals with requisite tax knowledge to help in proper and efficient project execution. Assistant Commissioners are very vital as representative of URA management because they are responsible for resources allocation, which is a central requirement and determinant of budget performance.

Secondly, the high presence of Managers and Supervisors was deliberate to ensure quick decision making during the project implementation since most project resources are under the control of these two levels of management in the organization. The fewer number of consultants is also deliberate to ensure that skills provided to the staff can be mainstreamed to other staff rather than depending on external consultants. Finally, the involvement of staff at officer ranks is strengthened by Mbaziira (2006) who established that the participation of support staff in budget preparation ensures that relevant support costs, including administrative costs, are not left out of budgets. Also, budgets are an important communication vehicle in the organization and it is a method through which subordinate staff get to know about the organization's goals (Kerzner, 2000).

#### **4.2.4 Respondents by department**

The URA has seven departments from which various staff were chosen to work on the modernization project in order to harness various skills of individuals to efficiently execute the project's objective within the required timelines and resource allocation. It was therefore deemed imperative in this study to analyze the descriptive statistics in terms of departmental staff allocation in the project and below is the summary of the results.



**Tables 4.4:** Respondents by department

<b>Department</b>	<b>Frequency</b>	<b>Percentage</b>
Commissioner Generals Office	10	15.2
Corporate Services	24	36.4
Customs	6	9.1
Domestic Taxes	26	39.4
<b>Total</b>	<b>66</b>	<b>100.0</b>

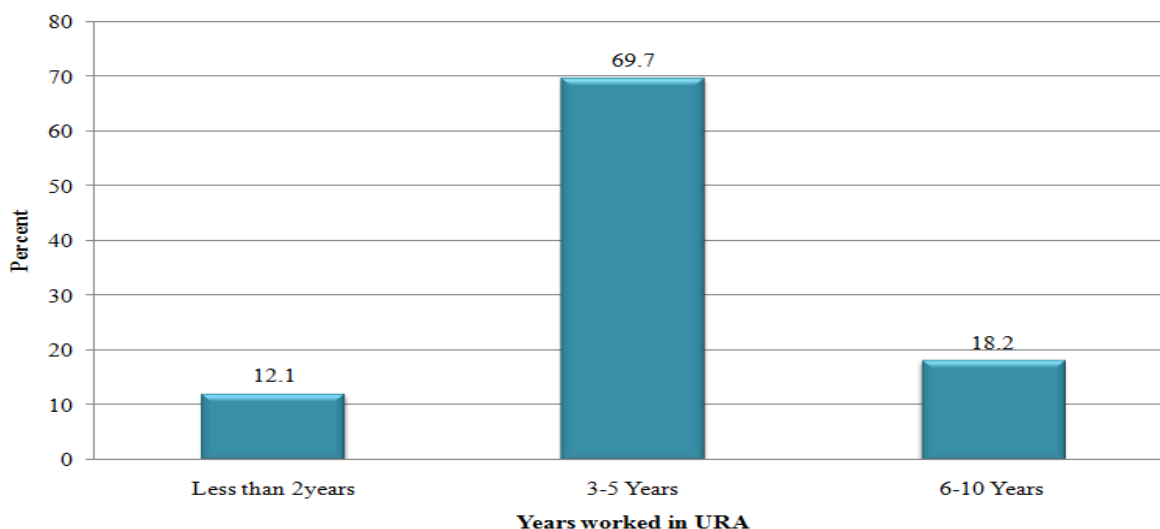
**Source:** Primary data

Findings from table 4.4 above reveal that many respondents were from the Domestic taxes department (DT) (39.4%, n=26) and were followed by 36.4 percent (n=24) from the Corporate Services Department (CSD). These two departments have the biggest components of staff in the project because of the nature of work involved in the project. Staff from CSD comprised of mainly IT professionals who manage, service and implement IT related projects together with finance specialists who were very instrumental in financial management and ensuring that project activities are in line with the available project resources. Staffs from domestic taxes were mainly tax and subject matter specialists as the project was mainly intended for the improvement of domestic tax administration. It was therefore, imperative to get a big number of respondents from those two departments compared to others.

On the other hand, 15.2 percent (n=10) respondents were from the Commissioner General's Office (CGO) mainly staff who were providing project management expertise and ensuring that the benefits from the project are widely synergized with other areas of URA operations. Respondents who were drawn from Customs department were 9.1 percent (n=6) these were to ensure that the linkages with Customs functions are adequately defined to ensure definition of user requirements end to end. Byomuhangi (2009) is in support of departmental involvement by recommending participation of all staff in the budgeting process.

#### 4.2.5 Number of years worked in URA

The number of years worked in URA was also considered a very important factor in this study because it shows the level of seniority of a particular individual in execution of activities and articulating tax matters which are very important aspects in projects in the agency. The study therefore inquired from the various staff engaged in the modernization project on how long they have been working in URA. Below is an illustration showing the results.



**Figure 3:** Number of years worked in URA

Statistics reflected in the Figure 3 above indicate that 69.7 percent (n=46) had worked between 3 to 5 years, this was followed by 18.2 percent (n=12) that fell between 6 to 10 years and only 12.1 percent (n=8) in the service for less than two years meaning that all staff had obtained minimum experience needed to fully understand and execute project work with ease and be supported by minimal supervision. The implication is that the sample under study had enough knowledge and experience to implement projects in URA.

This finding reaffirms the importance of seniority and experience to take care of issues of effective leadership and management. Jassawalla & Sashittal (2002) supports this need by stating that leadership in an organization sets the direction and influence people to follow that direction which is done through initiatives including decision making, creativity and innovation, responsi-

bility and independence. All these are aspects of leadership that are required for effective budget performance.

#### 4.2.6 Respondents' role on DTMP

The respondents' role on the project was also considered essential in the analysis of this study because it indicates the linkage of different roles on the project which helps the alignment of activities of various individuals in the project and the reporting structure embedded therein. The presence of a multi skilled project team is a prerequisite for a successful project implementation. The results obtained are as summarized in the figure below.

**Table 4.5:** Role played on DTMP

<b>Roles played</b>	<b>Frequency</b>	<b>Percentage</b>
Project Manager	9	13.6
Team member	48	72.7
Budgeting officer	3	4.5
Team leader	2	3.0
Consultant	2	3.0
Procurement officer	2	3.0
<b>Total</b>	<b>66</b>	<b>100.0</b>

**Source:** Primary data

Results from table 4.5 above reveal that 72.7 percent (n=48) of the respondents were team members who comprised of officers as well as supervisors with a small number of managers whose main role was to ensure that subordinates performed duties that were expected of them. 13.6 percent (n=9) were project managers drawn from various fields of specialty meaning their defined roles were to oversee the management of the project. These were management professionals that steered the project to ultimate completion while ensuring proper budget performance. Regarding other roles played, 4.5 percent (n=3) of the respondents were budget officers who were responsible for planning and budgeting for the project. Other results obtained were 3 percent (n=2) each

that represented consultants, procurement officers and team leaders respectively. Their roles ranged from providing expertise advice, procuring required resources and for ensuring that the targets have been met by staff assigned specific responsibilities. The deployment of staff performing different roles based on their diverse skills and competencies is reaffirmed by Tindarwesire (2007) who established that budget performance is affected by internal and external factors which include; lack of management support and neglect of technical advice by administrators. All roles need to work in a complementary way in order to ensure that project objectives are achieved.

### **4.3 Analysis of the study objectives**

In this particular section of the report, the researcher focused on four objectives of the study. These included establishing whether planning, communication, leadership and procurement management are determinants of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.

#### **4.3.1 Planning and budget performance**

The first objective of the study was to establish whether planning is a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority. Below are the responses that were given by respondents.

**Table 4.6:** Summary of descriptive statistics on planning

Statements on Planning	Percentage Response (%)					Mean	Std Dev
	SA (5)	A (4)	UD (3)	D (2)	SD (1)		
In URA overall objectives are set by management which is also responsible for committing organization resources	63.6% (42)	31.8% (21)	4.5% (3)	0% (0)	0% (0)	<b>4.59</b>	<b>.581</b>
Overall objectives are used to derive project activities and cost estimates	31.8% (21)	48.5% (32)	12.1% (8)	4.5% (3)	3.0% (2)	<b>4.02</b>	<b>.953</b>
Staff on project teams are involved in preparation of budget estimates for project activities	18.2% (12)	50% (33)	7.6% (5)	19.7% (13)	4.5% (3)	<b>3.58</b>	<b>1.138</b>
Project staff are occasionally consulted by their supervisors while developing budget estimates	16.7% (11)	51.5% (34)	9.1% (6)	18.2% (12)	4.5% (3)	<b>3.58</b>	<b>1.110</b>
In URA budget estimates are prepared by a few coordinators and project staff are just consulted	16.7% (11)	27.3% (18)	21.2% (14)	21.2% (14)	13.6% (9)	<b>3.12</b>	<b>1.307</b>
The staff involved in the budget process for projects have the required skills	3.0% (2)	24.2% (16)	45.5% (30)	24.2% (16)	3.0% (2)	<b>3.00</b>	<b>.859</b>
Cost estimates are obtained from reliable market sources	27.3% (18)	31.8% (21)	25.7% (17)	7.6% (5)	7.6% (5)	<b>3.64</b>	<b>1.185</b>
The money allocated to projects from the URA budget is enough to carry out the set activities	3.0% (2)	4.5% (3)	31.8% (21)	43.9% (29)	16.7% (11)	<b>2.33</b>	<b>.917</b>
Money budgeted for the project is always available for spending	7.6% (5)	47.0% (31)	19.7% (13)	15.2% (10)	10.6% (7)	<b>3.26</b>	<b>1.141</b>
Inflation is catered for while preparing project budgets	3.0% (2)	33.3% (22)	27.3% (18)	16.7% (11)	19.7% (13)	<b>2.83</b>	<b>1.184</b>
URA has effective budget monitoring tools used for budget management	4.5% (3)	53.0% (35)	24.2% (16)	18.2% (12)	0% (0)	<b>3.44</b>	<b>.844</b>
The budget monitoring tools are used to ensure that expenses are coded and correctly posted to the right vote	24.2% (16)	43.9% (29)	21.2% (14)	10.6% (7)	0% (0)	<b>3.82</b>	<b>.927</b>
Supervisors seek for explanation from finance, if some expenditures are omitted	16.7% (11)	31.8% (21)	42.4% (28)	6.1% (4)	3.0% (2)	<b>3.53</b>	<b>.948</b>

**Source:** Primary Data

**KEY** SA(5)=Strongly Agree, A(4)=Agree, UD(3)=Undecided, D(2)=Disagree, SD(1)=Strongly Disagree

Please note that the standard deviation values below 1.00(<1) reveals communalities while that above 1.00 (>1) reveals divergences in responses. On the other hand the mean value above 3(>3.00) indicate that most respondents agreed while that below 3 (<3.00) reveals disagreement. The researcher grouped both “agreed” and “strongly agreed” to represent “agreed”, further “disagreed” and “strongly disagreed” were used to mean disagreed with undecided not grouped. Findings from table 4.6 above reveal that 94.3 percent respondents agreed that the overall objectives set by management are responsible for committing organization resources compared to 4.4 percent that neither agreed nor disagreed respectively. The results mean that management in the Board of Directors, Commissioner General and Members of senior management are effectively carrying out their role of designing, developing and implementing strategic plans to support the smooth running of Uganda Revenue Authority as a leading tax body in Uganda, in a cost-effective and time-efficient manner. This ensures that URA’s resource allocation mechanisms are in line with the management set objectives. This concurs with a comment made by one of the domestic taxes project management committee member who stressed that, “*Management decisions are determined by the powers, duties, and responsibilities delegated to it or conferred on it by an authority outside itself. These matters are typically detailed in the organization's policies*”. Samson (1997) confirms that leadership helps to provide direction, implement plans and motivate people in organizations while Jassawalla & Sashittal (2002) also agree that leaders in an organization set the direction and influence people to follow that direction.

Many of the respondents (79.3%) indicated positively that the overall objectives were used to derive project activities and cost estimates. This is line with the fact that projects at URA are developed as a strategy to enhance URAs ability to achieve its objectives in the set timeliness. On the other hand, 12.0 percent were undecided and 7.5 percent disagreed. When designing these objectives, management ensures that the budget allocations, company assets, and all other company resources, are aligned to make the best use of them and raise the organization's targets and profile. The findings, relate well with a statement put across by a budgeting officer that, “*Based*

*on the overall objectives, activities that need to be accomplished within a defined period of time or by a deadline are clearly highlighted, with their completion durations identified. All assignments on a specific task normally render the task completed”*

*“Staff on project teams are involved in preparation of budget estimates for project activities”* was another question posed to the respondents. Answers obtained include 68.2 percent (n=44) that agreed while 7.6 percent (n=5) were not sure and 24.2 percent (n=18) disagreed respectively. The results obtained above are an indicator that staff on project teams are involved in drawing draw budgets for specific projects areas, which in turn are incorporated into URA`s main budget. These budgets are allocated in line with planned activities that have been sequenced over the period. This exercise when handled well is likely to bring about positive results in meeting project targets and utilization among others. The finding is supported by what a consultant stressed that, *“it is mandatory that concerned staff on project teams fully participate in drawing budget plans of which budget estimates are ingredient.”* Another project member said, *“Underestimating workload during the planning phase could lead to delays because key staff were not involved in the planning process”*. Okumu (2006) could not agree more that staff participation in the preparation, implementation and monitoring affects budget management.

A percentage of 68.2 respondents agreed that they had been consulted by their supervisors while developing budget estimates, however 22.7 percent disagreed and 9.1 percent neither agreed nor disagreed respectively. This is attributed to the fact that trust between the superior and subordinate staff exists and is well exhibit through aspects like consulting one another whose implication is that smooth working enhances team work among staff of Uganda Revenue Authority. This is supported by a response from a team leader who elaborated that *“The nature of communication used by the supervisor significantly impacts the relationship between supervisor and subordinate and acts as a foundation to good working ethics by workers”*

As to whether budget estimates are prepared by a few coordinators and project staff are not consulted, 44 percent agreed, however a slightly more margin of 34.8 percent disagreed and 21.2 percent were undecided. The statistics are consistent with the previous question in that the group that disagreed meant that all concerned parties had been requested to avail their budget requirements. On the other hand those that agreed clearly indicated how they had been consulted about crucial areas in the budget. Further, this result presents a comforting response on effective participatory budgeting in the project. *“Since all URA staff undergo the appraisal exercise with their supervisors, their needs are assessed, documented and incorporated in the overall budget. This is a basis for reference during the time of developing annual the budget. There is no need to redo the entire process again, consultants prepare the budgets and project staff are just consults for any existing budget loops”*

Respondents further agreed (combined 27.2 %) that staff involved in the budgeting process for projects have the required skills with 30 percent being undecided and 27 percent disagreed meaning that respondents were still divided about the skill levels the staff in projects possessed as a requirement for managing project work. The indecisive and disagreed respondents reveal that there is need for further training in budget management. This also tallies with the qualitative response from a budgeting officer who stressed that, *“Project work is very unique and requires that persons with budget skills and experience come on board to support the varying tasks embedded in the project schedule.”* Another project team member said that, *“It may not be entirely a result of poor planning but rather it is more of a lack of knowledge of what is being planned for. For instance when planning for Software the team may not entirely know what to get out of the software but along the development, new things are discovered thus change in design.”*

On another positive note 59.1 percent of respondents agreed that cost estimates are obtained from reliable market sources in that due diligence is done by the project teams before costing any activity to be conducted while 15.2 percent disagreed but 25.7 percent were undecided. It is at-



tributed to the fact that the undecided had no idea of how the Uganda Revenue Authority obtained information on cost estimates and who exactly had been assigned this task. However much as this percentage disagreed, majority of the respondents agreed meaning that most estimates are based on reliable market sources which is a key determinant of expenditure realized in comparison with the budget. The findings are supported by information that was availed by one of the budget officers who commented that, *“URA is always in touch with our partners in Uganda stock exchange, Bank of Uganda, Uganda Investment Authority and National Bureau of Statistics among others. These provide us with a lot of price and cost related statistics”*

Regarding the issue of there being enough money from the URA budget allocated to projects to carry out the set activities, a paltry 7.5 percent (n=5) were in agreement with this view which confirms the fact that most of the projects undertaken by URA are externally funded and cannot thus be funded using the limited resources the tax body receives from Government. A portion of 31.8 percent neither agreed nor disagreed to the said question, while 60.6 percent disagreed to the question. This could be attributed to the fact that some project components with high priority are singled out by management and fully catered for under the URA budget. This is intended to ensure that key targets are achieved within the period. Also some development partners fully funded some project components and restricted the funding utilization on them. One consultant had this for a take, *“Resources to fund any project are available yet there are instances where demand from other urgent projects invades on this existing fund creating a deficit which in return cannot fund the project.”*

Contrary to the views reflected in the statement above, 55.3 percent agreed, while 31.8 percent were indecisive and 25.8 percent disagreed respectively to the statement that that money budgeted for was always available for spending meaning that during budgeting, key activities are documented and resources allocated to these tasks linked to given quarters. On the other hand, the undecided and responses confirm the reasons in the modernization project report for the year

ending June 2010 that there were a number of instances where disbursement of donor funds was delayed. Further, budgets are subject to price changes implying that when prices increase, the allocated funds available will not be enough to meet the cost requirements. One responding Consultant stated that *“In order to support on-going day to day operations and support of URA in its goal to ensure that target revenue collection for the Government is reached, strict measures pertaining to an existing budget must be adhered to where resources are allocated to key planned activities.”*

Respondents were tasked to give their views on whether inflation is catered for while preparing project budgets, 36.3 percent agreed which is rather not comforting enough but this can be attributed to the fact that Government provides budget ceiling every year in line with the projected resource envelop and hence adequate provision for inflation may not be made of the respondents confessed that they were undecided. The varied responses on this matter is an indication that predicting inflation is a very difficult task. This is worsened when there are adverse macro-economic conditions that are external to the country and therefore cannot be estimated in advance. However, as mitigation budget are modified in cases of inflation to account for shortfall. Typically some of the corrections include transferring funds one vote allocation to another or from the organization's surplus. Further, this can be explained by the fact that deliverables of IT related projects tend to be different from the products available on the market. This is because the products are later customized to meet specific objectives and the cost of customization is usually difficult to estimate in advance. This result can be supported by a consultant who argued that, *“Budgetary re-allocations are made when inflation strikes the economy; otherwise meeting targets might fail without sanctioning a change”*

Another member of the management committee observed that, *“The capital budgeting results would be unrealistic if the impact of inflation is not correctly factored in the analysis. In prac-*

*tice, Inflation influences two aspects: Cash flows and discount rate which may in the long run affect the entire budgeting process”.*

A consultant on the other hand lamented that, *“Inflation raises important questions of proper measurement; it appears to be potential sources of error in measurement by management which affects the corporate decisions. Managers are aware that inflation does exist, but they rarely relate it in their calculation of the capital budgeting techniques which can result into a financial night mare and should be watched out”.*

Of the respondents who answered the questionnaire, 57.5 percent agreed that URA has effective budget monitoring tools used for budget management. A percentage of 24.2 were undecided while 18.2 percent disagreed respectively. The large positive response confirm that URAs accounting system supported by skilled staff and structure is effective in ensuring that funds budgeted are monitored and utilized in accordance with set activities. In fact the project is managed by trained budget officers and is linked to the central URA budgetary framework. This implies that the organization takes keen interest in the performance of disbursed funds to projects, and a likely positive effect on project monitoring. This links well with a theme put across by one budget officer who said that, *“URA has a range of monitoring tools in use today; these support the collections of taxes from both internal and external sources”.*

One responding official said, *“The main purpose of budget monitoring in public services is to ensure that total income and expenditure planned at the budget stage is adhered to as far as possible during the budget period. The emphasis is on staying within planned expenditure because most public service organizations’ are working with a fixed level of resource provided by government. This is where URA has keen interest”.*

Views were collected about the statement that, *“budget monitoring tools to ensure expenses are coded and correctly posted to the right vote”.* Responses obtained after analysis included: 68.1 percent (n=45) followed by 21.2 percent that neither agreed nor disagreed to the statement and

10.6 percent (n=7) that disagreed respectively. Monthly and quarterly project meetings are held to partly assess financial status and areas that lack adequate funding. URA uses budgetary monitoring tools as a continuous process of collecting data about disbursements and its performance measures. Its result-oriented budget process uses monitoring as a tool to track program implementation and disclosure of deviations between planned and current performance measures. Therefore, monitoring focuses on current and potential problems in program implementation and stimulates development of activities to correct the situation if needed. This also impacts positively on performance of project funds and that of the overall tax body. This is in line with a budget officer`s comment that, *“URA, uses monitoring tools to ensure that resources are allocated to specific activities upon which they were allocated, eliminating chances of misallocating such resources”*.

Another said that *“URA finance division follows a certain system of coding while dealing with any financial related aspects within its reach. These are classified according to the income and expenditure activities embedded in its final budget and based on this are able to allocate funds needed by the user departments”*.

On whether the supervisors sought for explanation from finance if some expenditures are not included or do not tally, 48.5 percent (n=32) percent agreed; 9.1 percent (n=6) percent disagreed, while 42.4 percent (n=28) of the respondents were undecided. The undecided were a large number which indicates that they were not in the know of this activity. On the other hand those that agreed highlighted the fact that they had been contacted by the supervisors where some expenditures do not tally. Supervisors ensure that funds are properly accounted for to minimize variances from budget allocations. This coincides with a Task leader`s comment who explained that, *“This is a standing rule that URA management is availed with such reports about the financial status of project funds, this helps to find remedies to problems that may crop up”*.

Another respondent said that *“The finance division`s core role involves coordinating the preparation of URA`s annual budget and then monitors the expenditures. At this point the division re-*

views financial policies for URA, provides advice related to multi-year expenditure plans and recommends allocations of financial resources. This is why it's crucial that the division is consulted".

#### 4.3.2 Leadership and budget performance

The second objective of the study was to establish whether leadership is a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.

**Table 4.7:** Descriptive statistics on the leadership

Statements on Leadership	Percentage Response (%)					Mean	Std Dev
	SA (5)	A (4)	UD (3)	D (2)	SD (1)		
There is a clear direction set by management on the expectations from projects	30% (20)	60% (40)	5% (3)	5% (3)	0% (0)	<b>4.17</b>	<b>.714</b>
Any change in project scope is approved by top management	48% (32)	36% (24)	8% (5)	8% (5)	0% (0)	<b>4.26</b>	<b>.900</b>
Members of top management are available to support project work	30% (20)	47% (31)	14% (9)	6% (4)	3% (2)	<b>3.94</b>	<b>.982</b>
Project staff are involved in decision making	18% (12)	69% (46)	0% (0)	8% (5)	5% (3)	<b>3.88</b>	<b>.944</b>
Top management in URA participate in project implementation to influence staff to adopt changes being brought about by projects	25% (17)	56% (37)	14% (9)	2% (1)	3% (2)	<b>4.00</b>	<b>.859</b>

**Source:** Primary Data

**KEY SA(5)=Strongly Agree, A(4)=Agree, UD(3)=Undecided, D(2)=Disagree, SD(1)=Strongly Disagree**

Please note that the standard deviation values below 1 (<1) reveals communalities while that above 1 (>1) reveals divergences in responses. On the other hand the mean value above 3 (>3.00) indicate that most respondents agreed while that below 3 (<3.00) reveals disagreement.

Regarding the question whether there is a clear direction set by management on the expectations from projects, 90 percent agreed to the statement while 5 percent were undecided and 5 percent

disagreed out rightly. Top-level managers are responsible for controlling and overseeing the entire URA's budget. They do not direct the day-to-day activities of the project but develop goals, strategic plans, policies, and make decisions on the direction of the business of which projects are incorporated. This forms a basis or foundation for better budget performance, a key ingredient needed for the provision of delivery of quality services to the customers who seek for them. In an interview, one consultant stressed that, *"It is in the interest of URA management that all projects meet their expectation and targets! This is priority number one"*. *"Those with oversight roles for projects should achieve, at the planning stage, a clear definition of the project business outcomes and an appropriate assurance on project feasibility. This sets the foundation for successful implementation"* said another Project management expert. The URA Project Status Report (2008), which was reviewed by the researcher clearly highlights the hierarchy and varying roles that were performed by the different project implementation team members. At the top level the project was led by the DTMP project manager overseeing the project performance, followed by task leaders and team leaders among others; however despite the clear structural layout of the project teams, delays were encountered during the project implementation and were as a result of the late formation of the teams and the time required for them to acquire the necessary project implementation skills. The pace was picked up when the teams developed an understanding of the methods and procedures involved.

On whether approval of any change in projects scope is done by top management, a majority 84 percent (n=56) agreed against 8 percent (n=5) each who were undecided and disagreed. This large response confirms the fact that is the mandate of top management to approve project resources and therefore any change in project scope must be referred to management for approval and budget allocation. The findings can be supported by a responding official who said that, *"There are well set project rules and regulations in place for concerned staff to follow and abide to. It's upon such basis that proper channels, changes in project scope can be controlled and looked upon critically for the expected yielding of project results"*. In one of the Project report to

the URA board reviewed, it was noted that over time, additional objectives and project scope were added to the original set of objectives that had been highlighted. This was primarily due to the growing realization that an enterprise-wide application of the best practices incorporated within etax came with significant benefits. URA also sought to capitalize on the capabilities of Tata Consultancy Services Limited, the implementing firm, as well as the pool of knowledge that URA had acquired during the system implementation. More, there was little evidence of conflicting objectives in setting project scope by the top management and in which case management had to always come on board in case of variations in the earlier stand point of the project. There was some evidence of aggressive targets being imposed by senior management but, generally, they seemed to set realistic, but challenging targets. In a related event, a procurement officer observed that, *“Project scope, a part of project planning, is a strategic issue handled by management that involves determining and documenting a list of specific goals, deliverables, costs and deadlines, and any alteration made on such scope is handled by management”*. In another project report reviewed, it was noted that the project had experienced a significant amount of slippage on the originally anticipated timelines. Initial estimates had the implementation process running given periods with the delays resulting from the estimates which indicated the rollout being completed much earlier than later. The more significant reasons for this change were changes in scope which had added un-anticipated workload resulting in, the first project of its kind in URA; original time estimates were at best calculated guesses. Benchmarked organizations with previous Integrated Tax System installations provided some indication of time and cost, but the URA scope was much wider than that encountered in any of the countries visited. The impact of online transactions, for example, could not be anticipated; Government procurement procedures were, at best, unpredictable whereas attempts were made to continue various aspects of the project among others.

Regarding the question whether the members in top management are available to support project work, 77 percent (n=51) of respondents agreed while only 9 percent (n= 6) disagreed and another

14 percent (n=9) were not sure. This revelation brings out the fact that a key link between the top management and the project teams exists at URA. The management team is availed with progress reports, arrange meeting, and supervises the project teams among others to ensure that the resources budgeted for and allocated to key activities are being used in an effective way to achieve results. Regular weekly and monthly meetings held are evidence of this close involvement of management in guiding and directing project activities towards success. Further, the top management team "owns" the project and has the ultimate responsibility for seeing that the intended benefits are realized to create the value forecast in the business case. From a qualitative perspective, a team member said, *“Top management through its members avails its self for overall project accountability, ensures that the project delivers the agreed business benefits and plays a vital leadership role through supervision”*. Further, the 2007 FAD mission noted that the URA would improve its position when seeking additional government financial support if management strengthened its ability to quantify the benefits it expected to realize from its reform initiatives and its measurement of the resultant outcomes. This fully reveals the practical involvement of top management in ensuring that leadership, communication, planning and funding among others are set by URA top management.

Further, as to whether project staff are involved in decision making, 78.8 percent when in agreement which indicates collective responsibility as regards project execution, a further 10.6 percent were in disagreement just as it was for those who disagreed. On this note a combined 81 percent of the respondents agreed that top management in URA participate in project implementation to influence staff to adopt changes being brought about by projects. What is further comforting is that only 5 percent disagreed with this view while 14 percent of the respondents were undecided. Regular communication by URA top management was an enabler towards ownership of the changes by staff and other stakeholders meaning that participative management is encouraged in URA. This decision increases commitment to the organizations' success. This means that subordinates actually play a significant part in decision making with their immediate



superiors. On the other hand, there are also situations in which participative management, saying can be time wasting and counterproductive especially when both parties disagree with one another. It can reduce people's effectiveness and job satisfaction. One DTMP Committee member said, "*Participation is effective if done in the right conditions and with right implications. This is an effective tool because when subordinates take part in the decision making process, they are more motivated to implement the decisions, as it becomes their own*". In one of the URA DTMP Project status report of 2009, the researcher came to understand that most stakeholders were brought on board to support in the closing up of any gaps that would have been unforeseen during information elicitation; this is one of the strengths of the URA management that it allows its staff and stakeholders to provide ideas, suggestions and criticisms that have helped reduce implementation challenges. However, on a disappointing note indicated in one of the project issue management reports, the skilled project staff were identified by external stakeholder institutions leading to the loss of project staff to through resignation and these moved with their skills, competences and expertise that were required to support the project.

### 4.3.2 Communication and budget performance

The third objective of the study was to establish whether communication is a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.

**Table 4.8:** Descriptive statistics on communication

Statements on Communication	Percentage Response (%)					Mean	Std Dev
	SA (5)	A (4)	UD (3)	D (2)	SD (1)		
Project staff regularly collaborate across sister departments on project activities	21% (14)	57% (38)	11% (7)	8% (5)	3% (2)	<b>3.86</b>	<b>.943</b>
Information on project implementation is widely disseminated to stakeholders	47% (31)	35% (23)	6% (4)	9% (6)	3% (2)	<b>4.14</b>	<b>1.080</b>
There is regular engagement between project staff and top management	33% (22)	42% (28)	11% (7)	14% (9)	0% (0)	<b>3.95</b>	<b>.999</b>
There is regular engagement between project staff and external stakeholders	32% (21)	51% (34)	5% (3)	12% (8)	0% (0)	<b>4.03</b>	<b>.928</b>
Work expectations are clear to project staff	22% (15)	58% (38)	11% (7)	9% (6)	0% (0)	<b>3.94</b>	<b>.839</b>

**Source:** Primary Data

**KEY:** SA(5)=Strongly Agree, A(4)=Agree, UD(3)=Undecided, D(2)=Disagree, SD(1)=Strongly Disagree

Please note that the standard deviation values below 1 (<1) reveals communalities while that above 1 (>1) reveals divergences in responses. On the other hand the mean value above 3 (>3.00) indicate that most respondents agreed while that below 3 (<3.00) reveals disagreement.

Communication was another key important aspect in the study as far as determinants of budget performance is concerned. From table 4.8 above, it can be observed that 78 percent (n=52) of the respondents agreed that project staff regularly collaborate across sister departments on projects. This means that visits are paid to such departments, workshops are organized to create awareness, meetings are fixed among others, which creates synergies among staff as they are openly

consulted about varying issues. This assertion strengthens the issue of team work which is one of the core values of URA in order to foster excellence in every aspect of work being done. This is supported by a statement from one official who argued that, *“As collaboration within and among organizations becomes increasingly important, companies must improve their management of the networks where it typically occurs”*. Another respondent said that *“at the end of each financial year, URA is mandated to come up with an appropriate national budget to support and finance the country. The budget is drawn by obtaining inputs from the varying departments with numerous activities each planned and integrated as a whole”*. And another said that *“Information inflow in any organization creates a basis for proper communication. This is crucial in instances where it’s fully shared among members of varying departments in URA”*.

The study also found out that the majority (82 percent, n=54) agreed that information on project implementation is widely disseminated to stakeholders compared to 12 percent (n=8) that disagreed and 6 percent (n=4) that neither agreed nor disagreed respectively meaning that communication takes place through the formal channels of the URA structure along the lines of authority established by the management. Such communications are generally in writing and may take any of the forms; policy manuals; procedures manuals; memoranda; official meetings; reports among others which is a very important element as far as change management is concerned which is a very vital tool if changes are to be effectively implemented. It’s implication on budgetary performance is that it creates the much needed awareness among internal staff on why management decided to allocated funds to projects and reveals the status of project as to whether the anticipated benefits are being realized or not. This links to a statement made by a Project task leader who asserted that *“Creating awareness is crucial for the smooth running of a project. It is unprofessional to keep staff in the dark”*. Kerzner (2000) states that budgets are an important communication vehicle in the organization and Reid (2005) further stressed that budget performance reports ought to be sent to staff periodically because good budget management begins with effective communication.

In one of the related interviews held, one responding interviewee said “*Participatory Project implementation is encouraged fully at URA, good ideas are exchanged and eventually good plans are implemented with vast information available for consumption to authorized persons within URA*”. For managers to effectively plan, implement and own up department plans, their involvement in planning is crucial. This facilitates the implementation of planned activities and consequently positively influences budget performance.

Another interviewee stressed by saying that “*I think that information sharing in URA has positively enhanced participatory mechanisms to ensure that the stakeholders are involved in all program activities that promote Project survival, for example the project staffs are involved in dialogue meetings where they advocate for their right to information on budget allocation and utilisation*”.

Also important to note is that 14 percent disagreed while 11 percent remained undecided. In the same vein 75 percent of the respondents agreed that there are regular engagements between project staff and top management. Similarly, 85 percent of the respondents agreed that there is regular engagement between project staff and external stakeholders. These revelations highlight the fact that project staff formally avail management with project status reports, hold meetings and discuss key issues about the project status among others. This keeps them in the know as they are frequently updated given they are the project financiers. On the other hand, external stakeholders such as Ministry of Finance, Development Partners and other government agencies relate with the project to ensure that the project encompasses a variety of aspects which requires indulgence of external clients. A respondent stressed that “*Project success calls for both internal and external engagements. Concerned stakeholders have to engage with the project when it starts and maintain that context throughout its life cycle. This requires more than ensuring that the project maintains its scope, schedule, and budget; projects must deliver value, not forgetting the levels of engagement*”.

Another official interviewed said that *“We involve all parties (stakeholders) in program implementation; for example they are involved in proposing more effective ways of mobilizing and realizing revenue targets. Many times stakeholders have also been involved through timely meetings sharing ideas and ensuring that such constructive ideas are put into practice”*. In one of the documents reviewed, it was found out that internal staff were responsible for ensuring that set targets were fully met while external stakeholders provided and defended such reports in the presence of donors.

When asked whether work expectations are clear to all project staff, 80 percent (n=53) respondents agreed that they were clearly highlighted at recruitment and formally documented in their appointment letters. Further, the expectations were well laid out in performance agreements upon which each and every individual had to accomplish. This is a very helpful initiative as it enables each and every staff to have a clear focus of what the project is aiming at achieving. Rather surprising was that 9 percent (n=6) of the respondents who disagreed while another 11 percent (n=7) neither agreed nor disagreed to the statement. This could be explained by the fact that sometimes expectations planned may be affected by change in scope and staff are redeployed to perform other tasks together. The majority response, is in line with what one of the budget officers said that *“We appraise and rank employee performance based on the actual outcomes met; we always have planned targets and match them to the actual targets, from this we judge and document how they have performed during the course of the financial year”*

Another interviewee said, *“Most of the staff try to beat the deadline, this is especially when the top management demands, speed is exhibited, provision of timely reports done; however a few staff delay despite ensuring the fact that they should perform as per schedule”*.

### 4.3.3 Procurement management and budget performance

Objective three of the study was to establish whether procurement management was a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.

**Table 4.9:** Descriptive statistics on procurement management

Statements on procurement management	Percentage Response (%)					Mean	Std Dev
	SA (5)	A (4)	UD (3)	D (2)	SD (1)		
The procurement plan is prepared and approved on time	35% (23)	0% (0)	44% (29)	17% (11)	4.0% (3)	<b>3.09</b>	<b>.836</b>
The procurement unit is consulted to provide input on the budget estimates and costs of the various project items	8% (5)	30% (20)	38% (25)	24% (16)	0% (0)	<b>3.21</b>	<b>.903</b>
Staff managing project procurements have been equipped with procurement skills	3.0% (2)	33% (22)	23% (15)	32% (21)	9% (6)	<b>2.98</b>	<b>1.069</b>
Procurements are initiated after funds have been committed in the budget	21% (14)	61% (40)	14% (9)	0% (0)	4% (3)	<b>3.94</b>	<b>.875</b>
The procurement plan is based on user requirements that have been specified	30% (20)	50% (33)	18.0% (12)	1% (1)	0% (0)	<b>4.09</b>	<b>.739</b>
Procurement staff are involved in the planning process of projects	6% (4)	21% (14)	35% (23)	32% (21)	6% (4)	<b>2.89</b>	<b>1.010</b>
The public is involved in the procurement process	32% (21)	33% (22)	29% (19)	6% (4)	0% (0)	<b>3.91</b>	<b>.924</b>
The evaluation criteria is open and shared with bidders	41% (27)	42% (28)	17% (11)	0% (0)	0% (0)	<b>4.24</b>	<b>.725</b>
Recommendations from the evaluation committee are often returned by the contracts committee for review	21% (14)	39% (26)	30% (20)	9% (6)	0% (0)	<b>3.73</b>	<b>.904</b>
Contracts are awarded to the best evaluated bidder	31% (21)	58% (38)	11% (7)	0% (0)	0% (0)	<b>4.21</b>	<b>.621</b>
Award of contract is communicated to both successful and unsuccessful bidders	26% (17)	36% (24)	33% (22)	4% (3)	0% (0)	<b>3.83</b>	<b>.870</b>
Contracts are completed within the originally approved contract price, quality and time	26% (17)	23% (15)	0% (0)	46% (30)	6% (4)	<b>2.68</b>	<b>.931</b>
Payment of suppliers is done promptly on delivery	8% (5)	42% (28)	35% (23)	14% (9)	1% (1)	<b>3.41</b>	<b>.877</b>
Procedure exist for modifying or terminating the contract	26% (17)	59% (39)	15% (10)	0% (0)	0% (0)	<b>4.10</b>	<b>.635</b>

Source: Primary Data

KEY SA(5)=Strongly Agree, A(4)=Agree, UD(3)=Undecided, D(2)=Disagree, SD(1)=Strongly Disagree

Please note that the standard deviation values below 1 (<1) reveals communalities while that above 1 (>1) reveals divergences in responses. On the other hand the mean value above 3 (>3.00) indicates that most respondents agreed while that below 3 (<3.00) reveals disagreement.

The findings in table 4.9 above indicate that only 35 percent agreed that the procurement plan is prepared and approved on time against 21 percent who disagreed. A further 44 percent were undecided. The positive responses mean that early preparations in identifying what should be purchased in terms of goods and services are done to avoid last minute rushes, among others. The large percentage of disagreed and undecided could imply that some procurements are not necessarily drawn from the procurement plan. A response from an interviewee affirms this that, “*Sometimes, it may be that the procurement plan is communicated after the stated timeline; and the estimated duration for procurement of respective goods and services is either not known or stated*”. This peers well with information obtained that indicated that procurement under this project critically delayed. One specific procurement of the E-tax servers took up to eight months because one component (a power load balancer) had not been anticipated and came in as an addendum to the procurement. Thai (2004) brings this out clearly that procurement planning should occur in advance across functional units and activities to encompass the estimation of budget resources, anticipated behavior and requirements determined.

Another responding official said, “*Good procurement practice call for earlier preparation bearing in mind the systematic steps involved*”. An extract from the URA DTMP Procurement plan 2010 further shows that due to the late approval of procurement plans, amendments in the procurement documentation were made across varying types of procurements. This included; IT hardware, press/media, DMS stationery, promotion material, consultants & experts, communication, change & stakeholder management activities and project management activities among others.

On whether the procurement unit is consulted to provide input on budget estimates and costs of the various project items, 38 percent agreed, 24 percent disagreed and 38 percent were undecided. This response indicates that users are not adequately taking advantage of the information and knowledge available at the procurement unit 38 percent of the time with regards to product specifications and market prices. The disagreed and undecided responses could be due to the fact that there is no prior information on specification and market prices of many IT goods and services. IT goods and services have a very short product life cycle (18 months) which renders previous specifications and prices misleading.

Respondents agreed at 36.0 percent (n=24) while 41 percent (n=27) disagreed over the project's staff managing procurement being equipped with procurement skills and 23 percent (n=15) were undecided. This is rather disheartening as it may affect the smooth functioning of the entire procurement process due to having very few procurement experts which may affect effective budget performance and ultimately project execution. This matches with a phrase obtained from an interviewee who said that *"Lack of planning and insufficient lead time leads to delays in project implementation and higher prices in the procurement process. There is need for early involvement of procurement officers in Project planning."*

Procurement planning is a critical part of the procurement process responsible for acquiring works, services and supplies that are required to meet organizational needs in an efficient, cost effective and timely manner in accordance with established procedures (Balunywa, 2009). In the public sector, procurement planning is the responsibility of team of officials of the procuring entity with support from key stakeholders, thus representatives from only active departments in the organization. These departments develop procurement needs reached at through an elaborate consultative process with the beneficiaries.

Further, 5 percent of the respondents disagreed that procurements for projects in URA are initiated after funds have been committed in the budget while an overwhelming 82 percent were in to-



tal agreement. This is a true reflection of the URA policy as far as budgeting is concerned because it advocates for activity based budgeting. Only 14 percent were undecided. Similarly, 80 percent (n=53) agreed, a paltry 1 percent (n=1) disagreed and 18 percent (n=2) to whether the procurement plan is based on user requirements that have been specified. The results mean that one of the key attributes of project staff is to develop user requirements as it is a critical determinant by the content of project plans which include a design phase for developing user requirements. This can be supplemented by a statement made by a responding official that, *“After the decision has been made to purchase goods or outsource services, the procurement team develops a plan that includes numerous courses of action”*

Another official further said, *“Procurement permits the creation of a procurement strategy for procuring each requirement that will be included in the procurement plan. Such strategy includes a market survey and determining the applicable procurement method given the requirement and the circumstances”*. *“From the number of requirements on the procurement plan, the procuring entity can determine beforehand any need for additional staffing, including external assistance for the purpose of completing all procurement requirements listed on the procurement plan”*, another respondent said.

On whether project staff are involved in the procurement process 71.3 percent of respondents agreed while 16.6 percent disagreed and 12.1 percent were undecided. The revelations are attributed to the fact that project staff are involved in one way or the other in one or more of the procurement steps. In fact most project staff are involved at the stage of developing user requirements. This concurs with a statement made by one official that, *“Project staff are involved in identifying and planning procurement activities; proposing procurement plan for their projects; approval of procurement requests, within the limits of approved budgets; proposing amendments to existing contracts, and where necessary assisting in technical negotiations.”*

Another official said, *“The technical staff support in drafting specifications and Terms of Reference; suggesting sources for delivery; helping with the evaluation of bids; checking and endors-*

*ing/correcting invoices against signed contracts and progress of works/delivery” and further that “Procurement staff are involved in the processing valid procurement requests, checking specifications and Terms of Reference for completeness and plausibility, maintaining procurement files up to date, drafting tender documents, collaborating with technical, legal, and finance services; assisting in bid openings/evaluations, preparing award decisions, providing advice on rules and procedures; creating financial commitments according to valid contracts”*

The disagreed and undecided respondents can be attributed to system users, consultant and secondary team members (Subject matter experts who were part of the sample but were short term and did not participate in all project activities. Similarly, 65 percent n=43 agreed, 29 percent (n=29) were undecided and only 6 percent (n=4) disagreed to the statement that the public is involved in the procurement process. This was due to the fact that it is a requirement under the procurement law that the public must be made aware of procurement in public sector institutions. This is done when tenders are advertised openly requesting for bids, bids are opened in the presence of the public, evaluation criteria is publicised and successful bidders are publicised. The 29 percent undecided is attributed to members mentioned above who were short term on the project and did not participate in the procurement process

Other findings reveal that many of the respondents 83 percent (n=55) agreed that the evaluation criteria is open and share with bidders compared to 17 percent that neither agreed nor disagreed to the statement respectively meaning that in URA, evaluation of bids is done in a transparent way allowing bidders to know the evaluation criteria in advance. One respondent observed that *“Procurement has pushed hard to attract brighter and better staff. A genuine understanding of and concern for clients’ ambitions and goals is needed: Procurement needs to be benevolent as well as capable in the way it works with clients”*. Another respondent reflected that *“We in URA observe what is evaluated in the prequalification or contractor questionnaire (technical, financial and economic capability of the organization to deliver the contract);the tender: the pro-*

*posals and the price for delivery of the contract; Presentations or site visits may also be required to help the evaluation team make their decision and the panel may also evaluate whether or not the tender has been submitted and presented in the correct way and that the tendering instructions have been complied with, this is common here”.*

On the aspect of contracting, a combined 60.6 percent of the respondents agreed that recommendations from the evaluation committee are often returned by the contracts committee for review, but, on the other hand, 9.1 percent of the respondents disagreed with the aforementioned view but a valuable 30.3 percent were rather undecided. Return of the evaluation reports by contracts committee is an indication of inadequacies at evaluation stage. This means that more subject matter experts are needed on the evaluation committee to ensure that bids evaluation is done well. However, the contracts committee plays a major quality assurance role that ensures that the evaluation process effectively identifies the best evaluated bidders and that URA will achieve the best value on cost, quality and timeliness. This relates well with a statement from an interviewee who said that *“Procurement process is one contributor to project delays but there are other causes of delays such as having a less productive team on board.”*

On whether contracts are awarded to the best evaluated bidder, an overwhelming majority (89 percent) agreed with this notion which is a testament of the earlier findings as regarding conforming to the procurement regulations is concerned. What is also very comforting is that none of the interviewed respondents disagreed but rather only 11 percent were undecided. This result is in accordance with Monezea (1989), who argued that principled public procurement entities present the Best Evaluated Bidders (BEB) and award to them tenders. Although the BEB is not necessarily the lowest offer, the best bidders should present combinations of highest quality, appropriate delivery period, required quantity, longest guarantee and other competitive advantages. This tallies with a statement made by an ICT Expert that, *“There is need to develop clear evaluation criteria aligned with project needs in order to avoid selecting inappropriate suppliers”.*

Another official said, *“The call for tenders’ procedure is used by URA procurement unit to ensure that the selection process returns most economically advantageous bidder.*

Additional findings from the table 4.9 as to whether contracts are completed within the originally approved contracts price, quality and time indicated 49 percent (n=32) in agreement, 52 percent (n=34) disagreement, this means that inattention to the appropriateness of method and procedures and processes can increase process costs thus leading to project float which negatively impacts budget performance. This may also be based on the fact that some stages in the procurement process are often ignored. According to Chandra and Kumar, such anomalies attract quality costs. For example if consultations are inadequate, a flawed contract selection exercise is likely, leading to faults in advertising and so on. By the time delivery is affected, the product quality is already affected and a cost incurred, thereby impeding budget performance. Other costs could then follow in the form of litigation or reorder. In the face of such costs, the procurement process may be rendered ineffective. One interviewee said that, *“procurement procedures are too long and sometimes not properly understood. If proper planning is not done to cater for timelines stipulated in the procurement regulations and laws, the project may not meet the set timelines”.*

Another respondent commented that, *“Not surprisingly, managers are disinclined to accept support from procurement if their operating budget is reduced as a consequence”.* And yet another official stated that *“given the delay in procurement of IT systems, it necessitates change in specifications even as the implementation is in progress which certainly increases the costs, timelines of the original deliverables”.*

On prompt payment of suppliers, half (50 percent) of the respondents reported in affirmation that payment of suppliers is done promptly on delivery of services, however; fourteen percent disagreed while one percent strongly disagreed and thirty five percent were undecided. This view can be premised on the fact that it may sometimes be impossible to aptly make payments in tandem with delivery of services due to the bureaucracies in budgetary and ultimately funds approval in public institutions. These study results agree with Crosby’s view that service quality can be re-

ceived by the provider but not the customer. In terms of convenience and promptness therefore URA needs to review the payment process in order to improve this part of procurement. Its implication on budget performance is that funds remain unutilized which results into poor absorption of funds. This corresponds with what one of the procurement officers said that, *“The procurement process needs to be less bureaucratic”*.

One respondent said, *“Prompt payment is critical to the cash flow of every business, and especially to smaller businesses within the supply chain. But it is not just the timeliness of payment, though fast payment is always welcome, but rather the certainty of getting paid that is really important, and enables businesses to plan both for their short and longer term futures”*

Another respondent said, *“Certainty on payment inspires confidence across the supply chain - confidence that stimulates investment and growth. This confidence is good for both suppliers and customers.”*

On whether procedures exist for modifying or terminating the contract; 85 percent of the respondents agreed that the procedures exist. None of the respondents gave a divergent view however 15.2 percent remained undecided, meaning that most respondents were knowledgeable with the content in the contracts which is an indicator that facts were laid in the contract especially the procedure for modification or termination. However, changes in the original contracts directly affect budget performance. Modification of contracts usually means more funding required which will show fewer funds budgeted than is required. On the other hand, termination of contract may lead to legal battles which involve costs in paying lawyers among others. This has a negative impact on the budget as such unrealized costs are met by URA hence affecting its budget performance.

#### 4.5 Budget Performance

This is usually measured as the variance between budgeted/planned and actual expenditure. This section shows responses as were availed by respondents during the study about the status of the budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority. For the summary of results see table 4.10

**Table 4.10:** Descriptive statistics on budget performance

Statements on budget performance	Percentage Response (%)					Mean	Std Dev
	SA (5)	A (4)	UD (3)	D (2)	SD (1)		
The difference between budgeted and actual expenditure is a good measure of budget performance	14% (9)	73% (48)	6% (4)	6% (4)	1% (1)	<b>3.91</b>	<b>.759</b>
The project budget in URA is often over utilized	14% (9)	39% (26)	35% (23)	12% (8)	0% (0)	<b>3.55</b>	<b>.880</b>
The project budget in URA is often underutilized	3% (2)	6% (4)	46% (30)	32% (21)	14% (9)	<b>2.53</b>	<b>.915</b>
Staff are required to provide reasons where project funds are over utilized	12% (8)	52% (34)	26% (17)	8% (5)	2% (2)	<b>3.62</b>	<b>.907</b>
Project budgets are approved when there is adequate funding for activities	9% (6)	58% (38)	18% (12)	15% (10)	0% (0)	<b>3.61</b>	<b>.857</b>
Budget reallocations are usually done to ensure that project activities are on track	18% (12)	64% (42)	11% (7)	8% (5)	0% (0)	<b>3.92</b>	<b>.771</b>
Budget performance is one of the performance objectives and staff strive to meet this objective	9% (6)	39% (26)	39% (26)	13% (8)	0% (0)	<b>3.45</b>	<b>.826</b>

Source: Primary Data

KEY SA(5)=Strongly Agree, A(4)=Agree, UD(3)=Undecided, D(2)=Disagree, SD(1)=Strongly Disagree

Please note that the standard deviation values below 1 (<1) reveals communalities while that above 1 (>1) reveals divergences in responses. On the other hand the mean value above 3 (>3.00) indicate that most respondents agreed while that below 3 (<3.00) reveals disagreement.

Analyzing the aspect of budget performance in URA projects; on whether the difference between budgeted and actual expenditure is a good measure of budget performance, it was observed that 87 percent (n=57) respondents agreed to the statement, 6.0 percent (n=4) were undecided and 7 percent (n=5) disagreed. Similarly, 53 percent of the respondents agreed, 12 percent disagreed while 35 percent were undecided on the statement that project budget in URA is often over utilized and 9 percent (n=6) of the respondents agreed that the project budget in URA is often underutilized, with more 46 percent (n=30) both in disagreement and undecided each respectively. In addition, 63.6 percent of the respondents agreed that staffs are required to provide reasons where project funds are over utilized. This combination of results means that comparing URA's budgeted and actual expenditure helps to improve the project staffs' ability to predict future costs accurately and this concurs with the study by Tindarwesire (2007) that budget performance is measured in terms of funds received, actual expenditure realized and the resultant variances. Further, budget allocations are made to specific votes under departments and projects. When specific voters are over utilized, requests are made to reallocate funds from other votes in order to keep critical activities on track. URA is allocated a fixed budget by Government and it is not possible to spend beyond the annual budget ceiling. In this case there is need to reduce budgetary allocations in order for expenditures not to exceed the budget ceiling. However, this then means that other planned activities will not be implemented. The implication is that the Tax body's budget performance may not be affected but individual vote performance would be adversely affected. Further, as explained by the earlier findings in this study where it was ascertained that more staff agreed that there are monitoring and evaluation mechanisms in the process of the budget design under which all these anomalies and variances can be explained in case they occur. In one scenario, an interviewee while responding on the above anomalies and variances

said, *“Such a trend would inevitably impede the progress of planned activities and delay the timely delivery of services to intended beneficiaries hence a set back to the organization”*,

Another respondent said, *“In order to avoid such underutilization of budget, regular progress reports of all planned activities could be submitted regularly to relevant offices, and if there is a delay in the implementation of certain activities then the delay must be explained”*.

When asked whether project budgets are approved when there is adequate funding for activities, over 66 percent agreed as compared to only 15.2 percent who thought otherwise with only 18.2 percent of the respondents being neutral. In addition, 82 percent respondents agreed that budget allocation are usually done to ensure that project activities are on track compared to 11 percent that neither agreed nor disagreed and 8 percent that disagreed and on whether budget performance is one of the performance objectives of URA and staff strive to meet this objective; scores included: 45 percent respondents agreed to the statement, this was followed by 39 percent who were reserved and only 13 percent that disagreed. To explain this, typically, budgets were approved in line with available and expected resources. The draft budget is then put on the agenda for an open meeting of all stakeholders for review and approval is done by the URA board. Once approved, the budget is communicated to the stakeholders across departments and ongoing projects. Secondly, budget allocations indicate the level of resources URA is committing to the project. Without allocation limits, expenditures can exceed revenues and result in financial shortfalls. Anyone working with budgets should understand how they are used and the limitations they provide and finally URA attaches value on a budget that reflects the input of resources and the output of service for each of its business units. This type of budget is commonly used by the government to show the link between the funds provided to the public and the outcome of these services. One of the domestic tax project management committee members argued that, *“It is an obvious case that before budget approval, resources and all possible revenue sources should have been identified, this helps us plan accordingly or otherwise just approving a budget is a dangerous thing”*.



Another member of the project said, *“Budgetary allocations are integral components to an annual financial plan, or budget, of any organization”* while another also said that, *“In URA, performance on budget is a key indicator of the organization’s performance. This budget highlights how the allocation of funds and resources are related to their potential results. Performance budgets place priority on employees’ commitment to produce positive results”*.

## CHAPTER FIVE

### SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This study was an investigation on the determinants of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority. In this chapter, the researcher presents a summary and discussion of the findings, conclusions and recommendations under the different objectives and themes that the study set out to investigate. This chapter also spells out other areas recommended for further research.

#### 5.1. Summary of the findings

The findings obtained from this study confirmed that planning, leadership, communication and procurement management were all determinants of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority.

The results of the study indicated that more than 54.99 percent of respondents expressed the view that planning affected budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority. On the other hand, a smaller number of respondents (22.48%) expressed their disagreement that planning was a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority while another group of respondents (22.48%) neither agreed nor disagreed to the questions that were put to them on planning.

The study also sought to find out the relationship between leadership and budget performance. The findings indicated that a sizable majority (83.8%) of the respondents expressed the view that budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority is positively affected by the style of leadership in use. On the other hand, a very small number of respondents (8.0%) expressed their disagreement that leadership was a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority while another small number (8.2%) were undecided.

The study further sought to find out the relationship between communication and budget performance. The findings revealed that a large number of respondents (79.6%) agreed with the view that communication is a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority and on the contrary, a number of respondents (11.6%) expressed their disagreement with that statement while another group (8.8%) were non-committal.

Finally, the study posed questions to respondents on whether procurement management had any effect on budget performance. The results obtained revealed that a good majority (60.07%) of respondents expressed the view that procurement management is a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority. On the other hand, a smaller number of respondents (15.35%) expressed their disagreement that procurement management was a determinant of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority while another group of respondents (24.43%) neither agreed nor disagreed to the questions on the relationship between procurement management and budget performance.

## **5.2. Discussion of findings**

The discussion of findings contained in this chapter is arranged following the objectives of the study as set out in chapter one. In this section, the researcher analyses the relationship between the findings from the study and the existing literature as detailed in chapter three. The findings indicate that the respondents' views on the effect of planning, leadership, communication and procurement management on budget performance were in agreement with existing literature. The findings in relation to existing literature for each variable against budget performance are discussed below.

### **5.2.1 Planning and budget performance**

Planning and budgeting performance are two interlinked variables as revealed in the positive way the respondents answered the questions.

These findings are in agreement with studies carried out by various researchers on setting objectives, participation, and budgeting, all aspects of the planning process in relation to budget performance. As recorded on page 13, Healey (2006) observed that in the planning process, strategic discourses of different interests are ideally opened to include all interested parties, generating new planning discourses, allowing participants to gain knowledge of the positions and values of other participants, and creating capacity for collaborative action to change current conditions. This is in line with the results that 94.3 percent respondents agreed that URA management strategically plans by setting objectives before committing organization resources. Further, statistics obtained reveal that 80.3 percent of the respondents agreed that overall objectives were used to derive project activities and cost estimates.

On the part of participation in the planning process, the findings agree with the results on page 15 from Drury (1992) who established that there was overwhelming support for participation in the budgetary setting. He however cautions that unless it is used selectively, it may introduce bias where managers tend to overstate costs and understate revenues especially where budgets are used as a punitive action. Further, Milani (1975) still on page 20 reported a weak positive association between participation and budgetary performance which is similar to the regression results obtained in this study that the planning process had a 6.5 percent effect on budgetary performance with the remaining percentage of 93.5 percent attributed to other factors.

On the aspect of budgeting, Byomuhangi (2009) studied the influence of the budgeting process on the performance of National Water and Sewerage Corporation and reported that a high level of participation in budgeting had an effect on performance as cited on page 15. Furthermore according to UN (2005), participatory budgeting involves citizens in identifying local priorities, policies, programs, and projects that require allocation of resources. However, the findings in relation to the aspect of budgeting were contradictory indicating that 31.8 percent of respondents were undecided and a total of 60.6 percent disagreed that money allocated to projects is enough. It is intriguing to find that the organization sets objectives, develops project initiatives, activities

and plans, and appoints staff to projects yet adequate funding is not secured in time from government or development partners. This further brings out an area for further research on whether URA consults and adequately involves external stakeholders in time during the development of its strategic objectives, initiatives and activities.

Another set of findings under the budgeting aspect indicated that 45.5 percent of the respondents were not aware that the staff had the required budgeting skills while a total of 27.5 percent outrightly disagreed. Also, 42.2 percent were undecided on whether supervisors seek explanation when expenditures are omitted. This is an indication that the level of skill in budgeting amongst project staff is still low and therefore requires to be enhanced if good budget performance is to be realized.

### **5.2.2 Leadership and budget performance**

The positive responses obtained during the study highlights positive relationship between leadership and budget performance. On page 16 of this study report, Elizabeth B. and James W., (2005) confirm that transformational leadership enhances good budget performance through their study on the impact of leadership in project management. They sought to assess other leaders' perceptions on the importance and contribution of communication to organizational success and the abilities of their communication executives to contribute to strategic decision making. Their results revealed that reactive decisions relating to monitoring of schedules and budgeting data of projects is one aspect of project control that impacts project success but proactiveness (an aspect of project leadership) in controlling projects is more effective.

The findings from the study highlight that 81 percent of the respondents were very positive that URA Management participated in project implementation and influenced staff to adopt changes being brought about by projects and a further 78 percent accepted that project staff regularly collaborate across sister departments on project activities. This is an ingredient of effective leadership. Also important to note is that many respondents agreed that there were regular engage-

ments between staff, project staff and top management. Similarly, many respondents agreed that there is regular engagement between project staff and external stakeholders. In addition, many respondents agreed that expectations were clear to all project staff.

### **5.2.3 Communication and budget performance**

Communication was another key important aspect in the study as regards any organization and budget performance is concerned. A couple of positive answers were given in line with the questions that were posed. This is evidenced by for instance; respondents constituting the majority agreed that project staff regularly collaborated across sister departments on projects while a margin of respondents indicated positively that information on project implementation was widely disseminated to stakeholders. The findings can be supported by information laid in chapter two where Kerzner (2000) states that budgets are an important communication vehicle in the organization and Reid (2005) further stressed that budget performance reports ought to be sent to staff periodically because good budget management begins with effective communication. Findings by Laura F et al, (2004) who carried out a study on large organizations that mandate their managers to attend budget meetings also were in agreement that such organization-mandated budgetary involvement is related to managers' budgetary communication. Budget meetings with supervisors had a positive relationship with all three forms of budgetary communication (budgetary participation, budgetary explanation, and budgetary feedback). The researcher agreed that good communication creates room for increased exchange of information among internal and external stakeholders within any organization, this is a platform for awareness among staff not forgetting the ground upon which proper decision making is done.

### **5.2.4 Procurement management and budget performance**

The process of obtaining of good, services or works and it has two focal points; determination of the right content of requirements in terms of product scope and quality; based on this fact that procurement management and budget performance were linked to one another.

According to the citation of literature from Rosli et al., (2006) on page 17, procurement systems differ from each other in terms of allocation of responsibilities, activity sequencing, process and procedure and organizational approach in project delivery, and that these differences have invariable effects on project performance. The findings synchronize with the above literature in that they were derived on questions posed to respondents on the different steps and activities in the procurement process. However, although the findings agree in general that the procurement process has an effect on project and budget performance, there were responses that were contradictory and could therefore not go unnoticed. The findings revealed that 35 percent were undecided and 38 percent disagreed to the statement that procurement staff are involved in the project planning process and 44 percent being undecided that “The procurement plan is prepared and approved on time” is a major concern to the researcher. Further, 52 percent disagreed with the statement that contracts are completed within the original approved contract price, quality and time. Also 35 percent were undecided and 15 percent disagreed with the statement that suppliers are paid promptly. These results are an indication that although there is involvement of project staff in the planning process, the involvement of procurement staff in project planning cannot be confirmed yet procurement has a major impact on project success. It is therefore reasonable to propose that procurement staff be appointed as part of the multi-skilled project team of projects in URA. This will further ensure that procurement expertise is available to the project implementation which will then enhance URAs ability to complete contracts within the projected price, quality and time and finally to track supplier claims so that payments to them are made promptly.

### **5.3 Conclusion of the study**

Based on the study findings, the following conclusions were made are presented according to the objectives of study.

#### **5.3.1 Planning and Budget performance**

The results reveal a weak positive relationship between planning and budget performance. However at URA, project funds were inadequate and some staff did not have the required budget

skills. Therefore, the involvement of internal and external stakeholders at the level of planning the projects, especially the Ministry of Finance, Planning and Economic Development, and the Development Partners will enhance the funding of URA projects. Also allocation of adequate human and other resources should be considered as priority by URA management and thereafter ensuring that the project teams are adequately skilled in budget management. This enhances the rate of achievement of good budget performance in projects of Uganda Revenue Authority.

### **5.3.2 Leadership and Budget performance**

It can be concluded that leadership has a positive relationship with budget performance. URA Management participated in project implementation and influenced staff to adopt changes being brought about by projects. The involvement of management staff in the projects at URA was an enabler towards project success. Also important to note is that many respondents agreed that there were regular engagements between staff, project staff and top management. Similarly, many respondents agreed that there is regular engagement between project staff and external stakeholders. In addition, many respondents agreed that expectations were clear to all project staff. All the above are indicators of the strong leadership practices at URA.

### **5.3.3 Communication and Budget performance**

From the above, it can be concluded that communication has a positive relationship with budget performance. Respondents constituting the majority agreed that project staff regularly collaborated across sister departments on projects while a margin of respondents indicated positively that information on project implementation was widely disseminated to stakeholders. Staff regularly communicated with top management and external stakeholders. Kerzner (2000) further stresses that budgets are an important communication vehicle in the organization and Reid (2005) also affirms that budget performance reports ought to be sent to staff periodically because good budget management begins with effective com-



munication. Therefore, communication is an important factor that has a strong effect on budget performance.

### **5.3.4 Procurement management and budget performance**

The findings revealed that procurement management and budget performance were positively related as reflected by the number of responses given by respondents. Further, Gershon (2004) argues that lack of professional skills in procurement is a potential barrier to improvements in procurement processes and subsequently budget performance. Therefore, the involvement of procurement experts in project activities right from the planning stage needs to be emphasized because it ensures that procurement plans are in place at the right time, information on prices can be accessed by project teams, and that all procurement steps are carried out swiftly in a timely manner. It also ensures that contract management is monitored till all project outputs are delivered to the expected quality.

## **5.4 Recommendations**

Recommendations were made based on the objectives of the study and these are recorded below:

### **5.4.1 Planning and budget performance**

It was found out that URA plans its projects well through setting objectives, involving project staff and makes use of budgeting tools to enhance budget performance. It has also been established that project funding is inadequate, and that some staff lack adequate budget skills. It is therefore recommended that URA management involves its internal and external stakeholders at the level of planning the projects, especially the Ministry of Finance, Planning and Economic Development, and the Development Partners. This involves holding engagements to explain the intended benefits and impact to government and the general public including; improved revenue performance to finance government programmes and better quality services to society. Also allocation of adequate human and other resources should be considered as priority by URA management and thereafter ensuring that the project teams are adequately skilled in budget management. This will ensure that information on budget management is readily available to all project

team members, and that reviews on budget performance are carried out regularly to find out why variances between planned and actual expenditure exist.

#### **5.4.3 Leadership and budget performance**

The findings indicate that management support was a major enabler towards successful project implementation of the Domestic Taxes Modernization Project of Uganda Revenue Authority. The leadership practices at URA are evidence that it is possible to run a successful public institution. It is therefore recommended that URAs leadership abilities be shared with other government agencies towards the improvement of the overall delivery of government services.

#### **5.4.4 Communication and budget performance**

Findings indicate that communication across URAs departments did not limit project activities. Collaboration across functions of URA ensured that solutions were developed and implemented regardless of functional limitations. It is recommended that this strength be upheld and internal communication across functions be strengthened further to ensure that solutions implemented bring about benefits across the organization. More importantly, time has come when government institutions should consider developing reform initiatives together in order to plan for linkages and eliminate duplication of effort. It is further recommended that URAs best practice be shared with other government agencies towards the improvement of the overall delivery of government services. This can be done through staff exchange programmes, and effective use of the planning platform under the National Planning Authority.

#### **5.4.3 Procurement management and budget performance**

It is a major concern that the procurement plan was not prepared and approved on time, contracts are often delivered above the projected quality, time and cost, and that suppliers are not paid on time. It is therefore recommended that procurement experts be appointed to be part of the project teams right from the planning stage because it will ensure that procurement plans are in place at the right time, information on prices can be accessed by project teams, and that all procurement steps are carried out swiftly in a timely manner. It also

ensures that contract management is monitored till all project outputs are delivered to the expected quality.

### **5.5 Limitations of the study**

This section shows the limitations that the researcher encountered during the course of the study, these include:

- 1) The first challenge the researcher encountered was to do with resistance by some respondents in providing required information as well as filling the questionnaires. Some of them had mixed feeling about this study, thinking it was a foul play aimed at testing their privacy on matters to do with sensitive information about URA projects. However, it took a lot of visits and explanations to eventually win the confidence of the respondents to answer the questionnaires.
- 2) Secondly, despite the reasonably good response rate, it was not possible to do face to face interviews with some of the key project management staff because they were engaged in other organisational activities. Also many of the consultants had left the country and were not available for the face to face engagements.
- 3) The third constraint was to do with time factor. The researcher was involved in a very busy office of the Commissioner General and progress on the study was greatly delayed due to the tight work schedules.

### **5.6 Areas for further research**

The process of developing research tools, data collection, interpretation and analysis as well as reporting the findings of this study enabled the researcher to identify new areas of further research. In general, the area of the implementation of public sector projects in Uganda is largely not researched yet government has deliberately planned to use reform projects towards improving its service delivery. There is need for more empirical evidence on the performance of public sector projects in the areas of value for money and the quality of deliverables such as roads,

health, educational services, and agricultural support services. Government has invested lots of money hence the need to evaluate the level of success of these projects.

Specifically, although various projects in government are implemented from time to time, there is need to study the level of consultation and collaboration across government departments before projects are implemented. This will be useful in establishing areas of duplication of effort, sharing of experiences and skilled resources to avoid project failure.

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## APPENDICES

### Appendix I: Questionnaire

Dear respondent,

As a key player in the Domestic Taxes Modernization project and given your unique knowledge and experience in projects, I have selected you as a respondent in this study. This study is intended to establish the determinants of budget performance in the Domestic Taxes Modernization Project of Uganda Revenue Authority. The information you provide will be treated with utmost confidentiality and under no circumstances will it be traced to you. You do not have to disclose your names unless you wish to do so.

Kindly provide your opinion on each of the statements and questions in this questionnaire as objectively as possible.

Yours Faithfully,

William Kiganda

### SECTION A: SOCIAL-DEMOGRAPHIC CHARACTERISTICS

**Date:**.....

(Use a Tick to select your appropriate status as described by the parameters below.).

1. Age Group:                    20– 30 years  31–40 years  41– 50 years  51 and above
2. Gender:                    Male             Female
3. What is your rank?    Commissioner       Assistant Commissioner       Manager              
Supervisor  Officer
4. What is your department? CGO  Corporate Services  Customs  Domestic Taxes   
Internal Audit  Legal
5. What was your role on DTMP? Project Owner  Project Manager  Team member   
Budget Liaison officer  Team leader  Consultant  Procurement officer
6. How long have you done project related work in URA?    Less than 2 years  3 – 5 years  
 6 - 10 years
7. Your knowledge on the subject of Budgeting is: Inadequate  Basic  sufficient  advanced



## SECTION B: PLANNING AND BUDGET PERFORMANCE

In the following section, use the rating scale to select an appropriate opinion that you most agree with on each of the statements. For example, if you strongly agree with a statement, tick Number 5 against the statement.

**Rating Scale: 5 – Strongly Agree, 4 – Agree, 3 – Undecided, 2 – Disagree, 1 – Strongly Disagree.**

<b>SETTING OBJECTIVES</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	In URA overall objectives are set by management which is also responsible for committing organization resources.					
2	Overall objectives are used to derive project activities and cost estimates					
<b>STAKEHOLDER PARTICIPATION</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
3	Staff on project teams are involved in preparation of budget estimates for project activities					
4	Project staff are occasionally consulted by their supervisors while developing budget estimates					
5	In URA budget estimates are prepared by a few coordinators and project staff are just consulted					
6	The staff involved in the budgeting process for projects have the required skills					
<b>BUDGETING</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
7	Cost estimates are obtained from reliable market sources					
8	The money allocated to projects from the URA budget is enough to carry out the set activities					
9	Money budgeted for is always available for spending					
10	Inflation is catered for while preparing project budgets					
<b>MONITORING AND EVALUATION</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
11	URA has effective budget monitoring tools used for budget management					
12	The budget monitoring tools are used to ensure that expenses are coded and correctly posted to the right vote					
13	Supervisors seek for explanation from Finance if some expenditures are not included or do not relate to budgeted activities					

**SECTION C: LEADERSHIP AND BUDGET PERFORMANCE**

In the following section, use the rating scale to select an appropriate opinion that you most agree with on each of the statements or issue (Use a Tick)

**Rating Scale: 5 – Strongly Agree, 4 – Agree, 3 – Undecided, 2 – Disagree, 1 – Strongly Disagree.**

<b>LEADERSHIP</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	There is a clear direction set by management on the expectations from projects					
2	Any change in project scope is approved by top management					
3	Members of top management are available to support project work					
4	Project staff are involved in decision making					

**SECTION D: COMMUNICATION AND BUDGET PERFORMANCE**

In the following section, use the rating scale to select an appropriate opinion that you most agree with on each of the statements or issue (Use a Tick)

**Rating Scale: 5 – Strongly Agree, 4 – Agree, 3 – Undecided, 2 – Disagree, 1 – Strongly Disagree.**

<b>COMMUNICATION</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	Top management in URA participate in project implementation to influence staff to adopt changes being brought about by projects					
2	Project staff regularly collaborate across sister departments on project activities					
3	Information on project implementation is widely disseminated to stakeholders					
4	There is regular engagement between project staff and top management					
5	There is regular engagement between project staff and external stakeholders					
6	Work expectations are clear to project staff					

**SECTION E: PROCUREMENT MANAGEMENT AND BUDGET PERFORMANCE**

In the following section, use the rating scale to select an appropriate opinion that you most agree with on each of the statements or issue (Use a Tick)

**Rating Scale: 5 – Strongly Agree, 4 – Agree, 3 – Undecided, 2 – Disagree, 1 – Strongly Disagree.**

<b>PREPARATION</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	The procurement plan is prepared and approved on time					
2	The Procurement unit is consulted to provide input on budget estimates and costs of the various project items					
3	Staff managing project procurements have been equipped with procurement skills					
4	Procurements are initiated after funds have been committed in the budget					
5	The procurement plan is based on user requirements that have been specified					
6	Procurement staff are involved in the planning process of projects					
<b>SOLICITATION FOR BIDS</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
7	The public is involved in the procurement process					
8	The evaluation criteria is open and shared with bidders					
<b>CONTRACTING</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
9	Recommendations from the evaluation committee are often returned by the Contracts committee for review					
10	Contracts are awarded to the best evaluated bidder					
11	Award of contract is communicated to both successful and unsuccessful bidders					
<b>CONTRACT EVALUATION</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
12	Contracts are completed within the originally approved contract price, quality and time					
13	Payment of suppliers is done promptly on delivery					
14	Procedures exist for modifying or terminating the contract					

**SECTION F: BUDGET PERFORMANCE**

In the following section, use the rating scale to select an appropriate opinion that you most agree with on each of the statements or issue (Use a Tick)

**Rating Scale: 5 – Strongly Agree, 4 – Agree, 3 – Undecided, 2 – Disagree, 1 – Strongly Disagree.**

<b>OVER UTILISATION/ UNDER UTILISATION/REALLOCATION</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	The differences between budgeted and actual expenditure is a good measure of budget performance					
2	The Project budget in URA is often over utilized					
3	The Project budget in URA is often underutilized					
4	Staff are required to provide reasons where project funds are over utilized					
5	Project budgets are approved when there is adequate funding for activities					
6	Budget reallocations are usually done to ensure that project activities are on track					
7	Budget performance is one of the performance objectives and staff strive to meet this objective					

## **Appendix II: Interview guide**

1. Describe your role in the planning process for projects in URA
2. Provide details on how, when and where the planning process for projects in URA starts
3. Poor planning of project deliverables is claimed to result into variations in design of outputs.  
Please explain your opinion if you agree with this statement
4. The procurement process has often been cited as a major contributor to project delays and subsequently the increased prices of supplies, do you agree with this statement? If yes, describe what you think are the major procurement issues that need to be addressed.
5. Government policies are an enabler to the implementation of reform initiatives. Is this true with the procurement policy? If no, please explain your views
6. Budget performance is usually measured as the variance between budgeted and actual expenditure. Explain what your opinion is about the status of budget performance in URA projects

## **Appendix III: Field Letter from Uganda Management Institute**