THE EFFECT OF BUDGETARY CONTROLS ON THE PERFORMANCE OF NON-GOVERNMENTAL ORGANISATIONS IN UGANDA: A CASE STUDY OF THE INTER RELIGIOUS COUNCIL OF UGANDA (IRCU)

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DEDICATION

I dedicate this piece of work to my parents for their financial, spiritual and moral support.

May the Almighty God keep you and reward you abundantly.

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Lastly, my warm regards and blessing go to all of those who have made a positive contribution in my life.

May the Almighty God bless you all.

Signed:………………………

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ABSTRACT

The purpose of this study was to assess the ***"****effect of Budgetary Controls on the Performance of Non-governmental Organizations in Uganda"* case study of IRCU. The study was guided by the following specific objectives to:

The study adopted a case study design which involved the use of both qualitative and quantitative approaches in data collection and analysis. The study gathered both primary and secondary data. Primary data was obtained through interviews and questionnaires to randomly selected employees of IRCU. Primary data was collected using interviews conducted one on one with the researcher and questionnaires were circulated and filled by the respondents. Secondary data included censuses, organizational records and data collected through qualitative methodologies or qualitative research. A sample size of 60 staff was were selected using both purposive and random sampling techniques among Administrators and Finance and accounts staff to collect data. Data was analyzed using frequency tables, Pie charts computer programs such as, Microsoft excel and word.

The study concluded that IRCU Budgeting involved the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals. Budgetary control systems were universally applied and have been considered an essential tool for financial planning. Budgetary control helped IRCU to provide a forecast of revenues and expenditures. IRCU uses budget control as the primary means of organizational internal controls; it provides a comprehensive management platform for efficient and effective allocation of resources. Budgetary controls enabled the management team to make plans for the future through implementing those plans and monitoring activities to see whether they conform to the plan. However IRCU failed to institute effective internal controls and bureaucratic budgeting procedures affected its performance.

It is therefore recommended that, NGOs should adopt comprehensive internal control systems and reporting procedures to allow further training for the staff in the accounts sections and close supervision of the audit department through regular audits and checkup. There is need to implement proper budgetary control measures to enable proper financial reporting at IRCU. The study suggests that further research should be conducted to; examine the role of Government intervention on influencing the performance of NGOs, assess the effect of internal Auditing on financial management in an organization and investigate the determinants of profitability of NGOs in Uganda.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background to the study covering the study on budgetary controls and the performance of non-governmental organizations in Uganda. It also covers the statement of the problem, objectives of the study, purpose of the study, research questions, the scope of the study, significance of study and definition of key terms used in the study.

1.1 Background to the Study

Worldwide, non-governmental organizations have developed a variety of processes and techniques designed to contribute to the planning and control functions. The most important and widely used tool is budgeting.

Budgetary control involves the preparation of a budget, recording of actual achievements, ascertaining and investigating the differences between actual and budgeted performance and taking suitable remedial action so that budgeted performance may be achieved effectively (Controllers report, 2001). Budgetary control is the system of controlling costs through budgets. It involves comparison of actual performance with the budgeted with the view of ascertaining whether what was planned agrees with actual performance. If deviations occur reasons for the difference are ascertained and recommendation of remedial action to match actual performance with plans is done (Nyambura, 2014).

Budget control provides a comprehensive management platform for efficient and effective allocation of resources. Budgetary controls enable the management team to make plans for the future through implementing those plans and monitoring activities to see whether they conform to the plan, effective implementation of budgetary control is an important guarantee for the effective implementation of budget in the organization (Donald, 2008).

Budgetary control is the process of developing a spending plan and periodically comparing actual expenditures against that plan to determine if it or the spending patterns need adjustment to stay on track. This process is necessary to control spending and meet various financial goals. Organizations rely heavily on budgetary control to manage their spending activities, and this technique is also used by the public and the private sector as well as private individuals, such as heads of household who want to make sure they live within their means (Dunk, 2009).

Budgetary control is a system of management control in which the actual income and spending are compared with planned income and spending, so that the firm can make decisions if plans are being followed and if those plans need to be changed in order to make a profit. Budgetary control is the one of best technique of controlling, management and finance in which every department's budget is made with estimated data. Then, the management conducts a comparative study of the estimated data with original data and fixes the responsibility of employee if variance will not be favorable. Organizations can use budgetary control in forecasting techniques in order to make plan and budget for the future (Epstein and McFarlan, 2011).

The management of the organizations implements budgetary control to prevent losses resulting from theft, fraud and technological malfunction. These instructions also help management to ensure that expenses remain within budgetary limits. The importance of budgetary control is that it can be implemented by three departments in an organization to enhance performances. These departments are accounting department, statistical department and management department. Accounting department provides old data. Statistical department provides the tools and techniques of forecasting like probability, time series other sampling methods. Management department uses both department services to estimate the expenditures and revenue of business under the normal conditions of business (Suberu, 2010).

Non-Government Organizations (NGOs) are not-for-profit civil society organizations created with the mission of addressing the under-served aspects of national life and development. Over the last decade there has been a tremendous growth of NGOs in the developing world. Many donors view the NGOs as a better alternative to governmental agencies in getting services and assistance to those in need, especially in countries that are burdened by political favoritism and corruption (Cook, 2003). However, NGOs have also been involved in scandals that are a result of having less than credible governance structures. Performance of an organization is almost guaranteed if it is able to come up with a strong budget control systems.

NGOS have a role to play in implementation and proper utilization of the allocated budget. To achieve performances in budget utilization most NGO's ensures that estimated budget. The resources of NGOS' should be managed effectively and efficiently to achieve its purpose. This implies that the organization should be able to achieve its objectives by minimizing cost. Thus managing implies co-ordination and control of the efforts of the organization for achieving organizational objectives (Drury, 2006).

It is pertinent to note that management activities are the driving force behind every organization and of course necessarily unavoidable. These activities planning, organizing, directing and controlling of economic resources, are structured to reflect the nature and objectives of the organization and must be tailored towards the attainment of the overall organization's predetermined objectives. This must be achieved effectively to ensure successful budget implementation. To achieve performances in budget preparation the management team of the firm should ensure the budgets for the allocated projects are implemented with the stipulated time and costs to enhance efficiency (NGO's, 2013). The basic objectives of budgetary control are planning, coordination and control.

IRCU adopted broad budgetary control that ensures that the entire budget system is a control system, which covers the budget preparation, budget evaluation, reward and punishment by monitoring of budget execution. IRCU prepares a good budget as a basis for performance management and standards on a regular basis in order to compare actual performance with the budget to analyze differences in the results and take corrective measures, which mainly involves the process of budget implementation, evaluation and control.

It is not clear whether IRCU implements proper budgetary control planning to be able to reduce costs and improve on quality of its services based on its budgetary allocations. Failure to do this increases costs and curtails achievement of its goals and thus disfavors performances. No research has been conducted to examine how budgeting, management coordinate their efforts so that objectives of the IRCU harmonize with the objectives of its budget. This creates a gap in realization of budgets and institutional goals (Churchill, 2001).The researcher therefore compelled the researcher to conduct an examination on the relationship between budgetary controls and the positive effects on performance of NGOs in Uganda, taking IRCU as a case study.

1.2 Statement of the Problem

The global financial crisis has caused a re-awakening of the donor community's desire to monitor the activities of NGOs operating in various parts of the world. Recent operational and financial scandals involving some Africa-based NGOs are causing uneasiness among financiers of faith-based NGOs in sub-Saharan Africa (Oppong, 2016). Management of such NGOs fears that they must strive to avoid operational inefficiencies in their efforts to achieving intended objectives. The absence of proper Budgetary control practices has made it hard for NGOs to remain a going concern and this has affected performance on NGOs.. Misappropriation and embezzlement of financial resources has made donors reduce funding and hence limiting the achievement objectives. IRCU experienced inefficiencies and poor budgetary control practices which led to efficient allocation of scarce resources and hence poor service delivery. Discrepancies exist between actual results against planned activities. IRCU management was weak at monitoring activities to ensure that they conform to the plan, effective implementation of budgetary controlling bid to influence its performance. It was against this background that is the purpose for this study is to assess the effects of budgetary control systems on performance IRCU as a case study.

1.3 General Objective of the Study

The purpose of the study was to examine the effect of budgetary controls on the performance of Non-Governmental Organizations in Uganda. The study will also establish how budgetary controls impact on performance of NGOs and the different levels of relationship that exists between the two.

1.4 Specific Objectives of the Study

The specific objectives of the study were:

i) To examine how budget Planning influences performance of IRCU

ii) To assess the effect of Monitoring and Control on performance of IRCU

iii) To determine the extent to which Monitoring and Evaluation affects IRCU’s performance

1.5 Research Questions

This research was guided by the following questions:

i) How does budget Planning influence performance of IRCU?

ii) What is the effect of Control on performance of IRCU?

iii) To what the extent does Monitoring and Evaluation affect IRCU's performance?

1.6 Significance of the Study

This research project will provide invaluable insights into the significance of budgetary controls to organization's performance to the different stakeholders in the public sector like donors and funders, the government and managers of the various NGOs in and out of Uganda.

Providing an understanding of the relationship and importance of budgetary controls to company performance will help organizations to efficiently and effectively meet their set goals and objectives.

In addition, other firms can benefit from the findings of this study by adopting proper measures of budget control to ensure efficient and effective utilization of available budget. The study, having examined the principle of budgeting; preparation, implementation and control, the other firms is in a better position in dealing with budgets and budgetary control matters.

Researchers and academicians interested in this area or other related topics can use the findings of this study to serve as a good source for further research. In addition, an examination of the various prerequisites of the budgeting system will enable the reader to better appreciate the use of budgeting in evaluating performance in relation to predetermined set goals of the organization.

Furthermore, an exploration of the dangers and problems associated with budget will also enhance the reader's knowledge in the use of budget as a performance standard.

The findings of the study will provide the Non-Governmental Organization Forum, the regulatory body of NGOs in Uganda, the Inter-religious Council of Uganda and other entities with data on how budgeting and budgetary controls affects NGO performance. In turn, they may be in a position to improve performance and establish the necessary budgetary controlsand budget related policies in order to take effective measures regarding the performance of NGOs. The findings of this study will further provide more insights to the government and other policy makers in setting budgetary control policies that encourage other NGOs to use budgets as a performance evaluation tool.

By presenting data on the effect of budgetary controls on the performance of NGOs, the donors and funders are likely to be in a position to come up with strategies to improve the performance of the users of the funds.

The findings may assist the donors and other well-wishers in assessing the level of budgetary control in the implementation of the programs set out and hence become willing to contribute to the betterment of their performance.

The study also looks at the different budgets that are commonly used by organizations, their effects and applicability. Since the research centers at budgetary controls, the researcher embarks on highlighting the various budgetary controls that could be employed by NGOs.

In respect of management committees or board of governors, the study could be used to check on the weak areas of budgetary controls and thus improving their polices and performance.

1.7 Scope of the Study

1.7.1 Content Scope

The study focused on examining effect of the budgetary control systems on organizational performance in NGOs in Uganda, taking a case of IRCU. The independent variable was budgetary control while the dependent variable was performance of NGOs.

1.7.2 Geographical Scope

The study was conducted from The Inter-Religious Council of Uganda located at Plot 884, Centenary Road, and Namirembe Hill Kampala, Uganda.

The Inter Religious Council of Uganda (IRCU) is a national faith-based Non-Government Organization that aims at bringing together different religious institutions in Uganda. It was established in 2001 and is affiliated to the World Council of Religions for Peace (WCRP) and the African Council of Religious Leaders (ACRL). IRCU is governed by a Council of Presidents (CoP) constituted by the supreme leaders of its five member religious institutions namely: the Roman Catholic Church in Uganda, the Uganda Muslim Supreme Council, the Church of Uganda, the Uganda Orthodox Church and the Seventh Day Adventist Uganda Union. Other religious organizations notably the independent Pentecostal and Evangelical Churches participate in the implementation of IRCU programs but are not members of the organization.

1.7.3 Time Scope

The study period was from January2016 to June2017 in order to be able to capture and collect the current and relevant data for the success of the study.

1.8 Definition of Important terms

Budget; The Chartered Institute of Management Accountants, England defines ‘budget as “a financial and/or quantitative statement, prepared and approved prior to a defined period of time, the policy to be pursued during that period for the purpose of attaining a given objective.” According to Brown and Howard of Management Accountant “a budget is a predetermined statement of managerial policy during the given period which provides a standard for comparison with the results actually achieved.”

Suberu (2010) observed that any organization to perform creditably ,budget and budgeting should facilitate effective utilization of available funds, improve decision making, provide a benchmark to measure and control performance, increase general communication and analysis within the organization and establish understanding between managers about goals and objectives.

Budgetary controls; this refers to how well managers utilize budgets to monitor and control costs and operations in a given accounting period, including managers setting financial and performance goals with budgets, comparing the actual results, and adjusting performance to a required level.

Budgetary control can be described as complimentary concept defined by the budget. It depicts the different types and aspects of business expenses and ways of controlling the same. Budgetary control concentrates on the expenditures and makes sure that all departments and their activities act accordingly and follow the budget properly.

Performance; this is the level at which individuals or organizations achieve the goals and objectives for which they exist. In this study it can be best be defined as the level of performances and efficiency of employees in an organization since it involves employee performance

It is also the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed.

Performance is also seen as the state of the enterprise's competitiveness, reached by a level of performances and efficiency that ensure sustainable market presence (Nicolescu and Lavalette, 1999)

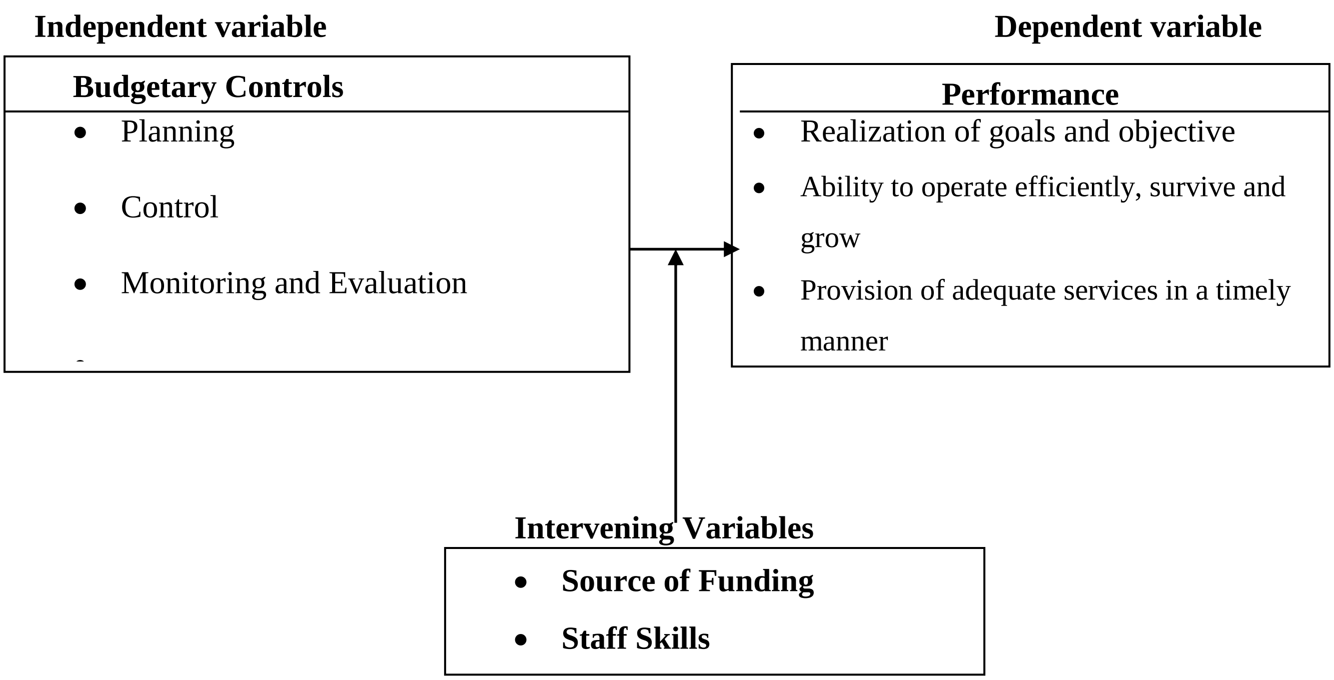
Non-Governmental Organization; is a not-for-profit organization that is independent from states and international government organizations. They are usually funded by donations but some avoid formal funding and they run primarily by volunteers (Davies, Thomas, 2014).

NGOs are tasked oriented and driven by people with a common interest. They perform a variety of services and humanitarian functions, bring citizen concerns to governments, advocate and monitor policies and encourage political participation through provision of information.

1.9 Conceptual Frame Work

This expresses the relationship between budgetary controls and NGO performance; however it also shows other factors that affect this relationship, that's to say major donor influence and social cultural factors.

Figure 1: conceptual frame work



Source: *Adapted from Nyambura R.K. (2014).the effect of budgetary control on effectiveness of NGOs and modified by the researcher.*

In this study, the researcher inter-relates budgetary controls that a Non-governmental organization puts in place with its overall performance. The conceptual framework illustrates the relationship between budgetary control (independent variable) and IRCU's performance (dependent variable). However, there are also Intervening variables like sources of funding and human resource skills used in budgeting which could affect the relationship between the variables presented.

The components of the independent variable (budgetary controls) are; Planning, Monitoring and Control, Monitoring and Evaluation, Adequate availability of financial resources, achievement of goals and objectives and Cost Reduction. On the other hand the measures of the dependent variable (performance) are: Realization of goals and objective, Ability to operate efficiently, survive and growing and Provision of adequate services in a timely manner.

Conclusion

In this chapter the researcher looked at the introduction, background, problem statement, conceptual frame work theoretical frame work, scope, objectives, research questions, hypothesis, significance and justification of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the theoretical and empirical review of literature relating to the study variables based on existing revelations from secondary sources of data including publications by other scholars, reports journals, periodicals and other sources.

2.1 Theoretical Review

There are a number of theories that have been put forward to support the effect budgetary control as regards organizations’ performance as discussed below:

The Theory of Budgeting

Hirst (1987) explains that an effective budgetary control solves an organization’s need to plan and consider how to confront future potential risks and opportunities by establishing an efficient system of control, a detector of variances between organizational objectives and performance (Shields and Young, 1993).Budgets are considered to be the core element of an efficient control process and consequently vital part to the umbrella concept of an effective budgetary control.

Budgets project future financial performance which enables evaluating the financial viability of a chosen strategy. In most organizations this process is formalized by preparing annual budgets and monitoring performance against budgets. Budgets are therefore merely a collection of plans and forecasts (Silva and Jayamaha, 2012).

They reflect the financial implication of business plans, identifying the amount, quantity and timing of resource needed (Shields and Young, 1993).The implementation of budgetary procedures. The establishment of short to medium-term objectives serves the purpose of providing estimates of future sales revenues and expenses, to provide short and long-term objectives for a coordinated management policy.

Benchmarks for management and task controls are provided by comparing actual results with budgeted plans and to take corrective actions if necessary (Sharma, 2012).Budgets can further influence the behavior and decisions of employees by translating business objectives, and providing a benchmark against which to assess performance. Hancock (2009) even considered such operational planning as the backbone of management. During budget preparation procedures, consideration of alternative courses of action becomes an integral part and leads to increased rationality.

A budget allows a goal, a standard of performance to be established with subsequent comparison of actual results with the created standard. It requires those involved to be forward looking rather than looking back (Scott, 2005).

Budgets have therefore been identified as playing a number of roles which include making goals explicit, coding learning, facilitating control, and contracting with external parties (Selznick, 2008). Fisher exemplified this by “linking compensation to performance measures against the budget”, thereby making goals explicit, communicating goals and thereby coding learning and clarifying performance measures for individual employees of an organization (Goldstein, 2005).

Budgetary Control Model

In reference to Robinson and Last (2009), budgeting system is a tool used by the firm as a framework for their spending and revenue allocation. To ensure the firm's resources are not wasted, the organization must be able to come out with an effective budgeting system. This is important as it ensure that the outputs produced and services delivered achieve the objectives. According to this theory, a good budgeting system must be able to addresses the efficiency and performances of the organization's expenditure. A good budget is determined by the level of income of the organization (Robinson, 2009).

The organization has to put proper controls that ensure that the budget is properly maintained and allocated. A firm that is able to run its operations efficiently is able to allocate more revenues for the organization. This is achieved through cutting costs in order to increase the quality and quality of goods and service offered by the firm. However, if an organization has lesser income they might have to find a way to fund their estimated budget by borrowing and tax restructuring (Robinson and Last, 2009). That is why the budget is mostly regarded as the control of expenditure .As the total amount of the annual expenditure; the organization must not exceed the allocation of budget.

According to Robinson and Last (2009), performance-based budgeting system (PBBS) aims to improve the efficiency and performances of an organization's expenditure. Unlike other budgeting systems, PBBS use the resources to ensure that it can help in achieving the expected results and outcome based on the targeted area or planning. In simple words, the PBBS is seen as managing for results (Marc Robinson and Duncan Last, 2009).

Budgets are considered to be the core element of the control-process and consequently vital part to the umbrella concept of performance measurement. Research has shown that there is no single approach to budgeting suitable for all businesses. Instead, the suitability of a particular approach is argued to be contingent upon characteristics of a business including its size, strategy, structure, and also management's perception of the uncertainty of the environment within which the business operates to best link its budgetary control procedures that is planning, evaluation, monitoring and control.

The Theory of the Balanced Scorecard

In 1996 Kaplan and Norton's Balanced Scorecard was launched in non-profit organizations based on business perspectives including; financial performance, customer satisfaction, internal business processes and knowledge and innovation. The original four perspectives were tailored to better match non-profit organizations' special features. Thus, several modifications were made. The financial perspective at the top of the original Balanced Scorecard was replaced with the organizations' mission and objectives. Placing mission and objectives at the top of the scorecard means a focus on outcomes, what the organizations are supposed to accomplish, rather than on the activities. The activities should be seen as tools to be able to create impact on mission and objectives. Outcomes are often difficult to measure and by having a framework mainly focused on intangible outcomes provides a narrow overall picture (Kaplan & Norton, 1996).

2.2 Conceptual Review

2.2.1 Performances' Measurement of NGOs

Until recently, the activities of Non-Governmental Organizations were basically on ethical-social motivation and technical professionalism involving the participation of doctors, nurses, engineers and physicians. Most NGOs were engaged in international collaboration for development, natural disasters and other emergency humanitarian issues. Recently, the ethical-social motivation and the technical Professionalism are not sufficient since NGOs are required to account for how the limited financial and non-financial resources are utilized. Moreover, the environments in which the NGOs operate compel them to assess and facilitate their strategies and performance (Ramadan and Borgonovi, 2015). The operational environments of these organizations are very dynamic and risky and the entire effectiveness of such organizations involves meeting several demands of stakeholders by establishing a realistic and achievable performance measurement and management system. In order to be successful, NGOs have to design and implement systems of measuring and managing performance efficiently. They are expected to manage and assess their performance from several angles by considering the projects/programs performance as well as the motive and targets of the donors and the specific needs of the beneficiaries and the internal effectiveness (Ramadan and Borgonovi, 2015).

2.2.2 Performance Measurement and Management Practices of NGOs

According to Teelken (2008), the relevance and the merits of using performance measurement and management to different organizations have been broadly demonstrated. Literature reveals both theoretical frameworks and empirical investigations that show the essence of measuring and managing performance to strategy at all levels of the organization. In Non-Governmental organizations, performance measurement and management does not only serve as a tool for planning to help assess their impact outcomes and outputs. However, it also serves as a vital instrument for inward feedback and learning. It therefore appears to be the key means to effectively process and handle information in NGOs and to circulate it to the appropriate stakeholders such as targeted groups and communities, associates, donors and others (Ramadan and Borgonovi, 2015).

Performance measurement and management of NGOs is extremely important since it focuses on these organizations in the utilization of the performance information in their framework for decision making. Impliedly, management and assessment of performance is regarded as a pre-requisite for NGOs strategic planning for the purpose of functional improvement. In addition, it is linked with the budgetary system within NGOs since such organizations are seen to be fundraising-oriented. Additional reason why performance measurement and management is vital in NGOs is the need to exhibit transparency as well as accountability to relevant stakeholders. Several authors have provided a number of descriptions of performance measurement. Lindblad (2006) considered measurement of performance as the application of objectives, indicators and information to assess NGOs interventions and services. It is treated as the mechanism for evaluating employees, teams and the entire organization (Ferreira and Otley, 2009). In another breadth, Miller (2007) sees performance measurement as an approach of assessment that evaluates a program's impact in terms of efficiency and effectiveness.

Carmon (2007) is of the opinion that, measuring performance involves a systematic approach of evaluating a programme's outputs, inputs and impacts. Obviously, acquisition of the relevant and needed resource for survival is not the sole perspective of measuring NGOs performance.

Moreover, Kareithi and Lund (2012) states that the fundamental objective of these NGOs is targeted at the desired goals by their total beneficiaries reached and the improvement in their various communities. Consequently, the assessment of such organizations should primarily be evaluated on how efficient and effective they have been in achieving these specific social goals. Generally, NGOs appraise their performance by establishing performance indicators and then continue to collect information related to such indicators. The most common indicators of performance used by NGOs integrate effectiveness, fundraising, costs, satisfaction of beneficiaries as well as efficiency (Carman, 2007).

In a similar way, Teelken (2008) applied four main performance indicators to assess the operation of NGOs and these are efficacy, economy, efficiency and effectiveness. Moreover, Benjamin and Misra (2006) states that, in assessing NGOs performance we should focus on four main indicators which are inputs, outputs, outcomes and impacts. The relationship that exists between inputs used and outputs achieved is efficiency; however, effectiveness is seen as a measure used in determining up to what degree is an organization achieving its intended goals and objectives. Furthermore, inputs indicators track a project inputs such as staff, funds and duration, whiles the outputs indicators refer to results obtained from the use of a projects inputs which are basically related to the number of beneficiaries served and the number of providers as against the intended objectives of the program.

Beneficiaries' satisfaction can be evaluated by: access, timeliness, availability, and selection provide another vital mean for evaluating NGOs performance (Niven, 2008). Impact indicator measure the degree of achieving the entire objective of a project/programme for example hospital building, changes in the lives of people, standard of living, etc. It usually concentrates on the long term effects of achieving goals and larger socio-economic change. It identifies the entire consequences of a programme or interventions on people and community external to the immediate intended beneficiaries.

In addition, Niven (2008) stated that partnership and quality are considered to be important indicators often used in measuring NGOs performance in the society. In evaluating partnership quality, the concentration is on the number of partners, their significance to the field of NGO and their satisfaction. The quality is assessed by the satisfaction of donors', innovativeness of services and the application of international standards of quality. The efficiency of fundraising is considered a key variable that is most mentioned when referring to financial performance of NGOs.

According to Andreasen and Kotler (2008), fundraising efficiency involves obtaining funds for the survival of NGOs. It is measured using the dependency ratio of donors (Epstein and McFarlan, 2011). Furthermore, Lewis (2009) states that, resource generation ratio is also another indicator used in estimating the efficiency of fundraising. The cost of fundraising and the response rate of funding proposals are other approaches of measuring fundraising efficiency (Niven, 2008).

Despite using fundraising efficiency as an indicator of financial performance of NGOs, there exist other measures which are linked to the financial transparency with NGOs as suggested by Standards for Charity Accountability of Better Business Bureau Organization (2008). By stating transparency in financial performance of NGOs, it indicates that they make information relating to financial activities available to relevant stakeholders especially donors. This calls for the preparation of comprehensive, accurate and timely financial reports and ensuring that they are made accessible to interested parties especially donors.

2.3 Budget Planning and performance

Budget Planning; Planning according to Bhatia (2003), as part of the Budgeting system involves a long range planning, strategic planning and short term planning .Further, he emphasizes that short term budgeting must accept the environment of today, and the physical human and financial resources at present available to the organization.

Planning has been linked with selecting objectives and action to achieve them. Muhumuza (2006) argues that planning is looking ahead and preparing for it, which links it to budgeting. Through planning the organization is able to assess where it is supposed to be in terms of objectives and goals. This comes from the information system. Sound planning mentions priorities and the planning control cycle. Since there are so many activities to be performed, it's imperative that they are listed in order of preference. Budgets are put in place in advance of the budget periods based on anticipated set of circumstances or environment. The major decisions are made as part of the long term planning process (Selznick, 1988).

In order to carry out budgetary control, it is necessary to formulate a fully coordinated detailed plan in both financial and quantitative terms for a forthcoming period. The duration of the period is usually one year. The plan needs to be in line with the long term development strategy of the organization, although in the shorter term of a budget year, conditions may prevail which could dilute this aim. For example a depressed economy could lead to a temporary departure from the long term plans. Therefore, before formulating the budgets, the policy to be pursued during the forthcoming trading period needs to be established (Dunk, et al, 2001).

Once budgets are operating throughout an organization, it is important that feedback is made available to the managers responsible for its operation. This is often done by means of monthly budget reports. These reports contain comparisons between the budget and the actual position and throw up differences which are known technically as variances. The budget plans must be properly co-ordinated in order to eliminate bottlenecks. Individual budgets should be co-ordinated with one another to ensure that the implementation process is conducted effectively in order to save time and costs (Horngren, Forster and Dater, 1997).

To facilitate proper planning, the management team should define the patterns of expenditure and revenue over the life of the project or the activity that the organization is undertaking. A predetermined budget of possible costs that was incurred carrying out the activities planned in a project should be made. Realistic planning of finances is key to the implementation of a project or programme (Joshi and Abdulla, 1996).

2.4 Budgetary Monitoring and Evaluation and performance

According to Drury (2006), budgetary monitoring and control process is a systematic and continuous one which, is characterized by; Establishing targeted performance or level of activity for each department of the organization by way of setting targets to be achieved; it enhances the monitoring of the organizations productivity. Communicating details of the budgetary policy to stakeholders ensures appreciation of the set targets and objectives and enhances ownership of achieved results. Monitoring actual revenue or cost data is done by way of comparison of actual productivity with the budgeted performance and regular reporting of variances. It helps assert the reasons for the differences between actual and budgeted productivity for corrective action.

Evaluation is a key determinant for effectiveness, through an evaluation plan, the firm can clarify what direction the evaluation should take based on priorities, resources, time, and skills needed to accomplish the evaluation. To enhance effectiveness and transparency the management team should be actively involved in the process of monitoring and evaluation of budgetary control processes and procedures (Hancock, 2009).

The process of developing an evaluation plan in cooperation with an evaluation workgroup of stakeholders will foster collaboration and a sense of shared purpose this highly contributes towards achieving an effective budgetary control (Simiyu, 2002).

2.5 Monitoring and Control of Budget Process and performance

Monitoring and control of budget process is a determinant of effectiveness, once the budgets have been implemented they need to be monitored and controlled to ensure effectiveness in aligning budgets over a defined period of time (Horngren *et al.*, 1997).

A professional and transparent approach to budget planning will help convince investors, development banks and national or international donors to make financial resources available if the organisation implements proper monitoring and control of budget process. This is achieved through ensuring that the estimated budget does not deviate from the actual outcome in order to take appropriate actions where necessary (Otley and Van der Stede, 2003).

Budgetary Control: Arora, (2012), posits that budgetary control is the system of controlling costs through budgets. It involves comparison of actual productivity with the budgeted with the view of ascertaining whether what was planned agrees with actual productivity. If deviations occur reasons for the difference are ascertained and recommendation of remedial action to match actual productivity with plans is done. The basic objectives of budgetary control are planning, coordination and control. It's difficult to discuss one without mentioning the other.

Benefits of budgeting accrue to the whole organization if both the short and long term consequences of the budgets are considered (Otley, 1987). However, the annual budgeting process leads to the refinement of those plans, since managers must produce detailed plans for the implementation of the long range plans. Without the annual budgeting process, the pressures of day-to-day operating problems may tempt managers not to plan for future operations (shah, 2008).

Participative Budgeting: Many researchers have had considerable interest in participative Budgeting though they have conflicting findings. Cherrington and Cherington (1973) and Fjeldstad and Semboja (2011), report negative relationship between budget participation and performance. They all agree that participative budgeting is used more frequently when low level managers have more knowledge than central management and also when the remuneration is linked to the budget performance. There revelation was supported by Mufti and Lyne (1997), and Seberu (2010), who found that the degree of participation in budgeting increases acceptance and motivation as well as it making staff feel responsible for the organizational goals.

Control: Comparison is made between plans and actual productivity, the difference between the two is reported to management for taking corrective action. According to Seberu (2010) and Lewis (1996), this control process is not possible without planning. By means of budgetary control that is, comparing actual results with planned results and reporting on the variations, a control frame is set for management to keep expenditure in the planned limits.

According to Carr (2000), in order to achieve the expected output results, monitoring and evaluation is necessary. Monitoring and evaluation maintains stability under many competing forces, hence important to lower local government performances (Hokal& Shaw, 1999). It is however, worth noting that monitoring and evaluation requires only raw data to test and examine performance which is time consuming.

2.3.2 Productivity

Performance Measurement is a prerequisite for improving performance. As Peter Drucker, who is widely regarded as the pioneer of modern management theory, said: “Without performance objectives, a business does not have direction. Without performance measurement, a business does not have control.”Performance measurement encompasses the complete management planning and control cycle. Performance measures for an NGO could be both financial and Non-financial measures. Such an integrated view in an NGO (right from resource generation unit to program management unit) is highly recommended (Epstein &McFarlan, 2011).

Amaratunga (2001) described performance measurement as a process of assessing progress towards achieving pre-determined goals including information on the efficiency with which resources are transformed into goals and services, the quality of those outputs and outcomes, and the performances of the organizational operations in terms of their specific contributions to organizational objectives.

Performance Indicators

Performance indicators measure the performances and efficiency of a given input in the generation of output. Labor performance and capital performance are examples of performance indicators.

Labor Performance

Labor performance, defined as value added per worker, is the most common measure of performance. It reflects the performances and efficiency of labor in the production and sale of the output.

Capital Performance

Capital performance measures the performances and efficiency of capital in the generation of output. It is defined as value added per dollar of capital. Capital performance results from improvements in the machinery and equipment used, as well as the skills of the labour using the capital, processes, etc.

Performance indicators are inputs, outputs, throughputs, outcomes and impact. These indicators derive from the private sector but are applicable and used by nonprofits as well. Inputs are defined as everything that is needed to carry out a mission or a certain project, Such as staff, volunteers, physical capital, material and income. It is of great interest for Non-profits to optimize all inputs (Magna et al., 2001).

Output is defined as the quantity of work performed or delivered services. Examples of Output measures are number of people attending workshops or training classes and numbers of shelters provided during a disaster. These measures are not directly related to the organization's mission, (Susan, 2001).

Throughputs include both efficiency and performances measures and are linked to the organizations' activities (Zimmermann et al., 2006).The reason for measuring different activities and processes within the organization is to make it possible to evaluate organizational capacity.

There is no clear distinction between output and throughput measures. Both can be linked to organizations' activities, efficiency and capacity. In order to be able to separate them Throughputs could be described as outputs relative to inputs.

Outcomes are very closely related to the organization's mission. Measuring outcomes and evaluating performances make it possible to see to what degree the organization achieve its mission and goals. There are numerous ways of measuring outcomes, for example measuring participant satisfaction or changing attitudes and behavior among participants. As an alternative to measure outcomes several researchers suggest measuring Impact on mission. Impact is defined as all, even unintended, changes that are the result of the organizations' activities (Zimmermann et al., 2006).

2.5 Conclusion

Budgets are considered to be the core element of the control-process and consequently vital part to the umbrella concept of performance measurement. Research has shown that there is no single approach to budgeting suitable for all businesses. Instead, the suitability of a particular approach is argued to be contingent upon characteristics of a business including its size, strategy, structure, and also management's perception of the uncertainty of the environment within which the business operates to best link its budgetary control procedures that is planning, evaluation, monitoring and control.

This is supported by Serem (2013) who explains that there is a weak positive effect of budgetary control on performance of Non-Governmental Organizations in Uganda measured by R square at 14.3%. The research recommends that employees need to be sensitized on budgetary controls and the effect on performance of the organization. From the above literature little has been done in relation to budgetary control and effectiveness of nongovernmental organizations, this is however geared to establish whether there is any relationship between budgetary control and effectiveness of nongovernmental organizations.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the methodology the researcher used in carrying out the study on the effect of budgetary controls on the performance of non-government organizations in Uganda with a particular case study of The Inter-Religious Council of Uganda. The researcher discusses the research design, study area, study population, sample size, sampling techniques and data collection methods and instruments used to obtain data on the topic of research. Methods of quality control which were used to access the reliability and validity of data obtained are also explained. The different processes through which the acquired data was analyzed are explained. At the end of the chapter the researcher presents the ethical considerations followed while carrying out the study and the limitations of the study.

3.1 Research Design

This study was conducted using a cross-sectional survey design. A cross-sectional study (also known as a cross-sectional analysis, transversal study, prevalence study) is a type of observational study that analyzes data collected from a population or a representative subset, at a specific point in time, Schmidt, CO; Kohlmann, T (2008). The study adopted a cross sectional design because it was interested in the respondents' opinions at the time of conducting the study. The study also used a combination of descriptive and analytical research designs (Triangulation) in order to delineate budgetary control effects and performance of IRCU-donor-funded projects in Sembabule district. Triangulation is the use of both qualitative and quantitative techniques of research was used in the study since it provides the benefits of using both techniques. Sarantakos (1998) states that triangulation provides better findings as compared to using one of the techniques since the limitations of one technique are over lapped by the advantages of the another. The survey design helped to gather information from the sample size.

3.2 Study Population

The study population comprised a total of 140 IRCU permanent staff who oversee and are engaged in the implementation of the donor funded activities and projects and whose work is directly affected by the budgetary controls in place at IRCU. They are all engaged in budgetary activities of planning and budget implementation and therefore the budgetary control measures affect them all either directly or indirectly. The population has also been selected on the premise that there is collective responsibility at IRCU for all activities undertaken by any member or the implementing agencies anywhere in Uganda and also they were chosen as respondents because they are the best source of information about the effects of budgetary controls at IRCU since they on ground and know what exactly is taking place.

3.3 Sample Size

A sample being a smaller group obtained from the target population for investigation (Amin, 2005) it’s a fraction or subset of the target population and for it to be effective, it must be more than 30% of the target population, however, the total population of 50% was chosen to constitute the sample size of 70 employees. The study sample constituted 70permanent staff at IRCU including finance, Peace and Governance, strategic and research, HIV and counselling, HR and administration. It was deemed representative enough for the study and was in conformity with Roscoe (2003) who contends that the sample size larger than 30 and less than 500 respondents is appropriate for most studies.

The sample was selected based on the fact that they are permanent staff and familiar with the IRCU budgetary processes including budget planning and implementation of the different projects in the field. They were also assumed to be familiar with the budgetary control practices at IRCU since some these controls affect them directly.

3.4Sampling Techniques

This technique was used because it saves time, selects typical and use full cases only and presents accurate information since the researcher selects respondents they know will give the needed information.

3.5 Data Source

The study used both secondary and primary data.

3.5.1. Primary Data

Primary data was collected from the IRCU staff at the head office in Kampala. The corresponding IRCU staff who implemented the Sembabule district projects was inclusive of these people. Primary sources used included face to face interviews, self-administered questionnaires and observation.

Majority of the questionnaires but not all were self-administered by the researcher, 51 questionnaires were designed and respondents of all categories were asked to respond to the same set of questions in a predetermined order (Sarantakos (1998) Questionnaires were chosen because of the time limitation and partly because the Research is dealing with an elite respondents.

A five point likert scale, ranging from strongly agree to strongly disagree was used to measure the importance the respondents attached to the independent variables. While the dependent variable would be measured based on the recent year's annual reports information as performance indicators,

Interviews were another data collection technique that was used by the Researcher. They were used as a way of supplementing the questionnaires filled, but at the same time they enabled the researcher explore further into the responses given in the questionnaires especially given the importance of the research and the specialized nature of the topic under study.

Observation as another data collecting technique was used to supplement the finding from the questionnaires and the interviews. Since the researchers was required to go to the case study it was mandatory that they observe some aspects of the working environment or employee behavior that can be of aid to their research.

3.5.2. Secondary Data

The major sources of secondary data were the documentation from previous studies, IRCU reports and magazines, data from Uganda National Bureau of Statistics, academic thesis and published journal articles about budgetary controls and productivity of Non-Government Organizations and many more.

3.6 Data Collection Instruments

The data collection exercise engaged all staff of IRCU given their experiences and knowledge in how the organization deals with budgetary controls and organization productivity. The questions were close ended to guide the respondents give particular responses.

The questionnaire was designed by the researcher and filled in by the IRCU staff. The questions targeted the opinions of respondents regarding the effect of budgetary control on IRCU-donor-funded projects.

A questionnaire was used due to its associated advantages of ensuring timely data collection and ease in data analysis using the available data analysis software.

The researcher collected secondary data related to the study. Important journals, statutes, acts, manuals, guidelines, minutes, articles and books that could be accessed will be analysed and a review made. These are expected to provide the support information to be used in the study and writing of the dissertation.

3.7 Validity and Reliability of the study Instruments

Validity refers to the truthfulness of the data presented by the sources while reliability refers to the consistence of results after repeated trials. The researcher tested the sample using the same questions. This ensured accuracy and consistence of the questionnaire. To determine the validity and reliability of tools, the researcher used experts to read through the set of and organized research instruments for correction and thereafter, such tools were taken to the field to the chosen target population to test them. This enabled the researcher to find out whether the tools would be clearly understood by the target population.

Reliability on the study instruments was tested using the Cronbach Coefficient method. The number of cases was entered in the computer to establish the effective out-turn. The results indicate a coefficient alpha of 0.792 for budgetary controls and 0.762 for productivity of donor funded projects which were above the recommended 0.500. This meant that the instrument was reliable. This is because according to George and Mallery (2005), the rule of thumb is > 0.9 is excellent, > 0.8 is Good, > 0.7 is acceptable, > 0.6 is questionable, 0.5 is poor and < 0.5 is Un acceptable. Basically the closer the Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale.

Table 3.2 Data reliability

Variable	**Cronbach Alpha**	**N**	**Mean**
Budgetary Control	0.792	13	4.03
Performance of donor project	0.762	09	3.99

Source; Researcher

N= Number of Items

From the above reflections, Cronbach alpha was above 0.7, which meant that the instruments used in data collection was acceptable/ reliable.

The questionnaire was pilot tested on some IRCU staff, to test performances of use. Content validity of the instrument was achieved by contacting subject specialists, including lecturers and supervisors to share their opinions about the contents raised in the subject.

3.8 Data Processing and Analysis

The data collected was edited, coded, and reviewed in order to obtain the required quality, accuracy, consistency and completeness.

Correlation analysis was run to indicate the relationships between budgetary controls and performance of donor funded projects. The results are presented in the form of percentages, Means, standard deviation, presented in distribution tables, and other statistical graphs as found relevant in the case of data presentation.

3.9 Ethical considerations

The researcher carried out this research with a very keen ethical consideration. The researcher associated a very high degree of honesty with the study.

The researcher followed the right procedure during the study by first introducing herself to the respondents for identification, explaining to them the objectives of the study, then later providing them with a platform for response to the study questions in form of questionnaires or interview.

There were no cases of bribery of respondents for their help but instead the respondents were well explained to the importance of the research and willingly offered their help by responding to the questions of the researcher. This therefore means that the respondentswerenotforcedtogiveoutinformationbuttheresearchersoughtfor their informed consent.

The findings of the study were strictly used for academic purposes and confidentially used to answer the research problem. In answering the research questions the researcher maintained objectivity in relation to the processes she used to collect data.

3.10 Anticipated limitations to the study

It was not possible to obtain responses from all IRCU's staff hence zeroing down to only forty seven respondents which limited the study but it was assumed that the sample size was representative enough to make the research results valid.

The time was also limited for the researcher to make an in-depth understanding of the variables hence a limitation to the study. This was solved by using multi methods in order to get enough information.

The money available was not sufficient for all the research processes involved and this limited the researcher since they needed to spend a lot of money in the process of carrying out the study.

Some of the respondents of the study did not understand the variables of the research and hence could not respond as required. For those that seemed to understand, they could not express themselves so their responses were hard for the researcher analyze.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

4.0 Introduction

The purpose of this study was to investigate the relationship between budgetary controls and the performance of Non-Governmental Organizations in Uganda. The chapter presents data, analyses the findings and discusses the results of the study.

4.1 Response Rate

A population size of 140 employees from IRCU was used. A total of 70 questionnaires were distributed and only 47 were gotten. Also 10 respondents were interviewed this therefore means that the study had a 67% response rate.

4.2 Demographics of Respondents

The demographic characteristics of the respondents were deemed necessary because the ability of the respondents to give satisfactory information on the study variables greatly depends on such information. These characteristics solicited data on the samples and this has been presented below categorized into gender and department worked in at IRCU.

4.2.1 Departments at IRCU

Table 4. 1: Showing Departmental distribution of respondents at IRCU

Department	Frequency	Percentage
Finance	10	13.7
Strategic and research	18	25.5
Peace and Governance	14	19.6
HIV and counseling	17	23.5
Human Resource and Administration	13	17.6
Total	70	100

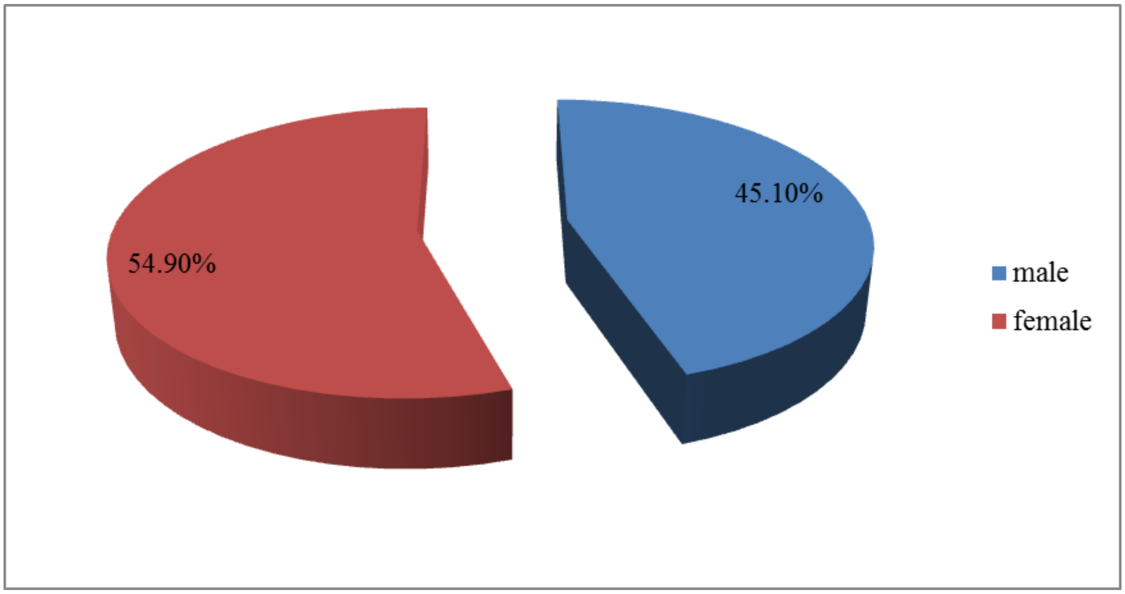
Source: primary data

Results in Table 4.1 above illustrate that Finance department is represented by 13.7%, strategic planning and research by 25.5%, peace and governance by 19.6%, HIV and Counseling by 23.5% and Human Resource and Administration by 17.5%. This imply that IRCU has five distinct departments fully structured according to the needs of the department who work together towards achieving its goals and objective using one budgetary controls set up by the NGO board.

4.2.2 Gender Distribution

The researcher found it important to categorize the respondents in terms of gender as it is one of the natural categorization of people in an organization. The number of respondents belonging to each class of gender is presented below.

Figure 4. 1: Illustrating the gender distribution of the respondents



Source: Primary data ***(2017)***

From results presented in figure 4.1, 54.9% of the respondents were female while the male constituted 45.1% . This implies that more objective data was collected from either sex which helped to avoid bias.

4.2.3 Education Level of the respondents

Table 4. 2: Level of Education of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	14	20.0	20.0	20.0
	Degree	39	56.0	56.0	76.0
	Professional	17	24.0	24.0	100.0
	Total	70	100.0	100.0	

Source: Primary data ***(2017)***

From Table 4.2, it was observed that 56% of the respondents had a University degree. Moreover, those with other qualifications such as professional and diploma represented 24% and 20% respectively. This means that higher qualification is an indication that the respondents are academically qualified persons for the positions. This gives us the assurance regarding the respondent's ability to provide accurate, reliable and valuable information on the questionnaire. More so, people with such level of education could be expected to have much understanding about how systems, budget control system and monitoring activities operate as well as its implications on the NGO performance.

Table 4. 3*: Level of Experience of Respondents*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	64	92.0	92.0	92.0
	6-10 years	06	8.0	8.0	100.0
	Total	70	100.0	100.0	

Source: Primary data ***(2017)***

From Table 4.3 above, respondents who have worked between 1-5 years were the majority constituting 92%. For the younger NGOs, some of these staffs have been with the organization since its inception. It indicates that the respondents have all worked long enough and have adequate knowledge and information about the operations of the organization and therefore are better positioned to implement the budget control systems to influence the NGO performance and provide meaningful responds to questions.

4.2.3 Budget Period

The research established the time period covered by IRCU budgets.

Table 4. 4: Showing the Budgeting Framework

		Frequency	Percent	Cumulative Percent
Valid	Less than 1 year	04	5.88	5.88
	1-5 years	55	78.43	84.31
	5 and above years	11	15.69	100
		70	100	

Source: Primary data ***(2017)***

From table 4.4 results above, 5.9% of the budgets were short term plans which took less a year, 78.4% of the IRCU budgets were medium term budgets with a coverable period between 1-5years while 15.7% were long term budgets that take over 5years. This means that all the NGO budget controls had relevant time frames within which activities must be accomplished.

4.3 Descriptive Statistics

Table 4. 5: Budget Planning

Sources	**Mean**	**Std. deviation**
The organization has a long term and short term budget plans.	3.8	1.03
The budgets have clear goals and objectives	4.2	1.24
When budgeting, outcomes, goals and objectives are linked to programs and organizational activities.	3.6	1.17
The organization put priorities for the coming annual budget conference and Committees.	4.3	1.14
Organizational departments prepare budget plans prior to the budget year	4.3	1.12
Average	**4.04**	**1.14**

Source primary data 2017

The researcher sought information regarding budget planning in the organization and according to the findings, the average mean scores for all the opinions reported regarding budgetary planning show that respondents agree or are satisfied with *the stated budget planning activities* (*average mean 4.04 std. 1.14*).

The table findings further more showed that majority of the respondents agreed and are satisfied that organization has a long term and short term budget plans (*mean 3.8 std 1.03*). These findings indicate that the organization operates following a budget for all operations.

The respondents also agreed that the organization budget has clear goals and objectives (*mean 4.2 std 1.24*). They reported that in every financial year of operation, the organizations sets clear objective in every budget formulated. This is to avoid risks and fraudulent acts.

Respondents further more agreed that when budgeting, outcomes, goals and objectives are linked to programs and organizational activities (*mean 3.6 std 1.17*). The respondents were satisfied with this idea adding that organizational operations, activities and objective are given first priority when budgeting. They also strongly agreed that the organization put priorities for the coming annual budget conference and Committees (*mean 4.3 std 1.14*).

Table 4. 6: Budget Control

Sources	**Mean**	**Std. deviation**
Managers hold budget conferences and meetings regularly to review performance	3.8	1.03
The organization has budget policies that monitors budget spending	4.2	1.24
Control of the budget activities is done by the departmental heads	3.6	1.17
The costs of activities and functions of the organizations are constantly reviewed by the executive committee	4.3	1.14
The organization's budget performance evaluation reports are prepared frequently	4.3	1.12
The organization's budget deviations are reported to budget committees	3.9	0.96
Managers always take timely corrective actions when adverse variances are reported	3.7	1.03
There is a regular follow up on budget plans by the budget committee and departmental heads	3.5	0.42
Average	**3.91**	**1.01**

Source primary data 2017

Most of the respondents on average agreed (*mean 3.91 std 1.01*) and are satisfied that budget monitoring and control are carried out in the organization. They were further satisfied with the opinion of Managers hold budget conferences and meetings regularly to review performance as a way of monitoring budget operations and progress (mean 3.9 and std 1.03).

Majority of the respondents strongly agreed that the organization has budget policies that monitor budget spending (mean 4.2 and std 1.24). They reported that financial resource allocation is monitored before money is signed.

The respondents fairly agreed that Control of the budget activities is done by the departmental heads (mean 3.6and std 1.17). Some of the respondents were not very sure about this opinion of only department heads monitoring operations.

As part of effective monitoring of project and budget operations, majority of the respondents agreed strongly that the organization's budget performance evaluation reports are prepared frequently (mean 4.3 and std. 1.12). This indicates that adjustments can easily be made following the performance reports reported.

The respondents further agreed that Managers always take timely corrective actions when adverse variances are reported in case of any fraudulence and loopholes corrective measures are taken mean (3.7 and std 1.03). They also fairly agreed that there is a regular follow up on budget plans by the budget committee and departmental heads (3.7 and std 1.03).

Table 4. 7: Budget Monitoring and Evaluation

	Items	Mean	Std. deviation
1	Management of the organization review the budget	3.8	1.03
2	The organization review the process of budget allocation	4.2	1.24
3	The organization engages its stakeholders in making key budget decisions	3.6	1.17
4	The organization conducts regular audit of the estimated and actual budget	4.3	1.14
5	The management team reviews regularly the implementation of budgetary control measures in the organization	4.3	1.12
	Average	**4.04**	**1.14**

Source primary data 2017

Most of the respondents on average strongly agreed (*mean 4.04std 1.14*) and are very satisfied that budget monitoring and evaluation have a positive impact on budget performance and that they are carried out in the organization. They were further satisfied with the opinion of Management of the organization review the budget (mean 3.8 and std 1.03).

When respondents were asked to give their opinion on if the organization reviews the process of budget allocation, most of them agreed with it (mean 4.2 and std1.24). This is done to ensure proper allocation of financial resources.

They further more fairly agreed that organization manages often engage its stakeholders in making key budget decisions (mean 3.6 and std1.17). This is done to ensure quality business decision making.

The organization conducts regular audit of the estimated and actual budget was agreed by (mean 4.3 and std 1.14) they continued to agree that the management team reviews regularly the implementation of budgetary control measures in the organization (mean 4.3 and std1.12).

Table 4.15 Performance

	Mean	**Std. deviation**
There is a high level of project performance of the organization	4.04	0.297
The organisation executes its projects within the stipulated	3.93	0.353
There is an estimated percentage of costs reduction by the organization	3.84	0.668
The percentage of administrative efficiency as a percentage of administrative expense divided by total expenses has reduced in the past year	3.14	0.592
Program efficiency as a percentage of program expenses divided by total expenses improved in the past year	3.65	0.724
There is Financial Efficiency in my organization	3.84	0 .527

Average	**3.74**	**0.53**

Source primary data 2017

In relation to performance of the organization, the respondents agreed that on average (mean 3.74 and std 0.53). They strongly agreed that there is a high level of project performance of the organization (mean 4.04 and std 0.53). This is because of the effective budgetary planning and evaluation that promotes effective resource allocation.

Respondents fairly agree that there is an estimated percentage of costs reduction by the organization (mean 3.84 and std 0.668). The organization level of costs is reducing which indicates improved performance in its operations.

Majority of the respondents were not sure of the opinion of the reduction in the percentage of administrative efficiency as a percentage of administrative expense divided by total expenses has reduced in the past year (mean 3.14 and std 0.592).

4.4 Correlation Analysis

This section presents a discussion of the results of inferential statistics. Correlation analysis was used measure the strength and relationship between independent variables i.e. Planning, Monitoring and Control, Evaluation, as well as the Performance of IRCU. Regression analysis established the relative significance of each of the variables on Performance.

The Pearson product-moment correlation coefficient (or Pearson correlation coefficient for short) is a measure of the strength of a linear association between two variables and is denoted by r. The Pearson correlation coefficient, r, can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. A value greater than 0 indicates a positive association, that is, as the value of one variable increases so does the value of the other variable. A value less than 0 indicates a negative association, that is, as the value of one variable increases the value of the other variable decreases.

Table 4.8:Correlation Analysis

	Y	X_1	X_2	X_3	X_4	X_5
Y	1.0000					
Budget Planning	0.9927	1.0000				
Monitoring and Control	0.9111	0.8679	1.0000			
Evaluation	0.9775	0.8163	0.7568	1.0000		

Source: Primary data ***(2017)***

The study in table 4.8 above shows that all the predictor variables were shown to have a positive association between them at a significant level of 0.05 and hence included in the analysis. There was strong positive relationship between the independent and the dependent variables.

The correlation between budget Planning and Performance was 0.9927, the correlation between Control and Performance was 0.9111, the correlation between Evaluation and Performance was 0.9775.

4.5 Linear Regression Model

Table 4. 9: Linear Regression Model Summary

	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.578	.326	.264	1.76350

Source: Primary data ***(2017)***

Predictors: (Constant), Planning, Monitoring and Control, Evaluation.

Dependent Variable: Performance

Analysis in table above shows that the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) R square equals 0.326, that is, 32.6% of the total variation in performance is explained the changes in planning, control, monitoring and evaluation.

The Analysis of Variance (ANOVA) was used to check how well the model fits the data. The results are presented in table 4.10 below;

Table 4. 10: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.045	6	.123	.678	.0025
	Residual	5.102	30	.177		
	Total	5.628	36			

Source: Primary data ***(2017)***

Predictors**:** (Constant), Planning, Monitoring and Control, Evaluation.

Dependent Variable: performance

The F statistic is the regression mean square (MSR) divided by the residual mean square (MSE). Since the significance value of the F statistic is small (0.000 smaller than say 0.05) then the predictors variables table Planning, Monitoring and Control, Evaluation, explained the variation in the dependent variable which is performance of the NGO(IRCU).

Consequently, the study accepted the alternative hypothesis that all the population values for the regression coefficients are not 0 and rejects the null hypothesis. Contrary, if the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable, and the null hypothesis that all the population values for the regression coefficients are 0 should have been accepted. The regression output of most interest is the following table of coefficients and associated output:

Table 4. 11: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(C-Constant)	0.903	0.123		7.367	0.000
	Budgetary Planning	0.9273	0.028	0.158	2.021	0.045
	Monitoring and Control	0.9927	0.027	0.101	1.157	0.210
	Evaluation	0.9111	0.030	0.105	1.194	0.234
a. Dependent Variable: performance						

Source: Primary data ***(2017)***

From the Regression results in table below, the multiple linear regression model finally appear as performance (Y) = 0.903+ 0.158PL + 0.101MC + 0.105EV

4.6 Discussion of Results

The multiple linear regression model indicates that all the independent variables have positive coefficient. The regression results above reveal that there is a positive relationship between dependent variable (performance of IRCU) and independent variables Budget control system (Planning, Monitoring and Control, Evaluation).

From the findings, one unit change in planning results in 0.158 units increase in NGO performance. One unit increase in monitoring and Control results in 0.101 units increase in organizational performance. A unit change in evaluation results in 0.105 unit increases in performance.

A budget allows a goal, a standard of performance to be established with subsequent comparison of actual results with the created standard. It requires those involved to be forward looking rather than looking back (Budgets have therefore been identified as playing a number of roles which include making goals explicit, coding learning, facilitating control, and contracting with external parties (Selznick, 2008).

For proper budgetary control to be done, programmes and plans should be the basis for allocation of financial resources (Nyageng'o, 2013). Budget planning had a very good and positive correlation (0.993) with performance. Also clear result targets should be set indicating budget outcome goals and objectives being linked to programmes. Building of consensus is useful by way of discussing the goals to be met with all stakeholders since decisions reached here will be based on plans and programmes in the budget. This also goes a long way to help identify the type and level of resources to provide in order to achieve the set objectives and goals (Nickson and Mears, 2012). Planning as part of the budgeting system involves long range planning, strategic planning and short term planning. Proponents of budgeting however argue that budgets help to allocate resources, coordinate operations and provide a means for performance measurement. Mwaura (2010) agrees with this view that budgeting is the most widely used technique for planning and control purposes.

Budget monitoring in terms of budget reviews is important as it paves way for budget adjustments. This is shown by a correlation of 0.9111. It also permits continuous assessment of budget variances in terms of actual against the budgeted so that reasons for differences between actual and budgeted performance are always given in a budget conference (Karanja, 2011).

Similarly, results on monitoring and control established significant negative perceptions among staff with a majority not sure of monitoring and control being implemented in NGOs. The agreement of budget priorities is not done in budget conference and neither are budget reviews which are useful in determining the budget variances done. According to Marcormick and Hardcastle (2011), financial control and monitoring helps to ensure efficient and cost effective program implementation within a system of accountability, coupled with constant program implementation for better budget implementation in accordance with agreed plans.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents summary and conclusion and recommendations, related to budget control and performance of Non-governmental Organization; specifically at IRCU. It has been arranged following the study objectives that guided this research.

5.1 Summary of the major findings

This research established the existence of budgetary controls in NGOs, there performance and also determine the effects of budgetary controls on their performance. This research examined how budgetary controls affect performance in NGOs in Uganda.

The study established that budgetary control had an effect on financial performance of NGOs. The study established that budgetary control had a statistically significant positive effect on financial performance in IRCU. The findings of this research are in line with the findings of Jiambalvo (2004)3 who observed that a budget is a basic and important weapon in management and serves as a tool for planning and controlling the use of scarce financial resources in the accomplishment of institutional objectives. Thus budgetary control can be used as a tool to improve the financial performance of an organization.

According to Ronald, Michael & Frank (2008)4, public institution of higher learning resources are limited, and budgets provide one means to allocate resources among competing uses. Without proper allocation of funds various objectives may not be fulfilled

Results indicated that the basic purpose of budget control system at IRCU was not achieved because of lack of compliance to proper planning, monitoring and control followed at IRCU to meet the organization needs for information as efficiency as possible.

Based on the discussion of the major findings, there was weak budget control which affected organizational performance that led to poor performance.

Improper monitoring and evaluation compelled to non-compliance with rules and regulations in IRCU operation and performance, though budgetary control did not led to proper financial accountability and budgetary control on the expenditure did not led to proper utilization of donor funding.

It is also worthy to deduce from the study findings that budgeting at IRCU was not well conducted. The allocation of funds to the activities was characterized by misappropriations. Hence budgeting was only taken as a plan in quantitative or monetary terms aimed at pursuing specific objectives during a defined period of time but various variances between the budgeted, standard quality of work and actual output was questionable.

5.2 Conclusions

This research examined the budgetary controls and concludes that the NGOs generally have budgetary controls at different levels of organizations; it established that most of them have planning, monitoring and controls, and budget participation. Planning contributed the highest towards the positive performance of the NGOs followed by Monitoring and Control and finally evaluation.

It also established that there is above average performance in all the NGOs based on the findings, that is, both financial and non-financial performance indicators which include revenue growth, community participation, dollars spending, new donor acquisition and efficiency are above average at 71.11%.Most of the organizations have the required 30% administration cost and 70% program costs which a standard requirement for NGOs.

It has been established that the level of budgetary control was low as staff were always not keen to know what has been budgeted for and to what extent it can finance their activities and now they concentrate on the implementation and monitoring the outcomes of the activities.

Finally this research determined the effects of budgetary controls on performance of NGOs using correlations and regression methods established the relationship and have also concluded that there is a low positive relationship between budgetary controls and Performance. This means that budgetary controls might not be the only reason for high Performance; many other factors may affect the performance of an NGO.

5.3 Recommendations

Budgetary controls are important in influencing performance therefore more efforts should be made by management of organizations both profit and non-profit to sensitize the employees on its importance so as to enhance performance. It is also recommended that organizations should develop more formal practice in the development of budgetary controls, that is, Planning, Monitoring and Control and evaluation. Most organizations have minimal formal budget controls in their organizations hence the need to develop a clear policy on budget control processes.

Based on the findings, organizations need to investigate other factors that contribute to better performance apart from budgetary controls, like employees motivation and invest more in staff development in order to enhance their performance. Monitoring and Controls shows the highest contribution towards performance hence. More training should be done to the managers on how to conduct more efficient controls and monitoring.

The findings also indicate that evaluation has an impact on the organizations Performance hence the budgetary controls should not be top-down in nature, instead the top management should make efforts to elicit feedback from subordinates at different levels in developing the organizations budget. As such, top management needs to understand that the positive impact of budgetary evaluation on performance.

Performance works both directly, as a consequence of management involvement in the budgetary process, as well as indirectly, when managers' commitment to the organization increases due to their participation and involvement in the budgetary control process.

NGOs should institute capacity building techniques to strengthen their budgeting systems to support the NGOs throughout the funding periods.

5.4 Suggestions for Further Research

This study dwelt on Non-Governmental organizations and measures on performance were difficult to measure especially because they involve both financial and nonfinancial indicators. Hence more research should also be done in other sectors like the Parastatals and private sectors.

This research concluded that there is a low positive relationship between budgetary controls and performance hence other factors may have influence on performance apart from budgetary controls. Therefore more research need to be done on factors that influence performance on NGOs.

The study suggests that further research should be conducted in the following;

- To examine the role of Government intervention on influencing the performance of NGOs.
- To assess the effect of internal Auditing on financial management in an organization.

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APPENDIX 1: QUESTIONNAIRE FOR STAFF OF ICRU

Dear Respondent

I am a Student of UMU conduction…………………………

PART A: GENERAL QUESTIONS (Please tick in the appropriate box provided).

1. Your Department in IRCU:………………………..
2. Your Gender: Male ☐ Female ☐
3. Your level of Education

   Diploma ☐

   Degree ☐

   Professional ☐
4. Your duration in IRCU

   Up to 5 years ☐

   6 – 10 years ☐

PART B: Planning

Please tick the following statements by indicating the level of agreement that you agree or disagree with the activities below:

Strongly Disagree= I, Disagree= II, Not sure= III, Agree=IV, Strongly Agree= V

		I	II	III	IV	V
1.	The organization has a long term and short term budget plans.					
2.	The organization has a long term and short term budget plans.					
3.	The budgets have clear goals and objectives.					
4.	When budgeting, outcomes, goals and objectives.					
5.	Are linked to programs and organizational activities.					
6.	The organization put priorities for the coming annual budget conference and Committees.					
7.	Organizational departments prepare budget plans prior to the budget year.					

PART C: Monitoring and Control

Please tick the following statements by indicating the level of agreement that you agree or disagree with the extent to which these statements are applicable.

Strongly Disagree= I, Disagree= II, Not sure= III, Agree=IV, Strongly Agree= V

		I	II	III	IV	V
1.	Managers hold budget conferences and meetings regularly to review performance.					
2	The organization has budget policies that monitor budget spending.					
3	Control of the budget activities is done by the departmental heads.					
4	The costs of activities and functions of the organizations are constantly reviewed by the executive committee.					
5	The organization’s budget performance evaluation reports are prepared frequently.					
6	The organization’s budget deviations are reported to budget committees.					
7	Managers always take timely corrective actions when adverse variances are reported.					
8	There is a regular follow up on budget plans by the budget					

	committee and departmental heads.					

PART C: Evaluation

Please tick the following statements by indicating the level of agreement that you agree or disagree with the extent to which evaluation is implemented in the organization.

Strongly Disagree= I, Disagree= II, Not sure= III, Agree=IV, Strongly Agree= V

		I	II	III	IV	V
1.	Management of the organization reviews the budget.					
2	The organization reviews the process of budget allocation.					
3	The organization engages its stakeholders in making key budget decisions.					
4	The organization conducts regular audit of the estimated and actual budget.					
5	The management team reviews regularly the implementation of budgetary control measures in the organization.					

PART D: Performance

Please tick the following statements by indicating the level of agreement that you agree or disagree with the extent to which your organization is performing.

Strongly Disagree= I, Disagree= II, Not sure= III, Agree=IV, Strongly Agree= V

		I	II	III	IV	V
1.	There is a high level of project performance of the organization.					
2	The organization executes its projects within the stipulated.					
3	There is an estimated percentage of costs reduction by the organization.					
4	The percentage of administrative efficiency as a percentage of administrative expense divided by total expenses has reduced in the past year.					
5	Program efficiency as a percentage of program expenses divided by total expenses improved in the past year.					
6	There is Financial Efficiency in my organization.					