

An assessment of budget as a management tool for controlling local government authorities expenditure, a case of Morogoro municipal council.

Mposheleye Haile

Masters of Business Administration (Finance)

University of Dar es Salaam, School of Business, 2010

This study is about how local government authorities use budget as a management tool in controlling expenditure. Despite the fact that budget is regarded as a benchmark for the operation of activities, a tool for future plan of activities, a means for achieving goals, and also a tool for establishing standards of measuring performance, most of local government authorities have persistently experienced over- or under-spending in their budgets.

Primary data were collected with questionnaire whereby 84 informants responded while secondary data were collected from documentary review. The primary data were analyzed using Statistical Package for Social Scientist (SPSS) and secondary data were analyzed using spread sheets, then the hypotheses were tested using the chi-square model. The results of the tests of hypotheses revealed that management does not use budget as a management tool in controlling expenditure due to unrealistic budget preparations and implementations.

The study recommends the following: the management should adhere to the financial regulations, review the budget monthly, and discourage political influence during the budget implementations, build capacity on the budgeting skills. Policy makers should set policies which incorporate political influence, there should be a clear link between the central government budgeting policies and local government budgeting policies.