

Compliance of Budgeting Practices to Budgeting Norms by Government Entities in Kenya: A Case of the Legislature

Eric Ng'ang'a Kanyi², Prof. David Minja, PhD²

¹*Correspondent Author, Department, Public Policy and Administration, Kenyatta University, Kenya*

²*Senior Lecturer and Chairman, Department, Public Policy and Administration, School of Humanities and Social Sciences, Kenyatta University, Kenya*

ABSTRACT

The enactment of Constitution of Kenya in 2010 resulted to far reaching changes on the management of public resources in Kenya. One of the key departures from the past is the enhanced role of the Legislature in public finance oversight. The Constitution empowered the Legislature to provide oversight and accountability over the use of public finances including budget approval for all government entities as well as ensuring all government entities follow laid down procedures on budgeting. Given this power, the question is whether the Legislature is employing budgeting practices which are in conformity with the established norms on budgeting in preparing its own budget as well as adopting best budgeting practices. This is premised on the fact that the Legislature will not be able to authoritatively impose sanctions to government entities for financial malpractices as a result of poor budgeting practices if the Legislature itself is not following budgeting practices put in place. Thus, the objective of the study was to assess the compliance of budgeting practices to established norms on budgeting in the Legislature. The study used descriptive design. The target respondents were the employees of the administrative arm of the Legislature, that is, the Parliamentary Service Commission in the Directorate of Finance and Accounting and the Directorate of Budget based at Parliament Buildings in Nairobi. These two directorates were selected for the study because they conversant with budgeting practices in the public sector and are both involved directly and indirectly with budgeting in the Legislature. The data for the study was collected from primary source through administration of questionnaires. The Study used descriptive statistical technique since the research was intended to describe the existing budgeting practices in the Legislature. The results revealed that generally, the Legislature has adhered to the established norms on budgeting in its budgeting processes (budgeting practices) as well as adopting budget best practices. However, the study revealed a number of issues that need to be addressed by the Legislature to improve on the budgeting practices. Thus, study recommends that certain aspects of budgeting practices within the Legislature be reviewed. The critical recommended aspects of budgeting practices which need to be reviewed include among others having a budget manual in place, aligning the budget with the strategic plan and goals, basing resource allocation to various activities on cost benefit analysis as well as involving the critical stakeholders during budgeting. The study recommends the need to expand the scope of the study to include other government entities with different characteristics compared to the Legislature. The study recommends further research examine whether adherence of budgeting practices to budgeting norms in public budgeting results to prudent utilization of public resources and efficient delivery public goods.

Keywords: *Compliance of Budgeting Practices, Budgeting, Budgeting Norms, Government Entities in Kenya*

DOI: 10.7176/ijcab.v3iIII.35 , URN: urn:nbn:de:0000ijcab.v3iIII.351

Cite this Article:

Kanyi, E., & Minja, D. (2019). Compliance of Budgeting Practices to Budgeting Norms by Government Entities in Kenya: A Case of the Legislature. *International Journal of Current Aspects*, 3(III), 122-134.
<http://journals.ijcab.org/journals/index.php/ijcab/article/view/35>

1. INTRODUCTION

The budget, as a policy document, is regarded as the most important means for a country to deliver the envisaged national development agenda as it indicates how the government intends to provide public goods and services to the citizens (Parliamentary Budget Office, 2010). Kojo and Kwesi (2018) aver that budgets have various dimensions, that is, political, economic, accounting and administrative dimensions. The two authors argue that as a political tool, the budget allocates the scarce resources among multiple and competing interests. Bartle and Shields (2009), argue that budgets as economic tool serves as an instrument for evaluating economic growth and as an accounting tool, the budget gives limits on government spending. Klammer (1973) posits that the rationale for budgeting is to collect and allocate limited resources among competing public needs, provision of public goods and services and re-distribution of income. As such, budgeting has been one of the critical tools used to spearhead the transformation and re-structuring of public sector organizations in most countries around the world (Srinivasan, 2000). The question is whether the resources being allocated to various government entities to provide public goods and services are being budgeted for in a prudent manner through budgeting practices which have been put in place (Pere *et al*, 2015).

Budgeting practices are a critical component in ensuring that budgets play the rightful role of spearheading the transformation agenda (Marino and Matsusaka, 2005). This is because budgeting practices ensure that resources marshaled by the State for public good is spent as pledged by the government in order to optimize on the benefits (Pere et al, 2015). Budgeting practices which are in line with laid down budgeting norms have a positive impact on service delivery and the vice versa is true (Goddard and Mkasiwa, 2016). According to DfID (2001), when it comes to public budgeting, all public entities must follow the established procedures in order to standardize the budgeting process and ensure that the process does not become subjective. Budgeting practices advocate for goal driven methodology to budgeting that covers the whole budgeting cycle that is, planning, adoption and execution phases of budgeting (NACSLB, 1999). Thus, it essentially means that budgeting practices play a critical role in enhancing financial accountability and performance of an organization. It also implies that if the budgeting practices are not right, then the budgeting outcomes will not guarantee prudent use of resources. It is on this premise that there are established public budgeting practices norms which act as a reference point to all government entities in management of public resources and must be followed by all government entities (National Treasury, 2017).

In the last decade, there has been a global call for openness, transparency and accountability in the management of public resources raised through taxation (Pere et al, 2015). This is well supported by the ADB, findings in 2008 which showed that in the last ten years many countries across the world and Africa in particular have attached importance to sound public finances and most countries have made notable progress in terms of putting in place mechanisms to support effective management of public resources. Budget practices in some of the countries have

become more transparent and regulatory bodies have been created and strengthened as well as taxation systems undergoing reforms to conform to globally accepted standards of fiscal practice (ADB, 2008). Through this public dialogue, Legislatures were identified as critical institutions to provide checks over use of public resources and this is premised on the fact that Legislatures represent the people (Posner and Park, 2007). The cardinal principle among democracies being that no tax is supposed to be imposed or public money spent without consent of Parliament (Posner and Park, 2007). This essentially meant that in Democratic States there should be no taxation without representation (Parliamentary Centre, 2011). Some of the countries where the Legislatures are actively involved in budget oversight include Canada, United Kingdom, and Australia with the most advanced Legislature in terms of budget oversight being the United States of America Congress (Posner and Park, 2007). Regionally and in Africa, the Legislatures involved in budgeting at various levels are the Parliaments of Zambia, South Africa Uganda and Kenya (Parliamentary Centre, 2011). Alive to the global trend, the Constitution of Kenya has given the Legislature power to oversight use of public resources including power to approve the budget for all government entities and approving all taxation measures (GOK, 2010).

1.2 Statement of the Problem

The main concern of the study was that even though the Kenya Legislature has been given a huge responsibility on public finance oversight, less attention has been given on the budgeting practices within the Legislature. This is because as Pere et al (2015) posits, budgeting practices are the initial step towards financial accountability and prudent use of public resources since compliant practices facilitates preparation of credible public budgets. Little is known regarding the budgeting practices in the Legislature and thus, the fundamental question is whether the budgeting practices in the Legislature are in conformity with the established norms that guide the public budgeting making as well as best budgeting practices ensure that budgeting remains a key tool for enhancing transformation in the public sector. The onus to prepare the Legislature budget lies with the Parliamentary Service Commission, which is the administrative arm of the Legislature. Some of the local studies available on budgeting largely concentrated on budgeting practices and challenges both in public and private sector. In addition, some local studies were conducted before the adoption of the constitution in 2010, which brought to public budgeting reforms where many aspects of budgeting and public financed management were revised. Ndiritu (2007) conducted a study on the effectiveness of cash budgeting in public institutions. Gathige (2009) did a study on budgeting practices and challenges in the dairy co-operative societies in Kenya. Maraga (2011) studied budgeting processes in government parastatals in Kenya. Kariuki (2010) conducted a study on challenges of budgeting in Kenya public sector. To the researcher's best knowledge, none of these studies focused on budgeting in the Legislature especially in view of the public finance management reforms brought about by the enactment of the Constitution in 2010 and the Public Finance Management Act in 2012.

2. OBJECTIVES OF THE STUDY

The study was guided by the following objectives:

- i. To establish whether the budgeting practices in the Legislature are in line with the budgeting laws and procedures;
- ii. To examine the budgeting practices in the Legislature against the universally accepted budgeting practices;

- iii. To suggest policy interventions for strengthening budgetary practices in the Legislature.

3. THEORETICAL LITERATURE REVIEW

This budget theory as put forward by Henry Adams (1985), explains the social motivation as to why the government is involved in budgeting. The theory posits that budget and budgeting are concepts whose origins are in the bible days during the period when the Israelites were in Egypt. During this period, it is documented that anything which was to be given out of the treasure had to be accompanied by a written order. The Egyptians were able to survive the seven years of famine as a result of Joseph budgeting and storing to cover the famine period. As a tool for managing costs and cash flows in industrial organizations, budgets and budgeting was first introduced in the 1920s. According to Bartle (2008), the coming into place of scientific management philosophy laid emphasis on detailed information as a basis for taking decision. This led to development and introduction of management accounting and budgeting techniques. At early stage of development, preparation and presentation of credible information to legitimize accountability was the main concern of budgeting (Hildereth, 2002). However, the focus of budgeting has shifted as organizations became more complex over the years and as the environment became more dynamic. Bartle (2008) posits that budgets in modern times provide a focus for the organization and assist in the coordination of various activities and facilitating control. Through budgeting, both the top level of management and operation level have a focus at the future and puts down what has to be attained through budgeting. The theoretical framework gave a justification for development of budget concept and highlights the metamorphosis of the budget from a mere tool of giving direction to various actions in an organization to a complex managerial instrument that managers utilize to provide focus for organizations, set goals and carry out performance evaluations in an organization. A clear picture through which the researcher viewed budgeting practices as tool for influencing organizations both in terms of financial performance and accountability is provided by this theoretical framework.

4. METHODOLOGY

The study employed descriptive research design which involved observing and describing the behavior of a subject without influencing it in any way. This study had one unit of analysis, the Parliamentary Officers in the Directorate of Finance and Accounting and Directorate of Budget, who are in employees of the Parliamentary Service Commission, the administrative arm of the Legislature which is mandated among other things prepare the Legislature Budget. Members of this unit of analysis were of varied gender and levels of education and experience within Parliamentary Service. The Parliamentary Officers in Directorate of Finance and Accounting and Directorate of Budget were considered for the study because they are technical officers conversant with the budgeting practices in the Public sector and budgeting within the Legislature. The Directorate of Finance and Accounting is responsible for preparation and Execution of the Legislature budget whereas the Directorate of Budget is responsible for giving an independent and impartial analysis of the Legislature budget.

The study was conducted among the selected staff of the Parliamentary Service Commission based in Parliament Buildings in Nairobi. According to the Directorate of Administration and Human resources in PSC, the total number of technical staff in the Directorate of Finance and Accounting and in the Directorate of Budget is seventy one (71). There are forty six (46) technical staff in the Directorate of Finance and Accounting and twenty five (25) technical staff

in the Directorate of Budget. The study focused on the two technical Directorates since the technical officers are conversant with public budgeting and are involved in budgeting in the Legislature. The study was undertaken through a census survey. A census survey of all the identified respondents within the Directorate of Finance and Accounting and the Directorate of Budget within the PSC was adopted in the study since the number of the target population were relatively manageable in terms of administering the research instrument. The completed questionnaires were edited for completeness and consistency before processing of the responses. Data analysis employed both the SPSS and Microsoft Excel software in line with the objectives of the study. The data collected from the study was mainly quantitative in nature hence descriptive data analysis techniques was utilized for analysis. Descriptive statistics such as mean, frequencies and percentages were utilized to examine responses from the questionnaires. The findings are presented through bar graphs, charts and tables.

5. STUDY FINDINGS

Overall compliance with the budgeting practices, the study revealed that the Legislature is compliant (see table 4.1) to a great extent to the budgeting practices (average mean= 4, average % = 70.3). This means that the respondents are of the opinion that the budgeting practices in the Legislature are in line with norms on budgeting. This is critical since as observed by Pere et al (2015), budgeting practices ensure resources are spent efficiently and effectively for maximum benefits. Since budgeting practices are employed for improving efficiency in an organization (NACSLB, 1999), the results is an indication of prudent use of resources by the Legislature. Specifically, the study revealed that in terms of compliance to budgeting laws and procedures, the respondents are of the opinion that the Legislature has complied with the required public finance laws and procedures in all its budgeting processes with a mean score of 3.6. This is in line with the observation that all government entities are required to adhere to various laws, policies and regulations on public finance and budgeting (Kiringai, 2002). This is critical since all government agencies are required to adhere to the National Treasury circular on budgeting (Kiringai, 2002) which enumerates the various guidelines for uniformity in the presentation and documentation of public budgets (National Treasury, 2011). The lowest score by the respondents was on the adoption of budgeting best practices by the Legislature with a mean of 3.0 and a percentage score of 61 which indicates that, the Legislature needs to put in place measures to ensure budgeting best practices are adopted in its budgeting processes. Universally accepted best budgeting practices are important since they improve accountability in the whole budgeting making process both in the private and public sector (Douglas, 1994). Hence there is need for the Legislature to improve on certain aspects relating to universally accepted budgeting practices.

Table 1: Overall compliance to budgeting practices

Budgeting Practices	Mean	Percent
Compliance with budgeting laws and procedures	3.64	73%
Consistency with Budgeting best practices	3.06	61%
Mean	3.53	70.3%

In broad terms, as indicated in table 1 above, the respondents were of the opinion that the Legislature complied with the various budgeting laws and procedures by having a mean score of

3.64. However, there are certain aspects in terms of compliance with these laws and procedures which Legislature did well while others the institution did not do well hence a low score. The below sections indicates the respondents view in terms of compliance at various phases of the budget making process to budget laws and procedures.

At the budget planning and preparation phase, the study revealed that budget planning and preparation laws and procedures are generally adhered to a moderate extent (mean = 3). This means at the planning stage of budgeting, the budgeting practices to a moderate extent are adhere to the laws and procedures relating to budget planning. Specifically, the most significant findings (see Table 4.2) are that the budget planning is at a great is guided by a specialised budgeting unit (mean = 4), all revenues and expenditures are entered into the budget estimates (mean = 4) and the budget it prepared within the timelines set by the law (mean = 4). This results support the view by NACSLB (1999), that budgeting is a relatively technical work which is best performed by a specialized unit. The inclusion of all the revenues and expenditures by the Legislature in the preparation of the budget supports the view of PBO (2011) that a budget needs to include all expenditures and revenues which are submitted in the Legislature for approval.

On the other side, the study reveals that to a slight extent (mean=2), the Legislature participates in the sector working group during this stage. This means that the Legislature does not participate in the sector working groups. Participation in the sector working group is critical since it is in this forum where resources are contested and allocated depending on the priorities (Treasury, 2011). Thus, the Legislature could be losing out on resources due to lack of participation in this discussions. The study also revealed that there is minimal involvement of staff in budget preparation in the Legislature by having a mean score of 2. One of the intentions of budgeting is to keep in check the activities being undertaken in an organization and putting in place a series of goals to be achieved (Abdel-Kader and Luther, 2006). These activities are supposed to be undertaken by the staff and if they are not involved in budgeting then the organization may not attain its goals and objectives. Thus staff involvement is a key ingredient during budgeting.

Table 2: Budgeting planning and preparation

Budget Planning and Preparation Guidelines	Not at all	Slight extent	Moderate extent	Great extent	Very Great extent	Mean
Requests for budget allocation are fully justified and supported	1.82%	7.27%	21.82%	60.00%	9.09%	3.67
All revenue and expenditure is entered into the budget estimates	-	1.82%	14.55%	67.27%	16.36%	3.98
Budget is linked to the PSC strategic plan and goals	-	12.73%	61.82%	21.82%	3.64%	3.16
Ensure budget planning is guided by a specialized technical unit	1.82%	-	12.73%	56.36%	29.09%	4.11
Ensure PSC participation in the sector working group	49.09%	36.36%	9.09%	3.64%	1.82%	1.73
Ensure staff involvement to enhance staff commitment	9.09%	40.00%	43.64%	7.27%	-	2.49
Budget has space to adapt swiftly to unforeseen changes	-	1.82%	40.00%	54.55%	3.64%	3.6

Budget is prepared within the budget timeline set by the law	-	-	32.73%	49.09%	18.18%	3.85
Ensure the budget is linked to national development goals	5.45%	40.00%	38.18%	14.55%	1.82%	2.67
Budget is prepared within the resource ceiling approved by the National Assembly	-	3.64%	25.45%	65.45%	5.45%	3.73
Budget indicates and separates recurrent from development budget	-	-	1.82%	49.09%	49.09%	4.47
Budget indicates the source of funds	-	-	1.82%	58.18%	40.00%	4.38
Indicates the previous budgetary allocation and performance	-	49.09%	40.00%	7.27%	3.64%	2.65
Budget is prepared in a Programme Based Budgeting format	-	5.45%	23.64%	50.91%	20.00%	3.85
Budget is prepared under the MTEF Framework	-	3.64%	20.00%	60.00%	16.36%	3.89
Prepared within resource ceiling approved by the National Assembly	-	-	9.09%	78.18%	12.73%	4.04
Budget is published and publicized	7.27%	76.36%	5.45%	9.09%	1.82%	2.22
Budget is subject to public participation	10.91%	45.45%	34.55%	7.27%	1.82%	2.44
Budget is submitted to the National Assembly on time for approval	-	-	2.22%	55.56%	42.22%	4.4
Budget in line with budget classification and standard chart of account	-	-	7.27%	50.91%	41.82%	4.35

As indicated in table 2, the study revealed that the Legislature budget is clearly separated between recurrent and development. The study also revealed that the MTEF and PBB formats in preparation of the budgets are followed. MTEF provides for preparation of plans and budgets for a three (3) year rolling framework and all public entities are required to use this methodology in preparation of their budgets (Kiringai, 2002). The MTEF budgeting is intended to ensure discipline in planning a clear link between the budget and national policies (Kirira, 2002). Through the PBB budgeting approach, clearly stated outputs and outcomes are key in measuring the performance of the budget. However, the study found out that the Legislature does not publish and publicize its budget where a mean score of 2 was recorded. In the age of transparency and accountability this is a critical aspect which needs to be complied with. During the processing of the budget especially at the preparation stage the law requires the public to give their input (GOK, 2012). Thus, if the budget documents are not available, then there will be no meaningful participation of the public in the budget making process (PBO, 2017).

The result showed that, to a great extent, the budgeting practices at this stage are followed (mean = 4). This is an indication that during the approval of the budget, the Legislature adheres to the laws and procedures of budgeting. Specifically, the study (see Table 4.3) found that the budget is usually sanctioned by the Commission before being tabled for approval (mean = 5), submitted on time (mean = 5), presented to the oversight committee by the Accounting Officer (mean = 4).

The Public Finance Management Act, 2012 gives certain timelines for processing of the Budget which all public entities including the Legislature need to adhere to (Kirira, 2002). Again the parliamentary procedures require Accounting Officers to appear before parliamentary committee to support their budget proposals (National Assembly Standing Orders, 2014). Given the score in these two aspects, the study found out that the Legislature during the budget approval stage adheres to the laws and procedures in place. However, the study revealed that the Legislature does not provide to relevant committee of parliament all supporting documents especially on the previous budget performance by having a mean score of 3. Accounting Officers are required to provide documentations in support of the proposed budget estimates for his entity where the key requirement is the previous budget performance of the entity (National Assembly Standing Orders, 2014). The study also revealed the Legislature does not circulate copies of the approved budget to various Directorate for implementation as a best practice by having a means core of 3. This is in contrast with the observation that organization activities supported by budgets are undertaken by staff hence the need to involve them (Abdel-Kader and Luther, 2006).

Table 3: Budget approval Practices

Budget Approval Guidelines	Not at all	Slight extent	Moderate extent	Great extent	Very Great extent	Mean
All supportive documentations are availed during budget scrutiny	1.82%	20.00%	49.09%	23.64%	5.45%	3.11
Copies of the approved budget are availed to directorates	12.73%	56.36%	18.18%	10.91%	1.82%	2.33
Performance of the previous budget is availed to guide the discussion	5.45%	36.36%	45.45%	12.73%	-	2.65
Accounting Officer presents the budget before the oversight Committee	-	1.82%	3.64%	41.82%	52.73%	4.45
Budget is submitted on time for approval by the National Assembly	-	-	-	47.27%	52.73%	4.53
Budget is sanctioned by the Commission before tabling for approval	-	1.82%	1.82%	34.55%	61.82%	4.56

The results reveal that, generally, the laws and procedures are adhered to at the budget implementation stage by having a mean score of 3.7. This means that the Legislature adheres to budgeting laws and procedures in place during the implementation phase of the budget. However, the study found out that funds requisition from the National Treasury are not always made on time by having a mean score of 3. This means that the Legislature does not request for funds from the National Treasury on time which may affect full budget implementation. All government entities are required to requisition for funds from the National Treasury on time for effective cash management (Treasury, 2011). This requisition is accompanied by the work plans

and procurement plans (GOK, 2012). Thus it is critical for timely requisition of funds for full budget implementation.

Table 4: Budget implementation practices

Budget Implementation/Execution Guidelines	Not at all	Slight extent	Moderate extent	Great extent	Very Great extent	Mean
Ensure adequate supervision on acquisition of goods and services	-	14.55%	45.45%	36.36%	3.64%	3.29
Ensure application of IFMIS in budget execution	-	3.64%	1.82%	63.64%	30.91%	4.22
Ensure control of expenditure by having a system for release of funds	-	9.09%	34.55%	49.09%	7.27%	3.55
Ensure execution of the budget is guided by the procurement plan	-	10.91%	45.45%	41.82%	1.82%	3.35
Ensure expenditure is incurred within the budgetary allocation	-	3.64%	9.09%	56.36%	30.91%	4.15
Ensure reporting of budget implementation periodically	1.82%	12.73%	36.36%	43.64%	5.45%	3.38
Ensure robust accounting systems are in place	-	5.45%	9.09%	80.00%	5.45%	3.85
Requisition for funds from National Treasury are made on time	1.82%	25.45%	40.00%	32.73%	-	3.04
Ensure that there is no unauthorized spending	-	1.82%	7.27%	43.64%	47.27%	4.36
Budget allows for reallocation of funds within programmes	-	1.61%	14.52%	69.35%	14.52%	3.97

The budget audit and evaluation practices have the highest mean score of 4.2 meaning that the Legislature follows the budgeting practices laws and procedures at the budget audit stage (table 4.5). This stage is critical since this is where financial anomalies are detected (Kariuki, 2010). The fact that the research has indicated the highest score at this phase implies that Legislature has put up the required measures to ensure funds are prudently utilized. Budgeting practices especially at this audit stage are critical since they ensure that resources spent as required (Pere et al, 2015). According to PBO (2017), a sound budget system ought to be anchored on a mechanism in which decisions on resource mobilization are supported by effective cash management and allocations all the way to accounting for funds used and reporting on results achieved. According to the Public Finance Management 2012, the approved budget estimates forms the basis upon which the accounts for a financial year is prepared. Further, the financial statements are supposed to be in line with the format laid down by the Public sector accounting standards Board to ensure uniformity in reporting of financial accounts.

Table 3: Budget audit and evaluation practices

Budget Audit and Evaluation Guidelines	Not at all	Slight extent	Moderate extent	Great extent	Very Great extent	Mean
Audit issues identified are promptly reported and investigated promptly	3.64%	12.73%	32.73%	45.45%	5.45%	3.36
Ensure corrective action is taken on audit issues identified	3.64%	12.73%	47.27%	36.36%	-	3.16

Mitigation measures are put in place to avoid recurrence of audit issues	3.64%	18.18%	40.00%	36.36%	1.82%	3.15
Recommendations made by the Auditor General are implemented	5.45%	12.73%	38.18%	40.00%	3.64%	3.24
Financial records are maintained both electronically and manual	-	-	45.45%	43.64%	10.91%	3.65
Financial statements comply with the format prescribed by the PSASB	-	1.82%	7.27%	36.36%	54.55%	4.44
Approved budget estimates are the basis of accounts for a financial year	-	-	7.27%	38.18%	54.55%	4.47
Ensure that the internal audit periodically prepares audit reports	-	-	12.73%	67.27%	20.00%	4.07
Ensure the budget is subjected to external public audit	-	3.64%	1.82%	30.91%	63.64%	4.55
Ensure there are internal audit systems to audit of the accounts	-	-	10.91%	76.36%	12.73%	4.02

The results of the study revealed that the respondents were of the opinion that to a moderate extent, the Legislature budgeting practices are in line with budgeting best practices. Universally accepted best budgeting practices is an important aspect of budgeting they improve accountability in the whole budgeting making process both in the private and public sector (Douglas, 1994). Hence there is need for the Legislature to improve on certain aspects relating to universally accepted budgeting practices. The study found out that the Legislature in its budgeting practices, for instance do not undertake a cost benefit analysis. It is important as observed in the literature to ensure that budget proposals are subjected to cost benefit analysis. This is to ensure that only budget proposals that add value is approved (Maraga, 2011). The study revealed that the Legislature has not developed internal manual to guide the budgeting processes contrary to budgeting best practices.

Table 4: Consistency with Budgeting best practices

Budgeting Best Practices	Not at all	Slight extent	Moderate extent	Great extent	Very Great extent	Mean
Allocation of resources is based on Cost Benefit Analysis	3.64%	49.09%	41.82%	5.45%	-	2.49
Budget is consistent with the strategic plan	1.82%	41.82%	45.45%	10.91%	-	2.65
Budgeting involves allocation of ample time for preparation	3.64%	16.36%	36.36%	43.64%	-	3.20
Budgeting involves participation of key stakeholders	7.27%	61.82%	27.27%	3.64%	-	2.27
Involves production of documents that can be read and understood	-	25.45%	49.09%	23.64%	1.82%	3.02
Budgeting involves setting timelines for budget production	-	3.64%	63.64%	27.27%	5.45%	3.35
Budgeting is clearly linked with the organizational goals	5.45%	45.45%	41.82%	7.27%	-	2.51

Budgeting is facilitated by personnel with specialized skills	-	1.82%	7.27%	52.73%	38.18%	4.27
Budgeting is guided by a well-developed manual	47.27%	30.91%	16.36%	5.45%	-	1.80
Budgeting is guided by the resource ceiling set	-	5.45%	7.27%	80.00%	7.27%	3.89
Budgeting is supported by efficient and robust accounting systems	-	-	18.18%	78.18%	3.64%	3.85
Results to budgets that can accommodate unforeseen changes	1.82%	3.64%	45.45%	45.45%	3.64%	3.45

From the study results, a number of recommendations were made to strengthen budget practices and improve compliance levels to budgeting practices within the Legislature. The recommendations generally emanate from the budgeting practices which the Legislature was relatively not performing well hence having low scores. One of the key recommendations is the need to ensure that the Legislature fully participates in the sector working groups (SWG) during the preparation of the budget as well as more involvement the staff to determine their needs since the budget directly affects them. The respondents suggested the development of an internal budgeting manual to act as a one stop reference stop in budgeting to effectively guide the budgeting process.

6. CONCLUSIONS

The study sought to assess the compliance of budgeting practices to norms on budgeting within Government entities in Kenya with specific reference to the Legislature. The study results showed that the Budgeting practices in the Legislature to a great extent complied with the norms on budgeting. Thus, the study concludes that the budgeting practices are in line with the norms of public budgeting. Specifically, the study wanted to investigate whether the budgeting practices in the Legislature are in line with the budgeting laws and procedures in place. From the results, the study indicated that the Legislature adhered to the budgeting laws and procedures. Thus, the study concludes that the budgeting practices were in line with the existing budgeting laws and procedures. The study also examined whether the budgeting practices in the Legislature are consistent with universally accepted budgeting best practices. The results showed that the budgeting best practices were adhered to. This leads to the conclusion that the budgeting practices are consistent with the universally accepted budgeting practices.

7. RECOMMENDATIONS

Generally, the compliance levels of budgeting practices to established norms on budgeting are high. However, there are a number of issues that should be addressed. Specifically, there is need to ensure that the budgeting process is guided by a well-developed manual as this is currently lacking. Further, the allocation of resources should be based on the cost benefit analysis and the budget needs to be consistent with the strategic plan. The study also recommends that the budgeting in the Legislature involves participation of key stakeholders and that is it clearly linked with the Legislature goals. While there is high compliance with the budget approval guidelines, there is need to avail copies of approved budget to the directorates. Further, there is need to avail the performance of the previous budget to guide the budget discussions. On the compliance with the law, there is need to a few aspects. For instance, the budgets need to indicate previous budget allocations and performance. Further, the budgets need to be published

and publicised and be subjected to public participation. There is also need for improvement in meeting the guidelines for budget planning and preparation. The specific issues that need to be looked into are participating more in the sector-working group, ensuring staff involvement in the budgeting process to enhance staff commitment, and ensuring that the budget is linked to national development goals.

REFERENCES

- Abdel-Kader, M. and Luther, R. (2006). "Management Accounting Practices in the British Food and Drinks Industry" *British Food Journal*, 108 (5), 336–357.
- Adams, H. C. (1985). *The Theory of Public Expenditure*. American Economic Association.
- Africa Development Bank (2008). *Budget Practices and Procedures in Africa 2008*. South Africa, Compress.
- Bartle, J. R. (2001). *Evolving Theories of Public Budgeting*. Amsterdam, NY: Jai Press.
- Bartle, J.R. and Shields ,P.M. (2009). *Applying Pragmatism to Public Budgeting and Financial Management*. Texas: State University.
- Bartle, J. R., and Ma, J. (2004). *Managing financial transactions efficiently: A transaction cost model of public financial management*. Westport, Praeger Publishers.
- DFiD (2001). *Understanding and reforming public expenditure management*. London: DFID.
- Douglas, B. (1994). "The budgeting Process in a multinational firm" *Multinational Business Review*, 2(1), 59-63.
- Goddard, A. and Mkasiwa, T. A. (2016). "New public management and budgeting practices in Tanzanian Central Government: Struggling for conformance". *Journal of Accounting in Emerging Economies*, 6(4), 340-371.
- Government of Kenya (2010). *The Kenya Constitution*. Nairobi, Kenya: Government Press.
- Government of Kenya (2012). *Public Finance Management Act, 2012*. Nairobi, Kenya: Government Press.
- Hildereth, A. K. (2002). *Budget Theory in Public Sector*. Quorum books.
- Kariuki M (2010). *Challenges of budgeting in Kenya Public Sector*. Unpublished Master of Business Administration project, University of Nairobi
- Kiringai, G.W. (2002). *Budget reforms and the medium term expenditure framework in Kenya*. Nairobi: Kenya Institute of Public Policy Research and Analysis.
- Kirira M. (2002). *Kenya National Economy, capacity and performance implications of MTEF budgetary process on military expenditure*. Nairobi: Government printer
- Kenya National Assembly (2014). *The National Assembly Standing Orders*, Nairobi, Kenya: Parliament Press
- Klammer, T. (1973). "The Association of capital budgeting and firm performance" *The Accounting Review*, 48(2), 352-364
- Kojo, S. and Kwesi, E (2018). "Role of Budgeting Practices in Service Delivery in the Public Sector: A Study of District Assemblies in Ghana" *Journal of Human Resource Management Research*, 8(2), ISSN 2169-9607
- Lu, E. Y., and Willoughby, K. (2015). "Performance Budgeting in American States: A Framework of Integrating Performance with Budgeting". *International Journal of Public Administration*, 38(8), 562-572.
- Maraga, F.W (2011). *An Evaluation of Budgeting Processes in Parastatals*. Unpublished Master of Business Administration project. University of Nairobi.

- Ma, J., and Yu, L. (2012). “Why money cannot be spent as budgeted? Lessons from China's recent budget reforms”. *Journal of Public Budgeting Accounting and Financial Management*, 24(1), 83.
- Marino, A. M., and Matsusaka, J. G. (2005). Decision processes, agency problems, and information: An economic analysis of capital budgeting procedures. *Review of Financial Studies*, 18(1).
- Merchant, K.A. (1981). “The design of corporate budgeting system-Influences on management behavior and performance” *The Accounting review*, 56 (4)
- National Advisory Council on State and Local Budgeting (1999). “Recommended Budgeting Practices-A framework for improved State and Local Government budgeting” Government Finance Officers Association. *Journal of Business and Organizational Development*, 3(1)
- National Treasury (2017).Circular for guiding the preparation of the 2016/17 medium term budget, Nairobi, Kenya: Government printer
- Ndiritu. M.G (2007). Effectiveness of cash budgeting in public institutions. A case study of Telkom Kenya, Unpublished Master of Business Administration project. University of Nairobi.
- Parliamentary Budget Office (2010).Budget Options 2013.Nairobi, Kenya: Parliament press
- Parliamentary Budget Office (2017). Guide to effective oversight and scrutiny of budgets, economic policies and related documents: A source book for Legislators and Fiscal Analysts. Nairobi, Kenya: Parliament press.
- Parliamentary Centre (2013).Measuring Parliamentary Performance- the African Parliamentary Index, Ottawa, Canada: Parliamentary Centre.
- Parliamentary Centre (2011).Assessment of the Effectiveness of the Uganda Budget Act, 2001, Ottawa, Canada: Parliamentary Centre.
- Pere, Ayapere, Orueze (2015). “Functional Impact of Public Accounts Committee on Public Accountability over Financial Crimes in Nigeria” *Journal of Poverty, Investment and Development*, 8(1), ISSN2422-846X
- Posner and Park (2007).Role of the Legislature in the Budget Process: Recent trends and Innovations. OECD
- Srinivasan, U. (2000). Current Budgeting Practices in US industry, Quorum Books, New York, NY
- UNESCO (1996), Hand book for future administrators-focus on the budget, UNESCO, Paris, France

This is an open-access article published and distributed under the terms and conditions of the  [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/) of United States unless otherwise stated. Access, citation and distribution of this article is allowed with full recognition of the authors and the source.

Authors seeking to publish with an International Peer Reviewed Journal should consider www.ijcab.org by writing to the Editor at editor@ijcab.org.