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STRATEGIC PLANNING AS A TOOL FOR ACCOUNTABILITY IN TURKISH PUBLIC ADMINISTRATION*

Dr. Ahmet TANER**

Muhasebe Bilim
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ABSTRACT

The purpose of this study is to investigate and identify the role and significance of strategic planning in ensuring public accountability through examining the performance audit reports prepared by Turkish Court of Accounts. As an impact of New Public Management on public administration, there has been increasing concern on strategic planning and performance management to ensure effectiveness and accountability in public sector. In line with recent trends in the world, Turkish public administration has experienced a smilar change with Law No.5018, which enterered into force in the year of 2006. The public entities are entrusted with preparing stragic plan, performance program and accountability report. However, the performance audit reports by Turkish Court of Accounts reveal that there exist some notable obstacles that pose a threat to strategic management system in Turkish public administration.

Keywords: Strategic Planning, Public Accountability, Performance Based Budget, Turkish Court of Accounts

JEL Classification: H83, D73, H11

TÜRK KAMU YÖNETİMİNDE KAMUSAL HESAP VEREBİLİRLİĞİN ARACI OLARAK STRATEJIK PLANLAMA

ÖZ

Bu çalışmanın amacı, Türk Sayıştay tarafından hazırlanan performans denetim raporları üzerinden, kamusal hesap verebilirliğin gerçekleşmesinde stratejik planlamanın önem ve rolünü incelemektir. Yeni Kamu İşletmecilik yaklaşımının etkisiyle, son yıllarda kamu sektöründe, etkinlik ve hesap verebilirlik için

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** Principal Auditor, Turkish Court of Accounts, ahmet_taner@hotmail.com, orcid.org/0000-0003-1925-795X

stratejik planlama ve performans yönetimine yönelik artan bir ilgi söz konusudur. Dünyadaki bu değişim trendine paralel olarak, 2016 yılında yürürlüğe giren 5018 sayılı Kamu Mali Yönetim ve Kontrol Kanunu ile birlikte, Türk kamu yönetim sisteminde de benzer bir değişim gözlenmektedir. Ne var ki, Sayıştay tarafından hazırlanan performans denetim raporları kamu kurumlarında, stratejik yönetim sisteminin işleyişinde kimi önemli eksiklikler olduğunu ortaya koymaktadır.

Anahtar Kelimeler: Stratejik Planlama, Kamusal Hesap Verebilirlik, Performans Esaslı Bütçeleme, Türk Sayıştayı

JEL Sınıflandırması: H83, D73, H11

1. INTRODUCTION

With the advent of New Public Management (NPM) approaches, which refers to reaction towards basic tenets of the traditional public administration, new management techniques and methods such as performance management and strategic planning have been widely adopted in public sector to overcome the limitations of traditional approaches. The basic assumption behind performance or strategic management reforms is that new techniques of management will increase effectiveness and improve accountability and responsiveness of public administration to public and parliament. There has been increasing recognition that old public administration, which rooted in the concept of citizenship of representative democracy, hierachy and stability, fails to meet the needs and expectations of society over public accountability.

One of the impacts of NPM on public accountability is growing importance of democratic control/accountability, which entails the existence of a direct relationship between public administration and the society - a relationship in which the society is not only a passive object of the administrative action, but rather it adopts an active role (Cendon 2011, 22). This emerging trend in public accountability places a strong value on popular participation in ensuring public accountability and embraces the notion of democratic control and activism rather than official process or audit by public body. In line with recent developments, Turkish public management system has experienced a change over accountability. The Law numbered 5018 stipulates the mechanism, which aims to involve public, along with formal audit process by relevant public bodies in evaluating the performance of public entities. The law sets forth that public institutions shall determine their strategic goals and measurable objectives, measure

performances towards pre-defined indicators, monitor this process, at the end of the year, and report their performance against their objectives and indicators under their accountability reports (TCA 2014). As well as relevant documents in related to strategic management process, the audit reports need to be published on website for review of public for the purpose of promoting transparency and accountability. The purpose of this study is to investigate and identify the role of strategic planning and performance based budget in ensuring public accountability through examining the performance audit reports prepared by Turkish Court of Accounts (TCA).

2. NPM AND INCREASING SIGNIFICANCE OF STRATEGIC MANAGEMENT IN PUBLIC SECTOR

Since 1980s, the public management systems have been undergoing reform or restructure process as an impact of wave of globalization on the state or government. The reform and reconstruction efforts in public sector have aimed to design bureaucracy, namely the management apparatus of government, along with the role and functions of the state. As a part of sweeping reforms felt in all the World, the main purpose of reforms or reconstruction polices has been to reinvent the government let alone to improve the governmental functions as to compete actors of market or resist to threats or risks incurred by globalization.

The main assumption of NPM reforms has been based on the need for paradigm change from the bureaucratic government towards an entrepreneurial government, which is both competitive and customer- driven (Osborne & Gaebler 1992). For NPM approach, the traditional public administrations no longer live up to the expectations or the needs of public. In contrast to the traditional public administration, which is built on inputs, hierarchy and rules, permanence and stability, equality, New Public Administration, which has been broadly used for defining the changes and trasformations in the realm of government and the state (Hughes 1998, 154-155), is predicated on outcomes and outputs, performance management, strategic planning, and multi-level governance etc.

The uncertainty of the budgeting and planning process, combined with the simple fact that there are not enough resources to meet legitimate needs of the population, makes trying to manage these economies and societies very difficult for even the most capable administrator (Peters 2001, 373) The need for using resources economically and efficiently makes it necessary

for governments to embrace management models available to private sector. One of implications of NPM for public administration systems is that the governments are forced to adopt the contemporary models of management such as performance management, strategic planning, and performance-based budget in order to compete or resist emerging developments in the world. “The essence of new public management is to achieve results. The place of strategy within the model is to try to specify what the results should be for the organisation and to set out how any achievements aggregate into its purpose or mission. Therefore, a key part of the managerial programme is to determine overall strategy and set objectives, not just by governments (Hughes 1998, 149).

The need for using resources efficiently, ensuring accountability all the levels of public administration requires the public managers to adopt long-term perspectives, and focus on the outputs rather than inputs. For proponents of NPM, the traditional model of administration was unlikely to be succesfull in efficiently fulfilling its responsiblity of providing public goods due to its inward focus and short-term perspective. In this respect, it can be stated that there are a few drivers for emerging trends to strategic management in public sector: (1) The change in mandate or scope of governments, (2) the changed expectation or needs of services user or public, (3) the views from internal audit, external audit or other supervisionory institutionary, (4) the need to reconstruct institutional frameworks of public organization, and (5) the demands for increased accountability or transparency.

As a contemporary management model, strategic management concerns with conducting situation analysis, setting medium and long term objectives, defining actions to be taken and controlling or observing all process. In this sense, it can be argued that strategic management is associated with performance management. However, these models differ in that “whereas strategic management focuses on taking actions now to position the organization to move into the future, performance management is largely concerned with managing ongoing programs and operations at present” (Poister 2010, 248). In public sector, the performance management usually refers to engaging in strategic planning to establish a direction and major goals, setting specific goals, perhaps targets at national levels in organization and than using performance measurement to help focus on achieving them” (Poister, Pasha and Edwards 2013, 625). For public sector, strategic management means improving institutional capacity and constant striving toward development, growth, and advancement.

Since 1990s, there has been increasing concern on the implementation of strategic management or performance management for public sector in many developed or developing countcries. The main expected or achieved benefits from these reforms can be enumetared as follow, (1) Improving the setting of objectives: These reforms aim to provide a mechanism that enables politicians to clarify objectives; (2) Improving the monitoring of performance: if successfully implemented, strategic management model can provide more information on government goals and priorities; (3) Greater emphasis on planning: The introduction of performance management has resulted in the implementation of strategic plan, greater emphasis on planning in management and budgeting, and a move towards outcome focus in policy design and delivery; (4) Improving management: The management models of performance is most often used by ministries and agencies to manage programmes; and (5) Improving transparency: These reforms have improved transparency by increasing amount of information provided to the legislature and to the public on the performance of the public sector (Curristine, Lonti and Joumard 2007, 18-21). In addition to focusing on the actual results in public sectors, performance information of public policies can also be used to improve effectiveness of government policies in future through the auditing and reviewing mechanism.

The increasing significance of strategic management in public sector is related to the need for governments to adjust their policies to changing environment. As actor operating in competitive environment, the governments are expected to embrace a dynamic perspective not static for delivering public goods. The emerging trends on strategic management in public sector have impelled the governments to introduce performance- or results- based budgeting, management and reporting. Not only do governments but also public seek to have performance information (goals, targets, indicators and mesures) of budget to asses the results achieved. The increasing significance of performance information has also changed audit methohodolgy emplayed in public sector.

3. NEW PUBLIC MANAGEMENT REFORM IN TURKISH PUBLIC ADMINISTRATION

In line with developments in the world, over recent decades, Turkish public administration has been undergoing a profound change with impacts on the realm of government of New

Public Management. The implications of NPM for Turkish public administration can be stated as downsizing of the state, privatization, the decentralization of public services, subsidiarity, deregulation, performance management. In the early of 2000s, the main factors entail the change in the realm of government have been diagnosed as strategic gap, budget gap, performance gap, confidence gap (The Republic of Turkey Prime Ministry 2003). In order to address these challenges, The Fundamental Law on Public Administration, which prescribes comprehensive and profound administrative reforms, was prepared by government. Despite it was approved by parliament, the draft law was not put into practice due to objections of the former president. Although the Law could not be put into practice, some of key components of public administration reform were enacted with various laws, especially by Law no 5018. The main purpose of Law No 5018, which was enacted in 2003 but put into practice in 2006, is to regulate structure and functioning of the public financial management in order to ensure accountability, transparency and the effective, economic, efficient collection and utilization of public resources (Kapucu and Palabıyık 2008, 244). The key concepts or principles of NPM, such as performance and result-orientation, transparency, accountability strategic planning, performance-based budget, participation have been included in Law No 5018.

In addition to Law No 5018, other legal regulations have been enacted to regulate central and local administrative structure in accordance with new public management's basic tenets (Demirkaya 2015, 18-19). Some of them are Metropolitan Municipality Law, 2004; Special Provincial Administration Law, 2005; Municipality Law, 2005; Law on Unions of Local Authorities, 2005; Law on the Establishment of Districts within the Boundaries of Metropolitan Municipalities and on the Amendment of Certain Laws, 2008; Law on the Allocation of Shares to Special Provincial Administrations and Municipalities from the General Budget Tax Revenues, 2008; Law no. 6360, 2012. Law no 6085, 2010 (Kapucu and Palabıyık 2008, 244).

According to article 9 of Law No 5018, the public administrations are required to prepare strategic plan which covers medium and long-term objectives, core values and policies, goals and priorities, and performance indicators of public administrations as well as the methods followed to achieve those and resource allocation (Barca ve Balcı 2006, 36). Strategic plans define the current and desired position of organisations as well as the way to close the gap between the two. Law No 5018 has brought profound change in the budget system along with other fields of public finance system. The programme-budgeting system has been replaced by

performance-based budgeting system. In accordance with Law No 5018, public administrations need to prepare their programme/project-based resource allocation and budgets on the basis of their strategic plans, objectives and performance indicators (Çatak and Çilingir 2010, 3). Strategic targets need to be taken into account while allocating budget resources; and every public administration has to explain to what extent it accomplished its targets and the reasons for failure, if any, at the end of year (Akyel 2016, 2). Thus, it can be concluded that one of remarkable changes introduced by Law No 5018 was the attempt to establish ties between strategic plan and budget by means of performance program and accountability report in public sector.

The shift of public administration into public management resulted in change in the mechanisms of public accountability and control. As the result-based approach in NPM has made it significant for public entities to measure their performance, by extension, external audit institutions began to deploy new audit methodologies such as performance (information) audit to provide reliable and straight information about the extent to which public entities accomplished their targets and the reasons for failure to public. In Turkish public administration, as an impact of market-oriented trend, the top managers have been held responsible for defining their strategic goals for five years period in line with higher-level policy documents as well as preparing performance program, which involves performance targets on a yearly basis. The main purpose of accountability reports is to provide information about resources used for targets in performance programme and the reasons for any deviation regarding the budget targets and realisations. “The recent developments in accountability have given rise to increasing importance of performance information, which provide necessary information to politicians and public” (Çelebi ve Kovancılar 2012, 6). The new public accountability model requires the public to be involved actively in strategic planing process and results of implementation. In this respect, external audit reports by Supreme Audit Institutions play crucial role in ensuring public accountability over strategic planning process.

4. CHANGING ROLE OF TURKISH COURT OF ACCOUNTS IN PUBLIC FINANCIAL MANAGEMENT SYSTEM

In accordance with reconstructing of public finance management and control system by Law No 5018, the duties and audit scope of Turkish Court of Accounts (TCA) have been enhanced with Law No 6085, which prescribes the duty of TCA as compliance audit, financial audit, and performance (information) audit. TCA undertakes a significant task in the performance-based budgeting system, by providing reliable information to the Parliament on the outcomes of the activities of public institutions with its performance audits. Performance audit intends to measure the activity results related to the objectives and indicators determined by administrations. In other words, the purpose of performance audit is to evaluate the performance information generated by public administrations and to asses the reliability of performance information system through examining performance targets or indicators in Strategic Plan, Performance Program, and Accountability Report (TCA 2014).

For measuring the activity results related to the objectives and indicators determined by the administrations, TCA has been conducting performance (information) audit since 2014. Within the framework of this audit methodology, for each public institution, strategic plan is examined whether the public institution has complied with the regulations and whether appropriate objectives and targets have been formulated. According to annual performance programme, it is examined whether appropriate targets have been formulated consistent with the strategic plan. Finally, accountability reports are scrutinized whether performance is adequately reported on the objectives stated in the annual performance programme including explanation of deviations in performance (Akyel 2016, 87). The performance (information) audit guide prescribes various criterias to evaluate all phases of strategic management model process in public sector. The audit objective, criteria and their definitions can be seen on table below.

Table 1. Audit Criteria of Performance Audit

Audit Criteria for Relavant Documents in Performance (Information) Audit					
Audit objective	**Audit Criteria**	**Definition**	**Relevant Document**		
			Strategic Plan	**Performance Program**	**Accountability Report**
Ensure compliance with reporting requirements	**Existence**	Preparation of the relevant documents by the auditee according to legal arrangements	✓	✓	✓
	Timeliness	Reporting of the performance information within the statutory period	✓	✓	✓
	Presentation	Reporting of Information in line with the regulatory guidelines	✓	✓	✓
Quality of the Content of Performance Information	**Measurability**	Measurability of objectives in the performance plans by means of indicators	✓	✓	
	Relevance	Existence of a logical link between the objectives and the indicators	✓	✓	
	Well-defined	A clear and unambiguous definition of indicators	✓	✓	
	Consistency	The consistent use of the objectives (including indicators and objectives) in the auditee's planning and reporting documents			✓
	Verifiability	Traceability of the reported performance information back to its source			✓
	Plausibility	The extent to which any deviations between planned and reported performance is being addressed by the auditee and whether the reasons explaining the deviation are credible			✓

Source: The table is prepared on the base of Information of Performance Audit Guide by author

4. CHALLENGES IN IMPLEMENTATION OF STRATEGIC MANAGEMENT MODEL IN TURKISH PUBLIC FINANCE SYSTEM

4.1. Method

The research is based on the method of convenience sampling, which is a type of non-probability sampling method that relies on data collection from population members who are conveniently available. To evaluate effectiveness of the performance of strategic plan model in Turkish Public Finance Management System, as a sample, 9 performace audit reports prepared

by TCA, have been selected according to budget type. In selecting sample, public administrations have been divided into three groups: General budget institutions, special budget institutions and local governments. Three audits from each group have been selected.

4.2. Data Collection

TCA has been conducting performance audit for last four years. Since the audit findings on strategic plans were mostly involved in 2014 audit reports, as first year of performance audit. This research is constructed on the findings of 2014 performance audit reports. Pursuant to the requirements on reporting Law No.6085 (Law on Turkish Court of Acconts), 2012 onwards, all audit reports including performance audit reports have been available at the website of TCA (www.sayistay.gov.tr). In selecting performance reports, a few determinants have been taken into account: (1) the size of budget, (2) effectiveness of financial management and internal control system, and (3) the inherent and contol risk embedded. The audit findings have been classified according to audit criteria prescribed in Audit of Performance Information Manuel of TCA. Furthermore, the audit findings have been evaluated separately for strategic plan, performance program and accountability report. It is noted that each public administration is named with letters of A, B or C in order not to reveal the names of public administration.

4.3. Findings

Table 2. Findings on Strategic Action Plans (SAP)

Public Administration	Audit Criteria					
	Existence	**Timeliness**	**Presentation**	**Measurability**	**Relevance**	**Well-defined**
A Metropolitan Municipality				- The too many strategic objectives to be achieved in SAP, - The unmeasurability of some performance indicators	- The irrelevance of some performance targets to performance objectives	- The failure to define some performance indicators
B Provincial Municipality		-The failure to prepare of SAP on the time	-The deficiencies in SWOT Analysis	- The lack of costing table in SAP	-The irrelevance of some performance indicators	

C Sub-provincial Municipality			-Incomformity of strategic goals with corporate mission	- The too many strategic objectives to be achieved in SAP -The lack of predicted table of cost for five years and resources table, - The unmeasurability of some performance indicators	-Irrelavance of strategic goals to corporate mission	- Input-oriented performance indicators
A The Ministry				-The unmeasurability of some performance indicators		
B The Ministry			- The lack of information on current state for each strategic goal, - The lack of information on targeted achievement by years			-The failure to define performance indicators
C The Ministry		-The failure to prepare of SAP on the time	-The lack of information on current state for each strategic goal, -The lack of information on targeted achievement by years			
A Special Budget Institution	The non-existence of SAP					
B Special Budget Institution			-The lack of situation analysis, -The lack of corporate strategies, -The lack of internal and external stakeholder analysis			

C Special Budget Institution		-The failure to prepare of SAP on the time	-The lack of information on targeted achievement by years	-The unmeasurability of some performance indicators		

Source: The table is prepared on the base of findings in audit reports by author

Although, the Law No 5018 was put into force in 2006, a small number of public entities was held responsible for preparing SAP of 2006, as first year of Strategic Action Plans (SAP). The number of public entities required to prepare SAP increased year by year in accordance with schedule defined in the regulation. Thus, since 2010, all public entities have been, excepting those are excused from this obligation, under in charge of preparation and implementation of SAP.

When examined the table 2, it can be seen that almost all administrations have fulfilled the requirement of preparation of Strategic Plan, namely, the criteria of existence has been met, yet, some of them have not published their plan on the time, which indicates falling back behind schedule which was determined in Regulation on Strategic Plan. From the table 2, it can be understood that, as compared to other administrations, public administration with general budgets (ministries) are better at fullfilling the requirements of strategic planning with the exception of failing to define measurable performance indicators. The findings also demonstrate that the municipalities fall short of establishing and operating the performance management tools such as strategic planning. It may be argued that poor performance of strategic planning in municipalities result from corporate and structural problems, deficiencies in internal control systems, and insufficient awareness of strategic management in local administration as compared to public entities in central government.

The information in the table 2 reveal that the almost none of public entities succeded in meeting the requirements about presentation. It seems that the public entities did not report any information on corporate strategies, internal and external analysis contrary to Guideline or Regulation on Strategic Plan. It follows that SAPs were not based on sound and proper situation analysis. In relation to this finding, another noticeable point is that public entities have too many goals to achieve in strategic document. In accordance with the basic principles of strategic management model, the strategic goals need to be compatible with public entity's competency and capacity for ensuring their implementation. However, the current data in the table 2

indicates that the public entities did not commit to this basic principle, which is a result of poor analysis on current stuation (such as SWOT or stakeholder analysis).

One of the purposes of Law No 5018 is to establish ties among institutional strategic plans, budgets and higher-level policy documents such as development plans, medium term program etc. From the table 2, it can be concluded that strategic plans have been prepared in line with priorities in higher-level policy documents, since there is not any findings about it in audit reports. Nonetheless, the findings suggest that the establishment of ties between strategic plan and institutional budgets can not be achieved properly. The lack of information or poor information on current state for each strategic goal or explanation on targeted achievement by years is also related to the weak tie between strategic plan and budget.

The involvement of supervisor administrations in preparation of strategic plans seems to have positive impact on the success in ensuring ties between strategic plans and higher-level policy. In accordance with Regulation on Strategic Planning, the public administrations are required to submit their plans to The Ministry of Finance and The Ministry of Development for reviewing. It seems that the assesments of related ministries on strategic plan have been taken into consideration by public administrations. However, the findings suggest that public administration has not achieved the same success in establishing connection strategic plan and budgets due to poor external supervision or control.

Table 3. Findings on Perfromance Programs (PP)

Public Administration	**Audit Criteria**					
	Existence	**Timeliness**	**Presentation**	**Measurability**	**Relevance**	**Well-defined**
A Metropolitan Municipality				- The unmeasurability of some performance indicators	-The irrelevance of some performance indicators	

B Provincial Municipality				- Incomformity of Performance indicators in SAP with those in Performance Programme, -The lack of explanation and information for each performance indicator. - The unmeasurability of some performance targets	- The irrelavance of some performance targets to performance objectives	- Too many performance targets and indicators to achieve in PP - Input or activity-oriented performance indicators
C Sub-provincialmunicipality				- The failure to define indicators for Performance targets	-The irrelevance of some indicators to performance targets.	- The failure to define performance indicators
A The Ministry				- The unmeasurability of some performance indicators	-The irrelevance of some performance targets in PP to strategic goals or targets	- The existence of input or oriented Performance indicators
B The Ministry			-The poor explanation for performance indicators		- The irrelevance of some performance targets to performance objectives	-The exsitence of activities not specific to performance targets
C The Ministry			-The non-compliance of Performance Programme with Guide			-The non-compliance of performance targets in PP with those in SAP
A- Special Budget Institution	-The non-existence of PP					

B- Special Budget Institution	-The non-existence of PP					
C Special Budget Institution		- The failure to prepare of PP on the time		- The poor ties between PP and Budget		- Input or activity-oriented performance targets and indicators

Source: The table is prepared on the base of findings in audit reports by author

The performance targets are result-oriented targets to be achieved in programme period. In practice, performance indicators are identified in order to measure and evaluate the extent to which the performance objectives are achieved. It is evident that a sound performance measurement requires to set right performance targets and measurable indicators. In this respect, the audit findings on performance programme offer significant information on implementing of strategic planning in Turkish public administration.

Firstly, it is observed that that almost all administrations have same problem: failure to define performance targets and indicators properly. Since the propely defined performance targets constitue the foundation of a sound strategic management, any defect in determining performance target and indicator can impair the whole system of performance management. When all findings are considered together, it can be concluded that almost all public bodies reviewed face the risk of establishing strategic planning on improper or unmeasurable targets. It can be stated that other findings on performance programme are closely related to this challenge. The shortcomings in idendifying performance targets and indicators are result of the poor or lack of links between strategic objectives and performance targets defined for programme period. This is mainly due to the fact that the public bodies have challenges in comprehending relationship between strategic plan and performance programme.

Among the audit findings, the most remarkable one is the lack of link between performance programme and institution budget. With Law No 5018, the performance-oriented budget system has been come into force in public sector. As mentioned above, despite being one of purposes of Law no 5018, the resource allocation in budgets can not be made in conformity with

performance targets in performance programme, namely, as audit findings confirm that, there is no any link between budget and performance programme.

Despite the fact that Law No 5018 prescribes performance budget based on strategic plan for public sector, the implementation results are far from satisfaction. The main reason for poor or the lack of relation between strategic plan and budget is that the performance budget process is conducted on two different documents (performance programme and budget), which is, in practice, obstacle to tie institutional budgets with performance programmes. The regulation and guide on performance programme prescribe the budget allowance to be appropriated for performance targets. However, as the findings of audit reveal, the public organizations have challenge in perceiving the significance of preparing two documents with each other. In legal regulations, Performance programme is intended to promote the public administration to adopt strategic management as a comprehensive tool of management, comprising allocation in budget. Nevertheless, in practice, the performance program began to be conceived as document prepared for the sake of formality or fulfilling legal responsibility.

There is a need for efficient control and coordination among related supervisory bodies (The Ministry of Finance, The Ministry of Development). However, it is not possible to talk about a strong mechanism between the Ministry of Development, and Ministry of Finance. A superstructure is needed to be directly responsible for the effective functioning of the public administration system in terms of the application and implementation of strategic plan and performance program (Demirkaya 2015, 27).

The proper implementation of performance-based budget in line with objectives determined in Development Plans and Law No 5018 requires public administrations to establish a sound performance information system and operate it efficiently. In performance-based budget, the purpose of performance targets is to be basis for appropriating in budget. In this respect, there is a need for a sound and reliable performance information system to provide significant data for setting targets and evaluating the results of budget implementation (Taner 2011, 21). However, none of the public entities have this system. Accordingly, it seems that findings on the criteria of measurability, relevance and well-defined are closely related to deficiencies in performance information system.

Table 4. Audit Findings on Accountability Reports (AR)

Public Administration	Audit Criteria					
	Existence		**Existence**		**Existence**	
A Metropolitan Municipality						-The poor or lack of explainig for deviation from targets
B Municipality						-The lack of explainig for deviation from targets
C Municipality	- The lack of Performance Data Recording and Assesment System				-Non-comformity between performance indicators as numeric value in PP and those in AR	-The lack of explaining for level of achievement for performance targets.
A The Ministry	- The failure of AP to include all activities undertaken by Ministry					
B The Ministry				- Inconsistency among statistical data expressed in different part of AR - The existence of unreal Performance indicators or number in AR	-Non-comformity between performance indicators in PP and those in AR	-The lack of ties between budget and performance programme -The lack of explaining for level of achievement for performance targets.
C The Ministry						-The lack of sub-titles stipulated in Regulation on Accountability Report
B Special Budget Institution		-The failure to prepare of AR on the time				

C Special Budget Institution		-The failure to prepare of AR on the time			-Non-comformity between performance indicators as numeric value in PP and those in AR	

Source: The table is prepared on the base of findings in audit reports by author

In accordance with the basic principles of performance management, in pursuit of disbursing funds allocated for performance targets, the public administrations are required to monitor and evaluate the the results of budget use. In public sector, accountability reports play significant role both in ensuring self-monitoring/assesment and in fulfilling accountability about public resources to parliament and public. Within the framework of accountability, Law No 5018 entrust public entities with preparing accountability report which aims to provide information about resources used for targets in performance programme and the reasons for any deviation regarding the budget targets and realisations.

As a final stage of strategic management process, the accountability report is intended to measure the degree to which relevant public entity achieved performance targets, accordingly, strategic objectives in relevant year. The performance audit reports, which have been reviewed, provide remarkable information on the accountability reports. As seen in the table 4, all administrations have fullfilled the responsibility of preparing accountability reports, which means meeting the criteria of existence, timeliness and presentation. However, accountability report process has some deficiencies, which may impair entire performance management process.

The joint finding in almost all reports is the poor or lack of explainig for deviation from performance targets. This finding means for relevant public authorities to fail to meet the plausibility criterion which refers to the extent to which any deviations from targets is being addressed and explained by the auditee. It can be inferred from this finding that public entities do not have corporate capacity to monitor and evaluate their performance, which is mainly due to the poor or the lack of Data Recording and Assesment System on performance information in public entities.

One of the noticable findings appeared in the audit reports of Special Budget Institutions is that they failed to prepare and announce the accountability reports timely. Law no 5018 sets

forth that the top managers are responsible for preparing and publicizing the administration accountability reports timely on the basis of unit accountability reports prepared by authorizing officiers. The audit findings indicate that the spending units mostly underestimate the responsibility of preparing unit accountability report since public administration lacks of sound financial management and control system.

Another significant finding related to accountability report is non-comformity between performance indicators as numeric value in PP and those in AR, which poses serious threat to performance management process prescribed in Law no 5018. It seems that the main reason for disparity among performance targets is due to the lack of data recording and assessment system and comprehension on the relationship of performance programme to accountability report.

5. CONCLUSION

As strategic planning is the initial stage and foundation of strategic management, the success in strategic management process depends on proper and effective planning. The audit findings reveal that there exist obstacles that pose threat to strategic management system in Turkish public administration.

All public entities have strategic plan performance program and accountability report, which refer to meet the criteria of existence. However, some of them failed to prepare relevant documents timely. From overall findings, it is to be noted that there is lack of proper perception pertainig to strategic management model in public sector. The Law sets forth that strategic plan, performance program and accountability report are closely related to each other. However, the public entities tend to consider each stage as separately from other, which is a reason for failure to establish relationship among relevant documents. The audit reports also suggest that there is lack of tie between strategic plans and budgets. Namely, contrary to Law No 5018, the public entities define their budget allocations without taking into accounts performance targets.

In order to implement strategic planning process properly, there is a need for efficient internal control system apart from monitoring by supervisory bodies (The Ministry of Finance and The Ministry of Development). The findings also indicate that the shortcomings in implementation of strategic management model arise from corporate and structural problems, as well as from deficiencies in internal control systems in public sector. The efficient

implementation of performance-oriented budget based on strategic plan entails a robust performance information recording and assessment system. However, none of public entities have such a system or pre-defined procedures. The findings also reveal that acountability reports fall short of explaining for deviation from performance targets.

From all audit findings, it can be concluded that despite legally in effect for over ten years in public sector that strategic planning process has serious deficiencies, and does not perform effectively, due to corporate and structural problems, and insufficient awareness of strategic management, as well as defects in internal control systems and poor control mechanisms in public sector.

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