

**St. Marry University**  
**School of Graduate Studies**  
**DEPARTMENT OF ACCOUNTING AND FINANCE**



**An Assessment of Budget Practice and Control System**

**(A Case Study of Gullele woreda 10)**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF MASTER DEGREE**

**IN**

**Accounting and finance**

**BY**

**HAIMANOT DAGNEW**

**UNDER THE SUPERVISION OF**

**Arega Seyoum (Dr)**

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## **Declaration**

HAIMANOT DAGNEW, hereby declare that the thesis entitled “AN Assessment of Budget practice and control system”: A case study of Addis Ababa Gullele woreda 10 in submitted by me to the award of the Degree of M.A. in Accounting and finance of St. Marry University at Addis Ababa, is original work and it hasn't been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution.

Place.....Addis Ababa.....

Signature.....

Date.....

Name .....

---

### **Certification**

This is to certify that this thesis entitled “AN Assessment of Budget practice and control system”: A case study of Addis Ababa, Gullele k/ketema, woreda 10.Submitted in partial fulfillment of the requirements for the award of the degree of MA. in Accounting and Finance College MBA Accounting and finance, St.Marry University, through the Department of Accounting and Finance, done by Mr. HAIMANOT DAGNEW, Id. No.MBAAF2/0404/2006 is an authentic work carried out by him under my guidance. The matter embodied in this thesis has not been submitted earlier for award of any degree or diploma to the best of my knowledge and belief.

Place -----

Signature -----

Date -----

Advisor: Dr. Arega Syeoum

Doctor

Department of Accounting

And Finance College of Business Administration

St.Marry University

## **Abstract**

The budget system shows what the Gullele woreda 10 intends to do during the period of its fiscal calendar and how it intends to finance its activities. It is these budgetary activities and their implications on woreda financial management that the study sought to assess. Particularly, the study was guided by the research questions as to whether the budget system of Gullele woreda 10 is perceived to be effective in terms of preparation, approval, execution, and control; how effective the Gullele woreda 10 system of budget is, in terms of effective and efficient?; and whether the budget system help in enhancing the effectiveness of public financial management? The objective of the study is to identify the best way how to use of public resources the study applied percentage research technique in analyzing both quantitative and qualitative data (mixed method), from eleven sectors of Gullele woreda10. Survey method is applied to assess the practice of budget and control system through the districts permanent employees. The target sample respondents include only 60(30% of total population) of permanent employees of Gullele woreda 10. Data type was primary data collection instrument through questionnaire, interviews and analyzed source documents, data analysis techniques was through tables, charts and percentages, the major finding of the study were the gap budget preparation, approval and control, the implication of the findings is to correct the misuse of public resources specially public budget of gullele woreda 10 and I suggest that develop human skill,to absent the delayance of budget release.

## **Abbreviation**

MOFED-Ministry of finance and Economic Development.

MDGs-Millennium Development Goals.

EFDR-Federal Democratic Republic of Ethiopia.

PPBS-Planning Program Budget System.

IMF-International Monetary Fund.

FDRE-Federal Democratic Republic of Ethiopia

M&E-Government Monitoring and Evaluation System.

Mgmt-Management.

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# CHAPTER ONE

## 1. INTRODUCTION

### 1.1. Background of the Study

Public expenditure management is considered as the heart of economic policy making in many countries due to development consideration for the responsive, and effective government that works better and costs less as well as reflects less fiscal deficits (Premchard, 2000).

Public expenditure management relates to allocation and use of financial resource responsively, efficiently and effectively. Thus, Public expenditure management has become a major operating tool to align incentive for managing public resource (Campos, 2001; Schicks, 1998).

The role of public budget management was purely to provide a means for financial control assessed in terms of compliance with procedures and legislatively mandated budget policies expressed in the annual budget (Fozzard and Foster, 2010). Recent initiative regarding budget a mechanisms of aligning incentive for managing public resources within policy objectives through emphasizing on performance assessed in relation to goals of macroeconomic stabilization of efficiency and effectiveness in the use of public resources (Premchard, 1983).

The Federal and Regional states have the aim to improve the living standard of their citizens. To achieve this (goal) objectives both state have to use many incentive mechanisms and policy directions for which the ends are pursued. Thus formulation and implementation of budget/fiscal means/is among the ways of achieving the desired policy objectives.

The roles and responsibilities of different players (the Executive, the council of ministers, the legislature, relating to the budget are clearly defined and entrenched by law in the constitution (EFDR Constitution, 1995). The financial management function of the Federal Government of Ethiopia is regulated by the Federal Government of Ethiopia Financial Administration proclamation No 57/1996. The proclamation clearly outlines the budgetary process and prescribes clear authority and relation-ship. Accordingly, the ministry of Finance and Economic Development (MOFED) issued directives and regulations needed for proper implementation

(FAP, 1996). The financial calendar outlines responsibility, procedures and time frames for each phase of the budget cycle.

The preparation of the fiscal calendar was introduced in 2001. It clearly defines the financial planning, and budgeting cycle; establishes time frames for development, approval and implementation (Elizabeth, 2005). It also defines institutional responsibilities at each level of Government.

Efficient and effective public expenditure programs are critical to promote economic growth and equitable access to economic opportunities for all segments of citizens. Well-planned, managed and implemented public spending can promote technical, better efficiency and equity on timely and appropriately based budget preparation and implementation of goods and services. However, the best designed budgets may be undermined by short coming in the actual spending of funds. Thus, large differences between approved and executed budget may appear, especially in countries with limited tracking, monitoring and controls of public spending (Ibid).

Budgeting means making and implementing decision with regard to the acquisition, allocation, and use of resources by government in the modern world (Nice, 2002). Budgeting is core to operation the government spending due to technological advancement and elasticity of public demands. As a result nations of developing and developed countries are increasing their budgets to address the needs of their citizens and at the same time the roles of their people to participate in budget decisions. To show in the openness of budgetary decisions to outside influences; citizens, political parties, interest groups and mass media, all these search to shape budgetary decisions made by the government.

Budgeting in the modern world is subject to many numbers rules, regulations and procedural guidelines that make the process quite complex and sometimes confusing (Robert, 2004). Specific procedures are required to make government budget decisions. Restriction on how certain funds can be used, how funds can be raised and other aspects of the budget may limit the option of decision maker.

The reasons why public budgeting is always controversial and difficult is the fact that citizens expect it to do a number of different means but sometimes in compatible tasks. Improving the

budget process's ability to perform one task can erode its ability to perform another task (Nice, 2002). Public budgeting always involves considerable conflict. Citizens who support a program in general may disagree with another regarding the different aspects of the program operations. Supporters of a program clash with the opponents of the program. Thus, distributing the cost of government across tax payers is perennial source of controversies.

The challenges and controversial related to government budgeting are reflected in the budget preparation, enactments, execution and Audit (review) phases of the budget cycle. The politics of public budgeting is more serious and challenging especially in Decentralized and democratic countries where there is constitutional power and resource sharing among different levels of government. In decentralized forms of government, Accountability and transparency in allocation and control of the public budgeting is the true test and reflection of Federalism. In most federally structure Nations; the major actors in the public budgeting process are the parliament, the ministry of finance, spending agencies and institutions. The problems and controversies of the public budgetary process are reflected in these budgetary actions.

Budget is an instrument for accountability in the government agencies that are responsible for the proper management of funds and programs for which funds are appraised. It is also a tool for management this is because a budget is an operational document that specifies either directly or implicitly the cost, time and performance of the organization. Budgeting as an instrument of economic policy and performance of that the organization the modern management is under taking to give due attention in financial planning or budgeting and its effectiveness as it has to be executed, and careful consideration has to be given for possible development and conditions that are likely to have their effects in line with organization objectives in planning a head visualizes all the steps necessary for its execution. And lay down procedures to ensure that careful comparison between the estimated results, (Allocation of resources) and actual result (implementation). If the investigation of the cause of variation exists in them, then corrective measure on time should be taken to ensure achievement of budget preparation, allocation and implementation (actual result).

Thus budget implementation is the phase where resource is used to implement polices incorporated in the budget. Budget execution is not simply a mechanism for ensuring

compliance with the initial programming. Well budget preparation is the requirement for an efficient execution of budget. Thus budget implementation depends on a number of factors like the ability to deal with changes in the macroeconomic environment and the implementation capacity of each levels of government. Therefore, an efficient budget implementation has to: Ensure that budget should be implemented in line with the authorized agent, Adopt the execution to significant change in macroeconomic environment, Resolve factors arising during implementation and Manage the purchase and use of public resources efficiently and effectively (Premeharid, 2007).

Thus, from the past decade, performance of ‘Gulele woreda 10’ Bureau of Finance and Economic Development, the allotted annual budget trend shows an increase year to year. However, the performance and utilization of budget indicates at a low level. Then, this study was intended to analyze the causes of low performance, underutilization of budget implementation and controlling system at ‘Gulele woreda 10’ Bureau of finance and economic development ‘Gulele woreda 10.

The limited resources call for the need to plan and exercise control over their use and that budget are the most effective way of corporate planning and control. Budgeting serves as a tool to guide management to ensure proper use of resources. Quite apart from these advantages budgeting and budgetary control practices and procedures have on public sectors; there has been no substantive study on the issue. The aim of this study is to evaluate budgeting and budgetary control practices and procedures in gullele woreda to access the effectiveness of budgeting decisions in controlling operational cost. Further motivation for the study is the lack of research involving survey of budgeting and budgetary control practices in ‘Gullele woreda 10’. Since budgeting serves as a control device and as means of appraising employees performance in most public sectors, failure to examine the budgeting process and investigate into the causes of budgeting variances, turns to affect the overall management control system of an organization, hence the need for this study. To know whether the principles is applicable in ‘Gullele woreda 10’ or not, insufficient use of resources and known variables are lack of skilled man power, scarce resources and culture of the organization.

## **1.2. Statement of the problem**

Budget could be taken as a policy document that defines the resource commitments of a government towards achieving its stated national objectives and priorities in providing services to citizens. Similarly, the current Ethiopian government budget is an expression of its commitments for attaining the five year Growth and Transformation Plan objectives as related to the MDGs.

Ethiopia being a federal state, at each relevant echelon (level) of government, budget formulation, approval, expenditure and control system of the government structure requires practicing transparency and accountability on the part of the government in order to avoid misuse of resources. It also requires public participation in the full range of the budget process as well as monitoring and tracking budget allocation and utilization at various levels and sectors of development (MOFID, 2009).

In contrary to these government budgets exposed to different problems like corruptions, illegal purchase of materials and equipment, improper use of budgets, lack of link between planning and budgeting, weak procurement, accounting and reporting system, weak controlling system and absence of performance auditing practice to evaluate efficiency and effectiveness of budget utilization. These problems arise mostly because of lack of transparency, poor participation of citizens, low commitments of stakeholders and political parties in budget monitoring and evaluation, no sufficient of necessary and timely directives and regulation required for proper implementation of the budget process.

Thus, the study attempted to identify the existing challenges in the practice of budget and control system for the time period 2008 to 2014 G.C. at 'Gullele woreda 10' Bureau of Finance and Economic Development that will have a paramount importance in addressing the problems and offering knowledge for academic exercises.

### **1.3. Research Questions**

The following research questions were formulated to address the problem and identify the practice of budget process and control system at ‘Gullele woreda 10’.

The leading questions were;

- What are the practice of budget process and control system in ‘Gullele woreda10’?
- What are the major problems that impede budget preparation and implementation in ‘Gullele,woreda 10’?
- Is there competent man power at ‘Gullele woreda 10’ to manage budget on the right schedule?
- Does each sector at ‘Gullele woreda 10’ apply performance auditing practice to control their assigned budget?

### **1.4. Objective of the Study**

#### **1.4.1. General Objective**

The main objective of this study was to identify, or explore problems related to budget practice and control system at ‘Gullele woreda 10’ Bureau of Finance and Economic Development in eleven sectors in the local government.

#### **1.4.2. Specific Objectives**

The specific objectives of the study were as follows:

- To assess the practices of budget and control system at different sector (level) of that Woreda,
- To identify the major factors that affect the implementation of budget process and control system,



- To examine whether or not there exist competent man power at ‘Gullele woreda 10’ to manage budget on the right schedule,
- To assess whether performance auditing practice is applied in each sector at ‘Gullele Woreda 10’ to control their assigned budget.

## **1.5. Significance of the Study**

The researcher believed that the results of this study would have to the following importance.

- ❖ To create awareness about the findings that could relate with the budget process and control system in that area. Since the principles, concepts and recommendations outlined in this study could reflect good budget practice, it might be relevant to Gullele woreda 10 and other public institutions to take some customized adjustments of their own budget practice and control system.
- ❖ The study could be used as a reference for students, professionals and other organizations in investigating further research about budget practice and control system.
- ❖ The research would also help for the policy formulators, the decisions of political leaders, government stakeholders and some other direct and indirect participants who are interested in the enhancement of good budget practice and control system.
- ❖ The study has a practical significance, as it is expected to uncover the causes of budget variances in the ‘Gullele woreda 10’ management’s efforts in promoting efficiency in its operations. It is also expected that the study will be beneficial to the management of this ‘woreda’ and the public around the ‘woreda’ as the recommendations of the study will help management to improve upon its performance if they are implemented. Lastly, it is expected that the findings of the study will add to the available literature on the subject which will be beneficial to other researchers carrying out a study on the topic.

## 1.6. Delimitation (scope) of the Study

Budget practice and control system is a very wide concept. The status and practice of good budget practice and control system is diverse in many institutions, but for this study the assessment is made in 'Gullele woreda 10' and The study also focuses on the views, attitudes and perceptions of 'Gullele woreda10' permanent employees' about the practice of good budget control system in their institution.

## 1.7. Limitation of the Study

In conducting the survey, the researcher faced the following major challenges:

It was difficult trace documents related to budget because they use ibex system, management were not enough willing to respond the interview questions, it was difficult to see documents easily, it was challenging to determine sample size, financial constraint, irrelevant responses to questioners by respondents; lack of time to read the written materials, the other main problem is financial limitation to carry out the assessment.

## 1.8. Operational Definitions

**Audit** is systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between assertions and established criteria and communicating the results to interested users.

**Government:-**is a formal political organization that aims at maintaining the status quo, almost always acting in the best interests of the specialized class of people who dominate it.

**Politics:** the art or science of government concerned with guiding or influencing governmental policy, the art or science concerned with winning and holding control over a government political actions, practices, or policies, political affairs or business: specially competition between competing interest groups or individuals for power and leadership.

Politics is both the art and science of government. The art refers to adjusting capacity with the people living in the society. The science implies the ordering relationships and how to behave in guiding or influencing the governmental policy.

## **1.9. Organization of the Study**

This research paper could be organized into five chapters. Chapter one was deal about the introduction part that describe the general idea of the study, statement of the problem, the research questions, objective, significance, scope, methodology and Organization of the study. Whereas, chapter two was dealt about the review of the related literature, chapter three was also dealt about presentation and techniques of data analysis, chapter four dealt about results and discussions and the last chapter was dealt about conclusions and recommendations of the findings in that particular district.

## **1.10. Ethical Issues**

In order to conduct the practice of budget and control system in that district, priority will be given to the oral consent of leaders and will take care of the organization privacy. Thus, the researcher will be ethical when analyze and observe the written document so as to get the necessary information within the organization and will treat the respondents to be free.

## CHAPTER TWO

### 2. REVIEW OF RELATED LITERATURE

#### 2.1. Meaning of Budget

The word budget is derived from the French word baguette (Sullivan A. and Steven M.S., 2003), a bag or purse, and is applied in modern times to the statement of revenues, expenditures, and budget balance of any governments for one fiscal year.<sup>1</sup> In a broader definition budget refers to the government's allocation of resources in terms of various processes such as economic, political, administrative, and human right. Wildavsky defined budget as:

*“Budgets are variously referred to as financial plans, work plans or programs, or political and social documents. A budget can be viewed from various frames of reference: as an economic process (resource allocation); and as an administrative process (planning, coordinating, control and evaluation). A budget can also be viewed as a human rights process (allocation of funds in compliance with state obligations towards the full realization of human rights). In its strictest, most technical sense, a budget is a document containing words and figures that propose expenditures for certain items and purposes.” (Wildavsky, cited in Diokno, 1999, PP 235).*

Thus, while a budget from an economic perspective is a reflection of a country's policy priorities and political commitments into expenditures, from a political perspective it is a representation in money terms of state's activity or preferences in national policy (MOFED, 2009). From an administrative perspective, a budget is understood as a resource plan that serves for the utilization of financial, manpower, material, and other resources (FDRE, 2010). Accordingly, a country has various types of resources such as. Though budget in principle may include all resources like financial, material, natural, and human, for this term paper the group considers the term budget as government's revenue plan, expenditure plan, and budget balance plan performed by MOFED.

According to Jesse (1965), the word "budget" originally means the money bag or the public purse, which served as a receptacle for the revenue and expenditure of the state. In Britain the

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<sup>1</sup>Fiscal year is the standard 12- month period government uses for its budget, in the Ethiopian contest the 12 months fiscal year is from Hamle 1-Sene 30 and is different from calendar year.

term was used to describe the leather bag in which the Chancellor of the Exchequer carried what to parliament that shows the government needs and resources. (Jesse, 1965) eventually the term came to mean the documents, which were contained in the bag plans for government finances, submitted for the approval of the legislature (Meyers, 1999).

Budget is a document or a collection of documents that refers to the financial condition and the future plans of an organization including information on revenues, expenditures, activities and purposes or goals (Roibert et al., 2004). It is both a plan as well as a control device and it relates to physical units of output, setting standards of efficiency for each part of the administration and providing means of giving achievement (Zainul abidin and Bin Yababya, 1981).

Budget is the detailed plan, expressed in quantitative terms, that specifies how resources will be acquired and used during the specified period of time which planning, facilitation, communications and coordination, allocating resources, controlling the operational activities and evaluation of performance i.e., comparing actual results with estimate (Premchand, 2007). It is the decision making system for allocating funds and tapping resources in order to achieve government priorities and objectives, efficiently, economically and effectively. It is also part of the principal administrative instrument through which public investment programs are transferred into tangible achievements (Ibid).

Budgets is the decision making system for allocating funds and tapping resources in order to achieve government priorities and objectives efficiently, economically and effectively and it is an important tool for effect short term planning and control of the organization. In reality the government budget is at the center of public policy and the development prospects of a country.

## **2.2. Components of Government Budget**

According to MOFED report, a government budget has two sides: revenue, the money that a government receives, and expenditure, the money it spends. Government revenue has three components; tax, non-tax, and grants (MOFED, 2010).

There are two types of taxes; direct and indirect. Direct taxes are taxes that are levied directly onto the wealth of people and companies (examples include taxes on personal income, rental

income, business profit, agricultural income, capital gain, etc.), rural land use fee, and urban land lease fee. Indirect taxes are taxes that are levied on things that we buy or use and so affect us indirectly. Examples are taxes on the sales of goods and services, stamp duties, import and export duties and taxes (Cliché, P., 2012). Non-tax revenue refers to charges and fees, sales of goods and services, pension contribution, privatization proceeds, etc. that are earned by government (Ibid).

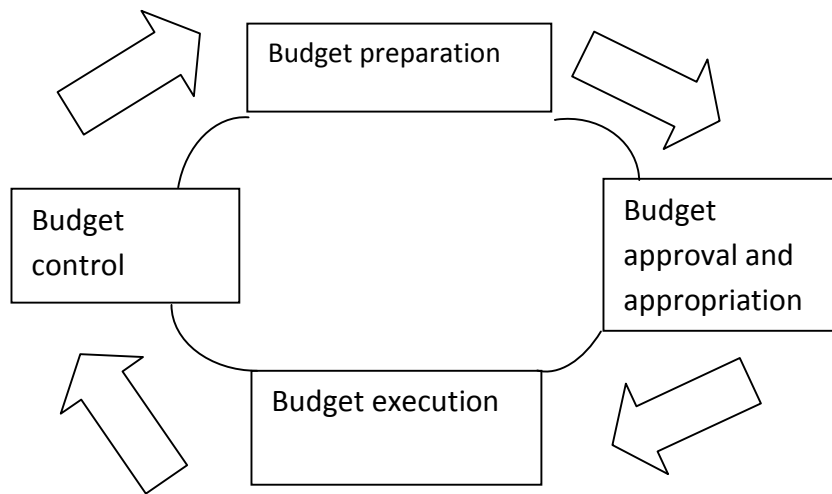
Grants (also known as net official transfers) refer to assistance from both multilateral and bilateral donors both in terms of cash and in kind. These are given to the Ethiopian government for the Ethiopian people to assist with development and help reduce poverty. The income collected from the above sources are to spent on procuring goods and services, delivery of services, to service debts, making investments, etc. government expenditure has two components: recurrent and capital expenditure. Recurrent expenditure is a day-today operating expense or those expenses usually incurred in the conduct of normal state operations, such as wages and salaries, administration, purchase of goods and services for current consumption, and inputs used in service delivery. Capital expenditures are investments made on land, buildings, roads, and equipment that can be used for a number of years and that are projected to generate income in the future (Cliché, P., 2012).

### **2.3. Budget Cycle/Process**

According to James E.A. and David D.L., there are 4 phases in the budget process/cycle at any level of jurisdiction. These are budget preparation (drafting/design process), budget approval and appropriation (legislative process), budge execution (implementation process), and budget control (performance monitoring- audit and evaluation process)<sup>2</sup>. The complete picture of the cycle is presented by Figure 1 below.

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<sup>2</sup>James E.A. and David D.L. (2005). The Political budget Cycle is where you Can't see it: Transparency and Fiscal Manipulation; EPRU Working paper Series; Economic Policy Research unit, institute of Economics University of Copenhagen; ISSN 0908-7745; the activities of EPRU are financed by a grant from the national Research Foundation.



**Figure 1:** Budget Cycle- adopted from a guide to public financial management, literature for practionioners in developing Countries, international budget partnership module no 2

### **Phase 1: Preparing the Budget**

The first step of the budget process is to actually generate the budget. Done right, this process starts with careful thought at the ground level as to what is needed and what new initiatives can be started. At the same time, leadership and vision from the top offers some guidance as to what the departments can expect. Once each department makes it's spending decisions, their requests are sent to the decision makers for inclusion in, or exclusion from, the final document.

### **Phase 2: budget approval and appropriation**

In the second phase, once the recommended budget is reviewed and adjusted by the respective executive body, it is then presented to respective legislative bodies (Parliament) for approval of the budget. These legislative bodies review, amend, and approve the budget. Annual appropriation of the approved budget then follows.

### **Phase 3: budget execution/implementation**

Once the budget is approved and appropriated by the legislative bodies, the central agency (Ministry of Finance) prepares the budget allocation guideline and the notification to public bodies and their budget institutions of the source of finance and line item of expenditures for the disbursement of the approved budget. The institutions then use the budget to carry out their activities for the year. Thus, this phase is the disbursement of the approved budget to the relevant agencies, implementation of planned activities, and recording expenditure. This is the process of the transfer and spending of the money which ensures that activities can happen to reach the required goals<sup>3</sup>.

### **Phase 4: Budget Control**

The fourth phase in the budget process/cycle is budget control/performance monitoring. This involves monitoring activities in terms of annual public bodies' reports and audit reports to the parliament, i.e., accounts for expenditure, evaluate and audit. This includes activities such as ensuring whether the revenue utilization is according to laws and regulations, ensuring whether disbursement is made according to budget, ensuring whether public property is kept safe, and the recording and accounting procedures are up to the standard. The office of the general auditor is in charge of auditing public bodies and presents its findings before the council of Ministries or Parliament. This last phase provides information that can be feed into future plans<sup>4</sup>. The four phases of the budget process work together by feeding to each other. It should be noted that the phases will overlap. Budget preparation will be done while this year's budget is being implemented.

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<sup>3</sup>James E.A. and David D.L. (2005). The Political budget Cycle is where you Can't see it: Transparency and Fiscal Manipulation; EPRU Working paper Series; Economic Policy Research unit, institute of Economics University of Copenhagen; ISSN 0908-7745; the activities of EPRU are financed by a grant from the national Research Foundation.

<sup>4</sup>James E.A. and David D.L. (2005). The Political budget Cycle is where you Can't see it: Transparency and Fiscal Manipulation; EPRU Working paper Series; Economic Policy Research unit, institute of Economics University of Copenhagen; ISSN 0908-7745; the activities of EPRU are financed by a grant from the national Research Foundation.



## **2.4. Scope of Government Budgeting**

The scope of the budget depends on the field of activities of the government, but, must also be in a form to allow government policies to be appropriately scrutinized by the legislature and the public. It is important to review revenues and expenditures together. In many countries draft laws on public expenditure proposals and tax changes are presented to parliament separately. This may generate many problems in relation to the coherence of policy making and in relation to parliamentary scrutinizing of the budget. It is necessary during the budget formulation process to coordinate the preparation of the budget and the revenue portions of the budget and consolidate them in to a single document when presented to the parliament. Determination of the scope of the budget is dependent on the scope of the government and the purpose of the budget. Both have exerted strong influences on the shape of the government budget (Premchand, 2007).

## **2.5. Function of Government Budgeting**

In addition (Premchand, 2007), the role of budget is greater for governmental and not for profit organizations than the private sector. It is useful in key managerial function such as planning, organizing, coordinating, and controlling. It provides for decision makers information and indicates the society concerned what decisions have been made of the organizations objectives.

Organizational resources are limited with alternative set of competing uses. Thus, budgeting provides as a means of allocating the resources among those uses in accordance with their priority goals (Tommasi, 2007).

A budget is a plan, and budgets are subject to changes in circumstances. Nevertheless, a budget is a benchmark against which actual performance is compared. The comparison, as a measure of performance, helps managers to evaluate the effectiveness of the firm. Control is necessary to ensure that plans and objectives a laid down I the budget are being achieved. Control is applied to budgeting, is a systematized effort to keep management informed of whether planned performance is being achieved or not. For this purpose, comparison should be made between

plan and performance. The difference is reported to decision makers of taking corrective action or for deciding incentives to those who perform well. Thus, control is by no means possible without planning and budgeting (Jacobs, 2007).

The following inter related functions are performed through budgeting sources:

1. A budget allocates resources to various programs designed for attaining the goals of the government.
2. It stabilizes the economy through fiscal policy which focuses on expenditure, tax and debt
3. It helps operating agencies accountable for the efficient and effective use of resources
4. It controls expenditure; control of expenditure is one of the fundamental functions of budget. The budgets make sure that the expenditures are legal, accurate, and compatible with the policies of political decision makers. The control of expenditures is made through:
  - a. The allotment process, and
  - b. The accounting system

Transfer funds: the budget is used as a mechanism for transforming funds to different levels of government (Jacobs, 2007).

A government budgeting is important to citizens to know what money is being spent on, and what decisions their elected representatives make on their behalf. It is only with this knowledge that elected officials can be held accountable for their budget planning allocating and implementation. It provides a forum for purposeful and concrete engagement between the executive, the legislatures and civil society around critical choices and outcomes (Shultz, 2002). People also expect government budgeting to accommodate a number of different needs, form setting goals and priorities and managing the economy to promote accountability and controlling the use of public resources (Nice, 2002).

In addition Saha (2007) stated the objective of budgeting and budget is to control the organization's approved project and verify the annual budget to the extent of approval, and to examine carefully the evaluation and utilization of those budgets. Thus, projects controlled and

budgets approved for implementation is a tool to measure the efficiency of the management for sound implementation of physical and financial performance.

## **2.6. Public Budgeting**

Public budgeting is central to the operation of the government. It is making and implementing decision regarding the acquisition, allocation, and use of resources by government, with primary focuses on money. Public budgeting involves the selection of ends and the selection of means to reach those ends. It also involves the division of society's economic and financial resources between the public sector and the private sector and the allocation of such resources among competing public sector needs in addition public budgeting is intended to fulfill several important functions. These functions include setting budget priorities that are consistent with the mandate of the government, planning expenditures to pursue a long-term vision for development, exercising financial control over inputs to ensure fiscal discipline, managing operations to ensure efficiency of government operations, and providing tools for making government performance accountable to citizens (Robert, 2004).

### **2.6.1 Approaches to Public Budgeting**

Budget makers have tried a number of different formats to prepare budget proposals. Each approach has advantages and disadvantages and we have to bear in mind that the different approaches /formats/ are not mutually exclusive. The most common approaches to public budgeting are discussed below:

#### **2.6.1.1 Lump sum Budgeting**

Lump sum budgeting is types of budgeting using a simple budgetary format which has only a few board categories each of which is covered by a large amount of money. For example a nation, using the lump sum format, might have one budgetary item for defense, another for social programs, and another for physical improvements. Here, the entire budget might be only

a few pages long in addition, lump sum budgeting is easy to prepare revise and understand and it focuses attention on broad questions rather than detail issues. It also helps to minimize conflicts (Nice, 2002).

Lump sum budgeting has deficiencies that outweigh its strengths. First, this approach provides little guidance to identify the impacts of budget change on programs or services. It also provides no information regarding the effects of current spending and gives large amount of discretion to the bureaucracy (Zainul Abidin and Bin Yabaya, 1981) besides, because it contains little information, it has limited value to serve as an instrument for coordinating different programs or setting information, it has limited value to serve as an instrument for coordinating programs or setting social priorities (Nice, 2002).

### **2.6.1.2 Object of expenditure Budgeting**

The second budgetary format/approach/ is the object of expenditure budget, sometimes called the line item budget. In this approach, the budget is broken down by departments and agencies and within each agency by what objects the agency spends the money. For instance an agency's total funding could be divided among categories for personnel costs, equipment maintenance travel and non-equipment supplies (Meyers, 1994).

Advocates of the objects of expenditure format contend that it has a number of advantages. First it can help reduce unnecessary spending at least in the sense of unnecessary purchases. This approach also gives budgeters more information regarding where the money is going compared to the lump sum format and gives elected officials more control over the bureaucracy (Anderson, 1994).

On the contrary critics of the object of expenditures approach complains that it provides little meaningful information regarding what agencies' are actually doing. This approach also tells us little about the programmatic impact of budgetary changes. It can tell us that a cut might mean fewer personnel, but if we know little regarding the activities or accomplishments of agency personnel we will be unsure regarding its effect on services (Robert K., 2004).

### **2.6.1.3 Performance Budgeting**

Performance based budgeting system requiring strategic planning for agency mission, goals and objectives and a process that requests quantifiable data that provides meaningful information about program outcomes. In an effort to improve public budgeting, reformers began to advocate performance budgeting in the 20th century. Performance budgeting is characterized for its focus on the outcomes as well as evaluation of programs by measuring the relationship between resources and results. It also emphasizes the measurement of government performance by agencies and public servants (Willoughby et al., 1998).

Critics of performance, budgeting state that its preparation. Requires a great deal of effort than object of expenditure or lumps-sum budgeting. This approach may also generate additional political conflict by raising disputes regarding what agencies and their personnel should be doing (Nice, 2002).

### **2.6.1.4 Program Budgeting**

It is also called the planning programming budgeting system (PPBS) program budgeting has several components including information on planned spending for several years into future. This would encourage officials to consider the full impact of a budgetary decision rather than just the impact on next year's budget (Nice, 2002) program budgeting will call for organizing the budget by programs or activities' than all work toward the same objective regardless of which agencies or departments are involved in those activities. It also requires systematic analysis of the impact of each agency's activities on various social goals (Zainul Abidin and Bin Yabaya, 1981).

Some of the weaknesses for program budgeting includes the following:

- ❖ Rigorous analysis of program impacts is more difficult and expensive.
- ❖ Emphasizing on goals and priorities and examine alternatives to current programs greatly increased the amount of conflict in the budget process
- ❖ Some agency activities are expected to pursue a number of different goals at the same time and allocating shares of these activities to the different goals is difficult.

As a result officials who were accustomed to more traditional budgetary formats found this approach clumsy and intimidating and it was abandoned by many governments (Nice, 2002).

#### **2.1.6.5 Zero -based Budgeting**

Zero based budgeting is a method of continual evaluation of programs and services the starting point for the budget starts each year zero. It is somewhat more modest budgetary format which eliminates the assumption that each agency should receive approximately the same amount of money that it received last year (Nice, 2002).

In zero based budgeting the previous year's budget is used only to provide costing information. What is important about this budget format is the fact that it ensures that the budget reflects current priorities and focuses on reevaluating each programmed. However, the problem is that this approach is time consuming and costly because it calls for total cost analysis of all programs every year. In addition, for a programmed to be accepted, it must be proved worthwhile and financially sound in an evaluation of all elements of revenue and spending (Vanada, 2005).

### **2.7. Over Spending and Under Spending of Budget**

Overruns are sometimes caused by non-compliance of budget managers with the spending limits defined in the budget. Overruns can be caused by deficiencies in budget preparation. Continuing commitment for investment projects, poor attention to inflation, and political pressures may lead to poor preparation of budget, along with other reasons. Lack of compliance can be addressed through strengthening the auditing and accounting systems, and ensuring the effectiveness of the budget execution controls. Moreover, sound budget preparation and institutional arrangements are a pre requisite for a voiding overruns. Under-spending is usually related with non-wage expenditures. It may be due to insufficiencies in budget preparation and program preparation. It can happen due to poor governance and large amounts of off-budget spending (IMF Manual on Fiscal Transparency 2001).

## **Release of funds**

To ensure effective budget implementation, the authority to spend must be given to agencies on time. Funds should be released in conformity with budget authorization. However, for cash management, the releases of appropriations must be regulated. In some countries funds must be released to line ministries in a day-to-day basis. Where a centralized treasury system exists this mechanism consists of an ad hoc selection of agencies to which cash will be transferred. To release appropriations, many countries slice the budget into four quarterly parts or release 1/12 of the budgeted amount every month, or prepare a budget implementation plan. Whatever method is adopted, the system for releasing funds should ensure effective and efficient implementation of the budget and avoid generating arrears. Hence the following elements need to be taken into account:

- ❖ The agencies should know, in advance, the funds allocated to them to prepare the implementation of programs
- ❖ Funds must be released without delay
- ❖ Particular attention must be granted to agencies located in remote areas
- ❖ Regulating cash flows without regulating commitment generates arrears
- ❖ Financial needs of ongoing commitments must be taken into account
- ❖ Adjustment of commitments needs time. Imposing monthly limits of cash may be a limiting factor for such adjustments.

An in year distribution of payments related to investment expenditure is not steady and depends on various factors such as contractual payment schedules on physical advancement of works.

## **Transfers between line items**

Rules for transfers between line items should be stated in the financial regulations. It distinguishes before transfer that may be made freely by line ministries, transfers submitted to an approval of the ministry of finance and transfers that are strictly forbidden. Often, control of transfers is one the major activity of the budget offices during budget execution. This procedure is time consuming and excessively absorbs administrative resources. Spending agencies need

flexibility in implementing their budget. An investment project may be delayed for technical reasons, while another should preferably be speeded up (Jacobs, 2008).

## **2.8. Budgetary Control**

Control is obtained by fixing achievement targets and expenditure limitation for each department and by periodical comparison these with the progressive results and taking corrective measures if necessary. Every organization small or large should have budgetary control system so that the management could assess from time to time how the organization runs (N.K.Nair, 1985).

"Budgetary control is achieved through continues comparison of actual with planned operations and comparison is made with help of budget reports"(Ibid).

The system of internal control includes all the measures taken by an organization for the purpose of: protecting its resources against waste, fraud, and inefficiency, ensuring accuracy and reliability in accosting and operation data, securing compliance with organization policies and evaluating the level of performance in all division of the organization (ibid).

### **2.8.1 Budget Review and Audit**

After the budget has been implemented, the review and audit phase begins. Traditionally this phase of the budget process emphasizes determining whether budgetary polices and guidelines have been followed. Since the 1930's the review and audit phase of the federal budget has expanded in scope to include more emphasis on determining the productivity and effectiveness of government programs. This newer emphasis on productivity and effectives has made the review and audit phase a much larger and more complex task and has also made it more controversial. Assessing the efficiency and effectiveness of government programs is often difficult in part because many factors may influence the conditions that government programs are trying to influence analyzing the productivity, efficiency and effectiveness also forces us to examine what we actually want government policies to achieve (Nice, 2002).

On the other hand, Robert (2004) argues that auditing servers a variety of functions in many different forms. One distinction made is between pre audits and post audits. The pre audit



occurs before the government commits itself to a purchase and is used to verify whether a certain department has sufficient funds to purchase certain equipment and that department is authorized to purchase. A post audit involves more extensive procedures and often more participants. This form of auditing has been defined as a systematic collection of sufficient, competent evidential matter needed to attest the fairness of management's assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities (Robert, 2004).

### **2.8.2 Public Auditing Objectives and Responsibilities**

Auditing provides some assurance to investors in both the private and the public sectors that their investments are secure and are being well managed. Another purpose of auditing is ensuring that funds are not subject to fraud, waste abuse or subject to errors in reporting (Robert 2004; Philip et al., 2004).

Auditing in government is used to verify the compliance of different directives as well account systems track receipts and expenditures to ensure that they are handled in conformance with restriction contained in revenue and appropriation bills. Auditing also helps to ensure that an agency doesn't spend funds on activities that have not been authorized. Another form of compliance auditing involves grants. The federal government needs to check that only appropriate changes have been made by a state government in the case of a federally funded project or program (Robert 2004; Philip et al., 2004).

Auditing within a government is often performed by several organizations. Internal audits can be conducted periodically to provide information to management to have control over operations. Other audits are conducted by external auditors who can be form a unit answerable (Robert 2004; Philip et al., 2004).

## **2.9. Types of Audits**

As it is stated above, there are pre and post audits as well as integral and external audits. Another way of categorizing audits is on the basis of purposes to be served. Based on this classification, audits can be directed toward finance and/or performance.

According to Robert et al. (2004), financial audits focus on whether financial statements are prepared by a government accurately to reflect financial transactions and the government's or agency's status. Financial audits also review how financial matters are handled and whether suitable internal controls exist to protect resources. Auditors are concerned with the vulnerability of financial management system to potential fraud. As indicated above, the other major auditing function is performance auditing which deals with whether resources are begun used efficiently and whether results or objectives are begun achieved. The characteristics and the differences of financial and performance audits are discussed below.

Any audit agency faces the difficult choice of deciding how much effort and resources should be devoted to the competing function of financial and performance auditing. If the major emphasis is given to performance auditing fraud and other abuses may become more prevalent: conversely, placing greater emphasis on financial auditing may keep government honest by too little to encourage agencies to fulfill their missions (Robert et al., 2004).

In budgetary audit and evaluation phase, the disbursement of public that funds were used in accordance with legislative intent and no money were spent illegally or for personal gain and that public agencies are carrying out programs and activities in the most efficient and effective manner pursuant to legal and institutional constraints (Meyers, 1994).

## **2.10. Review of previous Empirical studies**

Olurankinse, Felix (2012) identified that the overall characteristics of a good public procurement system to include a strong legal, organizational and professional framework to make the system robust and effective and Furthermore, the paper highlighted the need for a budget implementation process to be carried out under the constraint of value-for-money, accountability and transparency. It highlighted and discussed, in same details, the elements of value-for money; economy, efficiency and effectiveness. A good public procurement system delivers value-for-money in procurement activities. Finally, the due process mechanism has been Discovered to have “struck the right chord” confirming that system control is the to go where moral suasion, threats, probes and emphasis on reparation have proved Unsuccessful in guarding resources. Therefore, the study has shown that due process, value for-money audit

and cost audit are necessary and imperative in budget implementation. Due Process”mechanism is a model which has proved its effectiveness.

**Evans Frimpong- Manso** ( 2014 said that Budgeting and budgeting control measures serves as a basis of planning, controlling cost of operations and evaluating performance of workers of the organization. For a budget to be an effective one, sound organizational structure, research and analysis as well as management acceptance should be considered. Budgeting thus, serves as a blueprint for any organization to follow in an up-coming period usually for one year period at most.

Despite the laudable benefits of budgeting, its preparation, implementation and execution need to be controlled and monitored to avoid deviations from the plan and serve as a basis for revising the budget put in place. Challenge of preparation implementation and human factors that tend to affect budgeting need to be given serious thought. In the preparation of the budgets, management should give serious thought to the external environment, emerging technologies, organizational structure and size as well as culture of the organization and the setting where the timber firms operate.

**Micah Odhiambo Nyamita (2015)** studied that the Ministry of finance and economic planning of Rwanda should know that in order to have effective public financial management, the Rwandan budget system must put emphasis, firstly, on good coordination of budget preparation in terms of fund mobilization, resources allocation and synergies between partners and the government. Secondly, the Ministry should focus on effectiveness, competencies, and fund mobilization during budget execution. Thirdly, it should provide regular feedback to all staff involved in the budget process during the whole period of the financial year, monitoring of achievement of national mission and strategies and continuous budget monitoring and control. Finally, the Ministry should also ensure that national priorities are efficiently achieved, particularly those considered in budget reporting, and always provide feedback to all parties concerned.

## **CHAPTER THREE**

### **3. RESEARCH DESIGN and METHODOLOGY**

This chapter discusses about research methodology, source of data, sample size, sampling techniques, data gathering tools and data processing as it will describe hereunder

#### **3.1. Research Design**

To achieve the purpose of the study, both qualitative and quantitative methods (mixed methods) was adopted. Survey method is applied to assess the practice of budget and control system through the districts permanent employees. The questionnaire would be prepared in Amharic and English languages. The Amharic version would used for collecting the opinions from permanent employees to get better and clear data while, the results and discussions would be done in English.

According to (Creswell, 2003), the design survey method is more appropriate to collect adequate information on opinions; attitude's and views of the respondents. It focuses on investigation of issues, practices, and problems of the target population. It is such method of research design that can allow collecting in depth information concerning the current status of the phenomena and to infer conclusion from the facts discovered. Thus, the main purpose of this survey is to assess the practice of budge process and control system in the case of 'Gullele worda 10'. The research used both quantitative and qualitative data collected using structured as well as semi structured questionnaire. The qualitative data have been gathered from open-ended questions and assessment of documents available at Gullele worda. The main use of mixed approach is that, the research will employ both quantitative and qualitative data in order to provide a compressive analysis of the research problem. Moreover, the use of mixed methods approach can better validate the result of the study than the single approach. Thus, the findings will be briefly described and discussed with the major emphasis on the purpose, procedure, problem encounter so far and solution will be given as the major point of focus.

### **3.2. Sources of Data**

On the bases of the study objectives, the data source for this study has been primary and secondary. The source of primary data for this survey was gathered from ‘Gullele woreda 10’ eleven sectors (department) top management, experts and others. On the other hand, secondary data have been collected from the previous records at ‘Gullele Woreda 10’ Bureau of Finance and Economic Development through document analysis.

### **3.3. Population and Sample**

According to ‘Gullele Woreda 10’ Bureau of Finance and Economic Development Statistical data, the District Administration has eleven sector institutions. Among these the current study has been carried out purposefully at eleven sectors, the target sample respondents included in the present study were only 30% of permanent employees from the total number of organizational manpower, the total number of the population who are working in ‘Gullele woreda 10’ were 200. From the population the investigator has taken 30% (or 60) of permanent employees of the woreda.

### **3.4. Data Collection Instruments**

The Instruments or tools that have been employed standardized questionnaire, interviews and document analysis to gather the necessary data for this study, I checked the reliability and validity of my questionnaires through preliminary study . The uses of a combination of these methods suggest reducing errors of any one of the sources of data. The above mentioned methods are primary data collection methods. We know primary data collection methods are more reliable than secondary data collection methods. So the student researchers will choice this type of data collection method.

### **3.5. Method of Data Analysis**

After all the relevant data have been collected, the task of data analysis has been performed. For each question or variable in the survey presented, tables or charts and frequency and percentages (where applicable) were used for the generation of descriptive statistics on the assessment of budget practice and control system in the case of ‘Gulele woreda 10’. Finally, the major

research outcomes have been presented with the help of descriptive statistical techniques including frequencies, percentages, means, etc. Finally, based on the major findings conclusions were drawn and feasible recommendations were forwarded.

## **CHAPTER FOUR**

### **4. RESULTS AND DISCUSSIONS**

This chapter deals with the results and discussions of the findings from questioners and documented sources. As a result, the first part of this chapter presents the 'woreda' profile, whereas the second and third parts deal with the general characteristics of the population and the analysis and interpretation of the data respectively.

In order to assess the views of employees towards the practice of budget and control system of the district, questionnaires were distributed to 60 permanent employees who are currently working in eleven sectors (department) of the Gullele woreda 10.

#### **4.1. Response Rate**

The questionnaire were developed and served for the employees in 'Gullele woreda 10'. The randomly selected respondents were from all categories of staff in the districts. The total sampled respondents were given 60(100%) questionnaires. Also filed and returned questionnaires were 60(100%).

Tables, percentages and graphs were applied to present the assessment in an easily and understandable manner. For the purpose of simplicity, the total numbers of filled and returned questionnaires are taken as 100 %( all sampled respondents were filled returned the questionnaires' for the real calculation of the data in each table. Also, the percentage values are approximated to the nearest approximate possible zero decimal place.

#### **4.2.District Profile**

The study was conducted at Addis Ababa, Gullele K/Ketema, Gullele woreda 10 in eleven local government sectors. The woreda has 11 governmental organization sectors.

The Geographical Area of Gullele woreda 10 is one of 116 Districts in Addis Ababa city Government of Ethiopia. It is a part of the Northern Addis Ababa city administration.

Based on the 2007 national census conducted by the central statistics agency of Ethiopia, the district has a total population of 23,167. The annual budget assignment in 2014/15 budget year was around 14,000,000 Birr, Gullele woreda finance and economic development bureau.

### **4.3.Demographic Information**

The demographic information of the total participants of the survey presented here in the table below contains 5 categorized groups in terms of sex, age, educational status, work experience and work position.



**Table 4.1 Demographic information**

Variables	Sex		Age Group in Years				Educational Status				Work Experience			Work Position			Total
	Male	Female	<30	31-45	46-60	>60	M.A	B.A	Diploma	Others	<5	6-10	>11	Mgt	Expert	Others	
Frequency	37	23	26	30	3	1	7	30	19	4	38	14	8	15	30	15	60
%age	62%	38%	43%	50%	6%	1%	12%	50%	32%	6%	63%	23%	14%	25%	50%	25%	100%

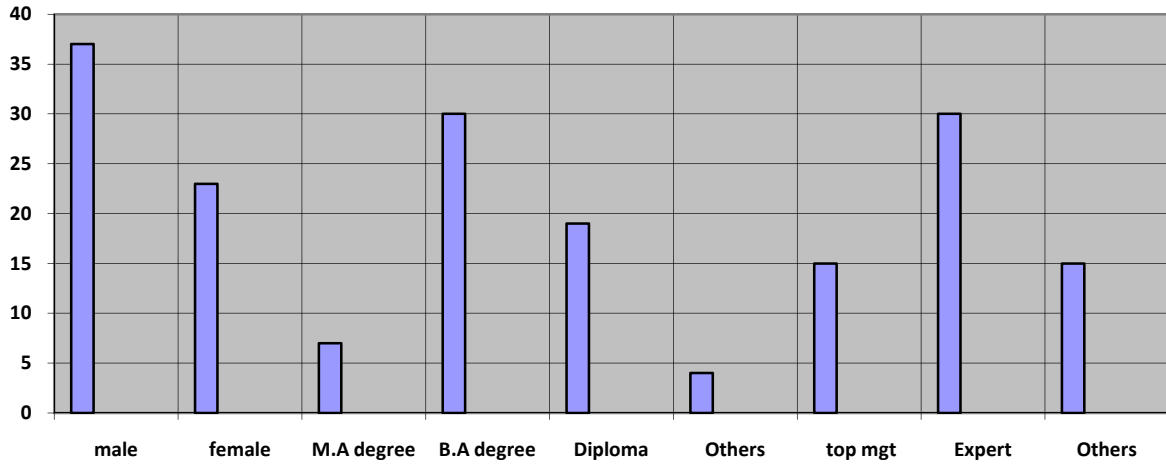
**Source:** Output from Survey Data, 2016

As shown in the table above 37(62%) of the respondents were male and 23(38%) were female participants were randomly given the chance to fill the questionnaire.

Among those, the half of the age group, 30(50%) fell in between 31-45 years. The remaining age groups falling under 30, and 46 up to 60 were 26(43%) and 3 (6%), respectively. Only 1(1%) age group was found above 60 years old.

The educational status was also considered as one of the variables in this demographic information. As a result, 7(12%) of the respondents were M.A holders whereas, staffs with B.A holders represented 30(50%) of sample respondents. While respondents with Diploma level educational qualification denoted 19(32%), those having below Diploma level qualifications designated 4(6%) of the total sample respondents.

On the other hand, the work experience of all those respondents ranges from less than 5 years to 11 years and above. The majority of those 38(63%) staffs have an experience of below 5 years, 14(23%) of the sample staffs have a work experience of between 5 – 10 years, and only 8(14%) of the respondents were having an experience of more than 11 years. All the respondents were categorized as top management, expert level and others with their work position. As a result, the half of, i.e. 30(50%) staffs were experts, 15(25%) were managers and the remaining 15(25%) were categorized under others.



**Figure 1** Demographic Information by sex, work position and educational status

**Source:** Output from Survey Data, 2016

#### **4.4..Budget Preparation**

Two statements have been presented in the table below to assess budgeting preparation in Gullele worda 10. All managements, experts and other level of respondents gave their opinion accordingly as shown in the table below.

**Table 4.2 Views Respondents about Some Budget Preparation Statements**

Statements	Response														
	Strongly Agree			Agree			Disagree			Strongly Disagree			No idea		
	Mgmt	Expert	Other	Mgmt	Expert	Other	Mgmt	Expert	Other	Mgmt	Expert	Other	Mgmt	Expert	Other
<i>Each sector has competent manpower to prepare the budget.</i>	6(10%)	0(0%)	0(0%)	2(3%)	13(22%)	6(10%)	6(10%)	11(18%)	6(10%)	1(2%)	6(10%)	3(5%)	0(0%)	0(0%)	0(0%)
<i>There is strong r/ship b/n the plan and budget formula</i>	7(12%)	2(4%)	0(0%)	2(4%)	4(7%)	8(13%)	4(7%)	11(18%)	5(9%)	2(4%)	11(18%)	2(4%)	0(0%)	0(0%)	0(0%)

**Source:** Output from Survey Data, 2016

As shown in the table 4.2 above, only 6(10%) of the management staffs strongly agree on the existence of competent manpower to prepare the budget in the sector. But 2((3%) of the management staffs, 13(22%) experts and 6(10%) other level staff respondents agreed on the availability of competent manpower to prepare the budget in the sector. On the contrary, some 6(10%) of the management personnel, 11(18%) experts and 6(10%) others level respondents disagreed on the issue, only 6(10%) of management personnel and 3(5%) of the experts level personnel strongly disagreed on the existence of competent manpower in the sector.

About the strong relationship between plan and the budget formula, only 7(12%) management and 2(4%) experts strongly agree where 2(4%) management, 4(7%) expert and 8(13%) other level respondents prefer to choose agree. Contrary, 4(7%) management, 11(18%) experts and 5(9%) other level respondents oppose the statement, 2(4%) management, 11(18%) experts and 2(4%) other level respondents strongly oppose and no respondents have no idea about strong r/ship between the plan and budget formula.

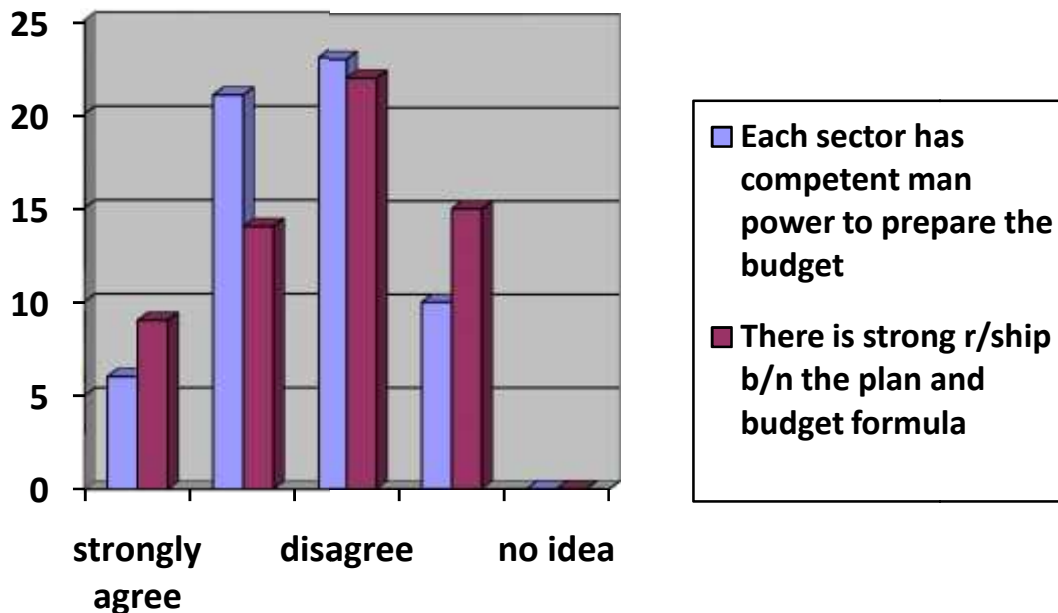


Figure 2 Graphical Representation of the views of respondents on Budget Preparation

Source: Output from Survey Data, 2016

Generally had not enough competent manpower to prepare budget in the sector and there were no strong relationship between the plan and budget approval.

#### **4.5.Budget Approval**

Budget proposal is the second major section of the assessment of budget control and practice system in Gullele woreda 10. Here, two statements were presented and rated by the management and expert level respondents. The proper discussion on the budget proposal at district level before it is sent to the 'Kifle ketema' council and the timely submission of the budget draft have been assessed below.

**Table 4.3 Views of Respondents on the Budgeting Approval**

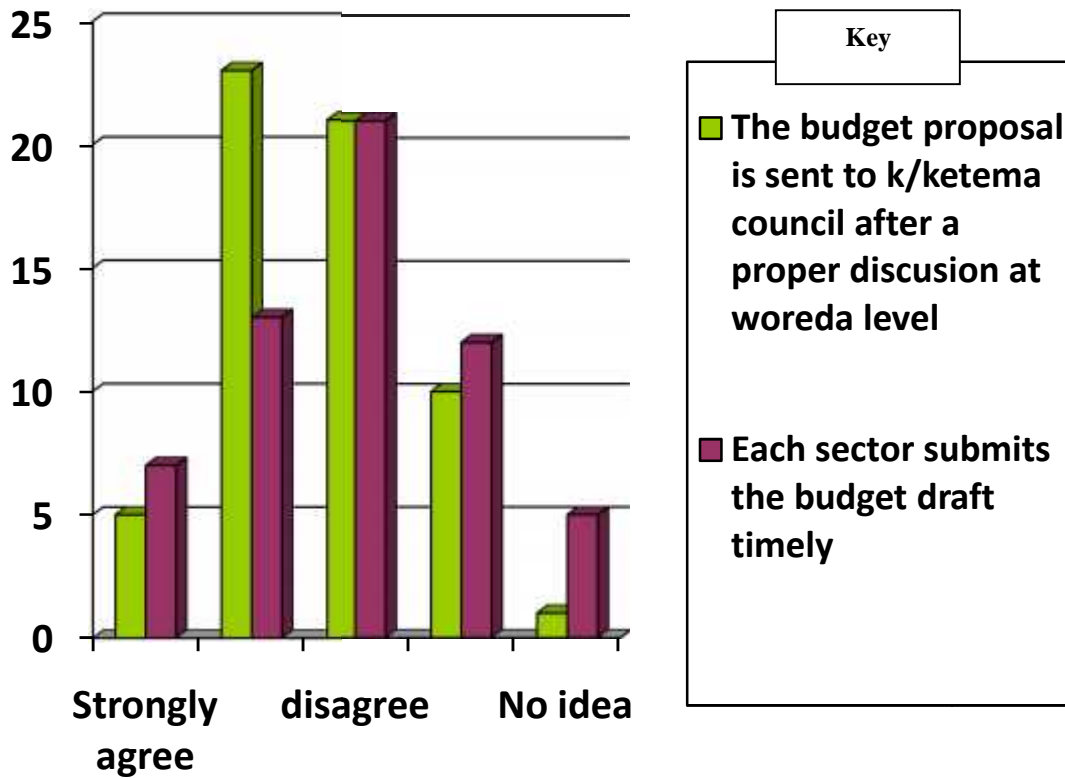
Statements	Response														
	Strongly Agree			Agree			Disagree			Strongly Disagree			No idea		
	<i>mgt</i>	<i>expert</i>	<i>other</i>	<i>Mgt</i>	<i>Expe rt</i>	<i>other</i>	<i>mgt</i>	<i>Exper t</i>	<i>other</i>	<i>mgt</i>	<i>expert</i>	<i>other</i>	<i>mgt</i>	<i>expert</i>	<i>other</i>
<i>The budget proposal is sent to k/ketema council after a proper discussion at woreda level.</i>	5(9%)	0(0%)	0(0%)	6(10%)	11(18%)	6(10%)	2(4%)	13(22%)	6(10%)	2(4%)	6(10%)	2(4%)	0(0%)	0(0%)	1(2%)
<i>Each sector submits the budget draft timely</i>	5(9%)	2(3%)	0(0%)	4(7%)	4(7%)	5(9%)	2(3%)	13(22%)	6(10%)	2(3%)	7(12%)	3(5%)	0(0%)	4(7%)	1(2%)

**Source:** Output from Survey Data, 2016

The statement of sending the budget proposal to the k/etema senate after the proper discussion at district level, get 5(9%), 0(0%) and 0(0%) strong support from the management, expert and others respectively. However, a considerable number of the participants, i.e. 6(10%) management, 11(18%) experts and 11(18%) other level respondents agreed. Some 2(4%) management personnel, 13(22%) experts and 6(10%) other level employees disagreed on the activity of sending the budget proposal after proper discussion at the district level. Some 2(4%) management personnel, 6(10%) experts and 2 (4%) other level of respondents strongly disagree on the activity of sending the budget proposal after proper discussion on the district level, but only 1(2%) of the respondents indicated that s/he has no idea.

According to 5(9%) of the Management personnel and 2(3%) of the experts view with strong agreement and 4(7%) management, 4(7%) the experts and 5(9%) of the other level respondents agreed that each sector submits the budget report timely. Here, 2(3%) management personnel, 13(22%) of the experts and 6(10%) of the other level staffs opposed the statement, whereas, 2(3%) of the management personnel, 7(12%) of the experts and 3(5%) of the other staffs strongly opposed, the statement which states: each sector submits the budget report timely. Only 4(7%) of the experts and 1(2%) of the other level employees indicated 'no idea' to the item.





**Figure 3** Graphical Representation of the views of respondents on Budget Proposal

**Source:** Output from Survey Data, 2016

Generally the budget proposal was sent to kifle ketema council after a proper discussion at woreda level but each sector had not submits the budget draft timely, this leads that budget deleyance to release for the woreda.

#### **4.6. Budget Execution/Implementation**

This part of discussion contains auditing activities. The budget use, recognition of basic economic principles on the budget implementation, financial law and regulation to rotate the budget for primary and problematic issues, transferring from one budget title to another in the existing budget system, effective procedure set by the district council to implement external audit report findings and effective implementation of external auditors report are assessed in the 3.4 below.

**Table 4.4 Views of Respondents on the Budget Execution/Implementation**

Statements	Response														
	Strongly Agree			Agree			Disagree			Strongly Disagree			No idea		
	Mgmt	Expert	Other	Mgmt	Expert	Other	Mgmt	Expert	Other	Mgmt	Expert	Other	Mgmt	Expert	Other
<i>Each sector uses the budget based on their plan</i>	5	2	0	4	6	3	4	11	8	2	9	3	0	2	1
	8%	3%	0%	7%	10%	5%	7%	19%	13%	3%	15%	5%	0%	3%	2%
<i>Each sectors' budget implementation recognizes basic economic principle of efficiency and effectiveness</i>	7	0	0	2	9	5	2	15	5	4	6	4	0	0	1
	12%	0%	0%	3%	15%	8%	3%	25%	8%	7%	10%	7%	0%	0%	2%
<i>Financial law and regulation of the bureau give the possibility to use the budget for primary and problematic issues by rotating easily</i>	5	3	1	2	10	4	4	10	6	4	8	1	0	0	3
	8%	5%	1%	3%	17%	7%	7%	17%	10%	7%	13%	1%	0%	0%	5%
<i>There is a possibility of using the budget by transferring from on budget title to other in the existing budget system</i>	5	4	1	0	12	1	4	9	8	4	5	3	2	0	2
	8%	7%	2%	0%	20%	2%	7%	15%	13%	7%	8%	5%	3%	0%	3%

**Source:** Output from Survey Data, 2016

In the table 4.4 above, the use of budget based on their plan is strongly supported only by 5(8%) management 2(3%) expert level respondents. 4(7%) managements, 6(10) experts and 3(5%) others are agree on each sector uses the budget based on their plan. Despite 4(7%) management, 11(19%) expert and 8 (13%) other level respondents prefer to disagree, 2(3%) management, 9(15%) expert and 3(5%) other levels of respondents are strongly disagree on the statement, and the remaining 2(3%) experts and 1(2%) others level respondents have no idea about the statement that each sector uses the budget based on their plan.

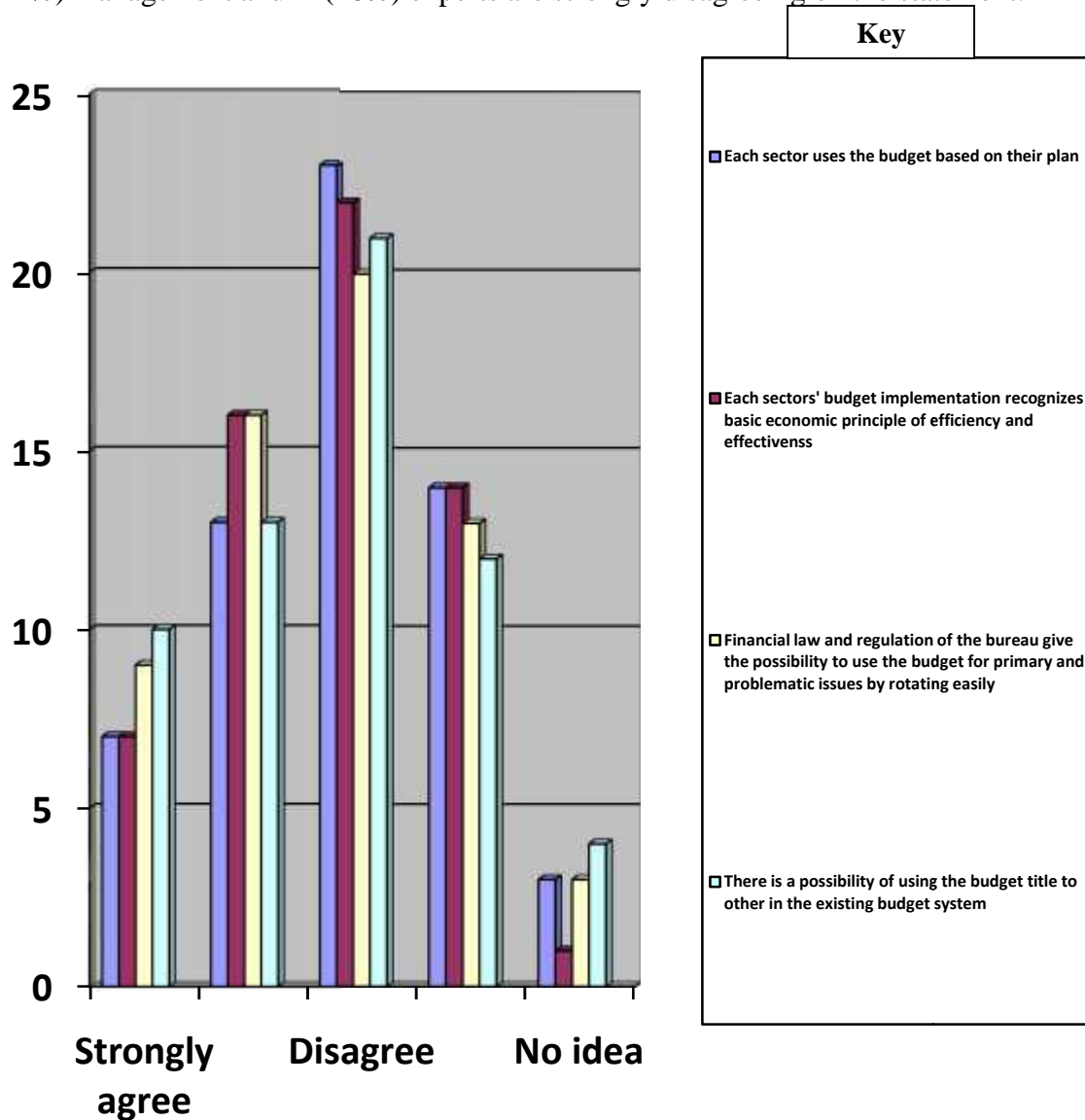
Implementation of the budget recognizes the basic economic principles like efficiency and effectiveness only 7(12%) management respondents strongly agree on the statement, 2(3%) management, 9(15%) experts and 5(8%) other level staffs have agreed on the issue. On the other hand, 4(7%) management personnel, 6(10%) expert staffs and 4(7%) other level of respondents were strongly opposed the statement; and only 1(2%) others level staff responded 'no idea' about the implementation of budget recognizes the basic economic principles.

There is the possibility of using the budget for primary and problematic issues by rotating easily with the help of the bureau's financial law and regulation according to 5(8%) management, 4(7%) experts and 1(2%) other strongly agreed response. 12(20%) experts and 1(2%) others rated the statement agree, 4(7%) management and 9(15%) experts and 8(13%) others oppose the statement and 4(7%) management, 5(8%) experts and 3(5%) others prefer to strongly disagree on the statement and 2(3%) management and 2(3%) others rated it with no idea.

The statement about the possibility of using the budget by transferring from one title to another within the existing budget system has 5(8%) management, 4(7%) experts and 1(2%) others strong agreement. At the same time, 12(20%) management and 1(2%) others have agreed on it possibility to transfer. On the other hand, 4(7%) management, 9(15%) experts and 8(13%) others prefer to disagree, 4(7%) management, 5(8%) experts and 3(5%) others strongly oppose the statement and also 2(3%) management and 2(3%) others have no idea.

The existence effective procedure set by the district council to implement external audit report findings is agreed by 10(11%) managements and 11(13%) experts. Contrary, 7(8%)

management and 15(17%) experts as well as 10(11%) management and 32(37%) expert level respondents prefer disagree and strongly disagree respectively. Above all, only 2(2%) experts are having with no idea. The sector solve problems based on the external audit findings statement also receives 1(1%) expert strong agreement, 7(8%) management and 18(21%) expert agreement. On the hand, 8(9%) management and 17(20%) experts prefer to disagree. Similarly 12(14%) management and 24(28%) experts are strongly disagreeing on the statement.



**Figure 4 Graphical Representation of the views of respondents on Budget Execution**

**Source:** Output from Survey Data, 2016

Concluded that even if some sectors (departments) used the budget based on their plan but most of the sectors had not use their budget based on their plan. There were most sectors implementation recognized basic economic principles of efficiency and effectiveness. Financial laws and regulations of the bureau had not enough possibility to use the budget for primary and problematic issues by rotating easily and the last one is there is some possibility of using the budget transferring from one title to the other title within the existing budget system.

#### **4.7.Budget Control System**

The budget control system to be discussed here under includes the external audit is established as a means of addressing budget implementation, the adequate institutional capacity to conduct performance auditing, the time based performance audit of the sector, performance auditing practice as a key tool for budget control, performance audit activity conducted by external auditor to ensure effective budget implementation and the financial audit activity done by external auditor to minimize malpractice and protects bribery in each sector.

**Table 4.5 Views of respondents on the budget control System**

Statements	Response														
	Strongly Agree			Agree			Disagree			Strongly Disagree			No idea		
	Mgmt	Expert	Other	Mgmt	Expert	Other	Mgmt	Expert	Other	Mgmt	Expert	Other	Mgmt	Expert	Other
External audit is established as a means of addressing budget implementation problems	4	4	1	6	13	3	2	13	6	2	0	1	1	0	4
	7%	7%	2%	10%	22%	5%	3%	22%	10%	3%	0%	2%	2%	0%	7%
The woreda finance and economic development bureau has adequate institutional capacity conduct performance auditing	6	4	0	4	5	3	2	15	6	3	4	0	0	2	2
	10%	7%	0%	7%	8%	5%	3%	25%	10%	5%	7%	0%	0%	3%	3%
Each sectors' performance is audit ed each time	6	6	1	4	6	3	0	11	7	4	5	3	1	2	1
	10%	10%	2%	7%	10%	5%	0	18%	12%	7%	8%	5%	2%	3%	2.00%
performance auditing practice in each sector is a key tool for budget control	7	4	0	0	13	5	4	11	6	4	2	1	4	0	3
	12%	7%	0%	0%	22%	8%	7%	18%	10%	7%	3%	2.0%	7%	0	5%
Performance audit activity in each sector conducted by external auditor is to ensure effective budget implementation	8	2	1	0	11	4	2	13	6	5	4	3	0	0	1
	13%	3%	2%	0%	18%	7%	3%	22%	10%	8%	7%	5%	0	0	2%
Financial audit activity in each sector done by external auditor uses to minimizes malpractice and protects bribery	6	2	0	2	13	6	2	11	5	5	4	1	0	0	3
	10%	3%	0%	3%	22%	10%	3%	18%	8%	8%	7%	2%	0%	0%	5%

**Source:** Output from Survey Data, 2016

Among the total respondents on establishment of external audit as a means of addressing budget implementation problems, only 4(7%) management personnel, 4 (7%) experts and 1(2%) other levels staffs strongly agreed on the issue. In a similar manner, 6(10%) management personnel, 13(22%) experts and 3(%) other staffs agree on the issue. In the contrary, other numbers i.e. 2(3%) management, 13(22%) experts and 6(10) other levels reply disagree. Also 2(3%) management and 1(2%) others respond strongly disagree. Finally, only 1(2%) management and 4(7%) others personnel confirmed that they have no idea about the establishment of external audit as a means of addressing budget implementation problems.

The woreda's finance and economic development bureau has adequate institutional capacity to conduct performance auditing based on 6(10%) management and 4(7%) expert level strongly agreed responses, 4(7%) management, 5(8%) expert and 3(5%) others agree. However, 2(3%) management, 15(25%) experts and 6(10%) others has replied disagree, 3(5%) management and 4(7%) experts prefer to strongly disagree and the last one 2(3%) expert and 2 (3%) others has no idea.

As shown in the table above, only 6(10%) management, 6(10%) expert and 1(2%) others strongly support as well as 4(7%) management, 6(10%) experts and 3(5%) others agree the auditing of each sector each time. On the other hand 11(18%) management, 7(12%) expert and 4(7%) other level respondents totally disagree on the issue. At same scenario, the remaining participants 4(7%) management, 5(8%) experts and 3(5%) others prefer to rate the statement strongly disagree. But only 1 (2%) management, 2(3%) expert and 1(2%) responds with no idea.

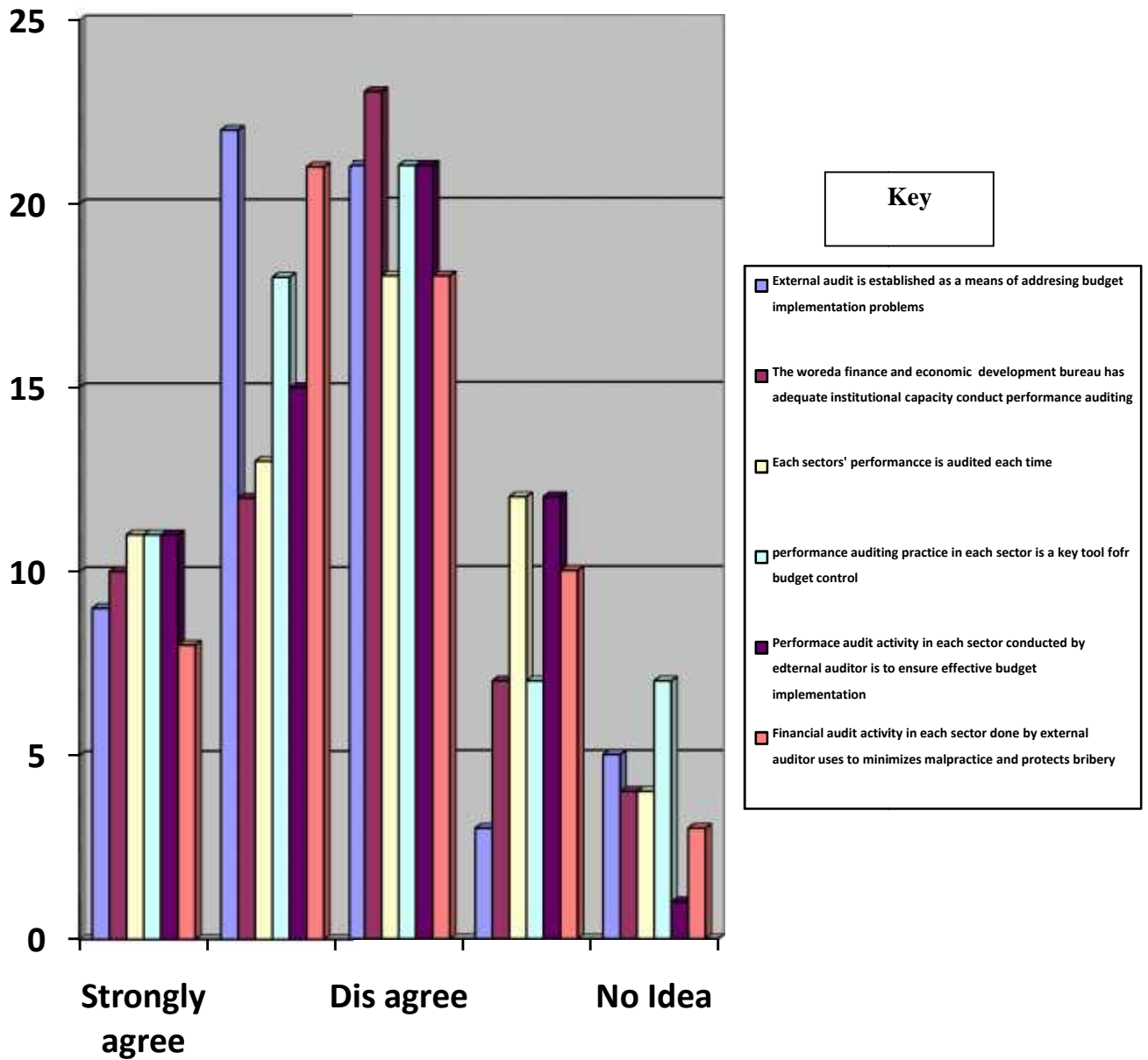
There are only 7(12%) management and 4(7%) experts strongly support the statement describing performance auditing practice in each sector is a key tool for budget control system. Majority of both levels i.e. 13(22%) experts and 5(8%) others also agree on the statement. However, 4(7%) management, 11(18%) experts and 6(10%) other level respondents answer disagreed and 4(7%) management, 2(3%) experts and 1(2%) others have also respond strongly disagree. Furthermore, only 4(7%) management and 3(5%) others have with no idea.

An assessment statement about relevance of performance audit activity to ensure the effectiveness of budget implementation 8(13%) management, 2(3%) experts and 1 (2%) others



strongly supported. Similarly, 11(18%) management 4(7%) experts and 2(3%) others agree on the statement, where, 13(22%) management, 6(10) experts and 5(8%) others disagree, 4(7) management and 3 (5%) experts respondents from both levels strongly disagree, the last one is 1(2%) other has no idea.

There were 6(10) management personnel and 2(3%) experts who indicated 'strongly agreed' on the statement describing as, financial audit activity in each sector conducted by external auditor minimizes malpractice and protects bribery. Here, 2(3%) management, 13(22%) experts and 6(10%) agreed on the statement but 2(3%) management, 11(18%) experts and 5(8%) others disagree as well as 4(7%) management personnel and 1(2%) expert level staff strongly disagreed. Finally, only 3(5%) other level employees indicated that they have no idea regarding whether or not a financial audit is conducted by external auditors.



**Figure 5:** Graphical Representation of the views of respondents on Budget Control

**Source:** Output from Survey Data, 2016

Even if the establishment of the external auditing is a means of addressing budget implementation problem but it had not the only way to solve the budget implementation problems. The woreda finance and economic development bureau had not adequate institution to conduct performance auditing. Each sector Performance auditing had not performed each time, but sometimes some sectors performed performance audited. Performance auditing practice is not the only key tool to control budget. it is not performance auditing activity in each sector conducted by external auditor to ensure effective budget implementation, which is not the only mechanism of financial audit activity in each sector conducted by external auditor to minimizes malpractice and protects bribery.

#### **4.8. Causes of Budget Utilization**

The statements below in the table 3.5 are rated as high, medium and low according to the views of the respondents. The weakness in financial regulation, lack of skilled human resource to administer budget, weakness to release funds on timely bases after budget approval and lack of coordination between the budget plan and implementation in the practice budget control system are discussed here under.

**Table 4.6 Views of respondents on the causes of Budget Utilization**

Statements	Responses								
	High			Medium			Low		
	Mgmt	Expert	Other	Mgmt	Expert	Other	Mgmt	Expert	Other
Lack of coordination between the budget plan and implementation	6	24	8	1	0	5	8	6	5
	10%	40%	13%	2%	0%	8%	13%	10%	8%
Weakness in financial regulation	6	17	7	3	4	4	6	9	4
	10%	28%	12%	5%	7%	7%	10%	15%	7%
Lack skilled human resources to administrator budget	6	12	7	1	9	4	8	9	4
	10%	20%	12%	2%	15%	7%	13%	15%	7%
Weakness to release funds on timely bases after budget approval	8	19	2	1	2	9	6	9	4
	13%	32%	3%	2%	3%	15%	10%	15%	7%

**Source:** Output from Survey Data, 2016

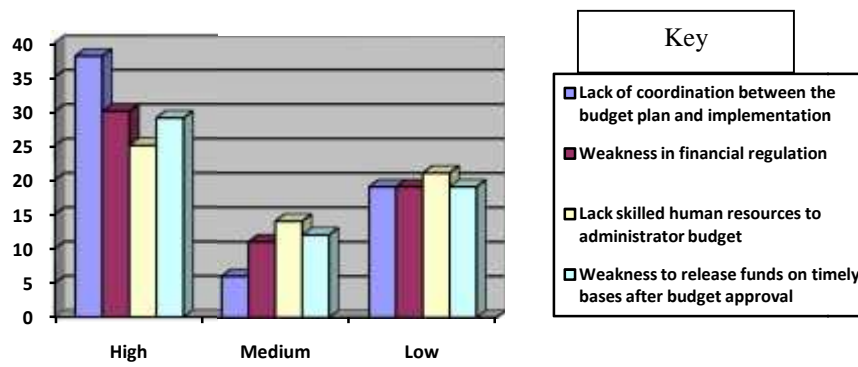
In the above table 3.6, it is clearly seen that 6(10%) management personnel, 24(40%) experts and 8(13%) other respondents rated lack of coordination between the budget plan and implementation as high, whereas 1(2%) management personnel and 5(8%) others were rating it as medium; and 8(13%) of the management personnel, 6(10%) experts and 5(8%) others labeled the lack of coordination between the budget plan and implementation is low.

The weakness of financial regulation is observed by 6(10%) management, 17(28%) experts and 7(12%) other participants as high, 3(5%) management, 4(7%) expert, 4(7%) other respondents rated medium and 6(10%) management, 9(15%) and 4(7%) others prefer to stay as law.

The lack of skilled human resource to administer the budget is also at the critical stage with 6(10%) management, 12(20%) management and 7(12%) other respondents view. Simultaneously

1(2%) management, 9(15%) experts and 4(7%) others respondents have rated it medium and the remaining 8(13%) management, 9(15%) experts and 4(7%) others are witnessing the issue with low problem.

The last statement about the weakness to release funds on timely bases after budget approval, get endorsement with 8(13%) management, 19(32%) expert and 2(3%) others views high, 1(2%) management, 2(3%) expert and 9(15%) others views medium and 6(10%) management, 9(15%) expert and 4(7%) others responded as low.



**Figure 6:** Graphical Representation of the views of respondents on Budget Utilization

**Source:** Output from Survey Data, 2016

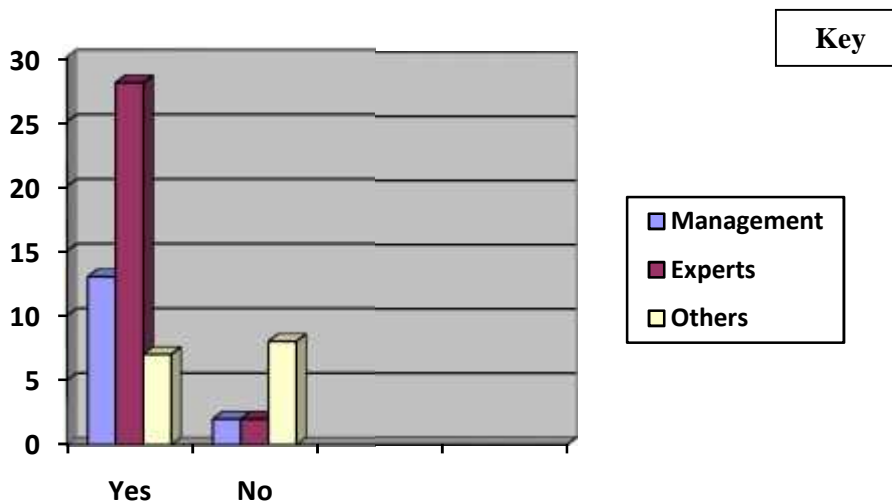
#### 4.9. Budget Manual

**Table 4.7 the Use of Budget Manual**

Question	Responses					
	Yes			No		
	Mgmt	Expert	Other	Mgmt	Expert	Other
Do all sectors have the guiding manual to prepare the budget	13	28	7	2	2	8
	22%	47%	12%	3%	3%	13%

**Source:** Output from Survey Data, 2016

As shown in the table 3.7 above, the responses found from 13(22%) management personnel, 28(47%) experts and 7(12%) others indicates that all sectors prepare the budget based on the budget manual. But, 2(3%) management, 2(3%) experts and 8(13%) others give no answer without any justification implying the preparation of the budget is with no the budget manual.

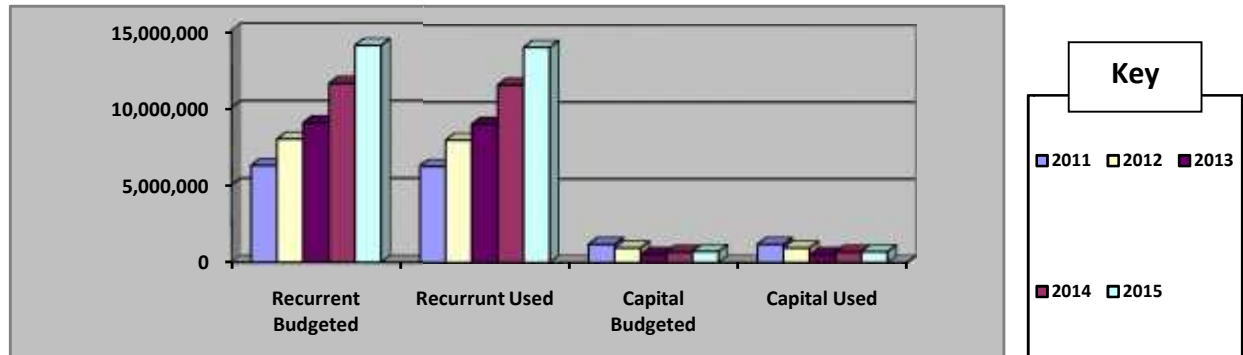


**Figure 7: Graphical Representation of the views of respondents on Using Budget Manual**

**Source:** Output from Survey Data, 2016

## 4.10. Data Analysis based on Secondary & Interviews

### 4.10.1. Secondary Document Analysis



**Figure 8: Graphical Representation of the 5 year budget consumption**

**Source:** Output from Survey Data, 2016

As shown in the figure above, the budget assignment for the district is increasing from year to year. As a result the recurrent budget in 2011 was 6,251,832.10 Birr, while the capital budget at the same year was 1,184,245.04 birr. In 2015 budget year the annual recurrent and capital budget was 14,000,639.09 and 717,555 birr respectively.

The budget use in 2011 was 6,251,812.40 from the recurrent and 1,184,000 birr from the capital budget. This implies that the usage is increasing but under applied comparing to its assignment in all the years.

### 4.10.2. Management Interview

Management level interviewees held with the heads, bureau of finance and economic development have responded the following answers for the question stating that what are the causes for underutilization of the budget? Above all, leadership problem gets priority based on their answer. The absence of skilled manpower, lack of coordination, rigidity of the financial regulation and problems to release the funds on time once the budget is approved were the listed

responses besides the poor controlling and evaluation system in the district that leads to underutilization of budget.

For the question 'how do you see the budget control system of the district?' On their view, the poor controlling system related to the limitation on pre audit activity and lack of trained personnel to audit.

The last interview was what are the causes for the absence of skilled manpower in budgeting in the district? The cause that absence of skilled man power in budgeting the woreda are different reason such as salary that paid to the skilled man power is not equivalent to the profession, might be not conducive working environment and political aspect in the area, there is no promotional factor of the professionals, the government had not give enough consideration at or the government assigned to his cabins.

#### **4.11. Discussions and Results on Major Problems which the Practice of Budget and Control System**

According to the data collected from the study participants the major problem areas in provision of the practice of budget and control system were;

##### **(a) Budget Delay**

- i. Budget preparation;** there were paramount problems related to the district budget preparation. Elements considered during budget preparation were not fully considered. That is somewhat subject to personal bias as it is mostly done by individual who lacks knowledge of appropriate discipline
- ii. Shortage of skill Human Resource;** budget preparation service needs well educated personnel to provide diversified and timely needed follow up and assistance for the sector. However, the district budget preparation is affected by severe shortage of professionals; a lot of vacant positions are waiting for professional. Moreover, each sector did not have any personnel which assigned for the training purposes. Lack of personnel to identify knowledge gap.



**iii. Leaders lack commitment;** leaders in the district has no strong commitment on the budget preparation process to be effectively supported with all rounding problems and needs to be fulfilled in all sectors.

**iv. Poor technological advancement;** according to the discussion, there is high communication barrier due to the poor system of information technology.

**(b) Shortage of skilled human resource:** the following are some of the major responses to the shortage of skilled manpower in the district were poor infrastructure, poor facility for employees, poor information technology advancement and employee turnover.

**(c) Problems of budget control:** among the problems in the budget control system at district level, the discussion shows lack skilled man power to apply auditing, increasing trend of corruption, lack of accountability and poor control system.

**(d) The payment of salaries:** less payment of salaries is the factor for employment turn over.

## **CHAPTER FIVE**

### **5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Summary of Major Findings**

The study was conducted to assess the budget practice and control system in Gullele woreda 10. For this purpose closed and open ended questionnaires were developed and distributed to 60 permanent employees who are currently working in ten sectors of the District. The randomly selected respondents were from all categories of staff. The total sampled respondents were given 60(100%) questionnaires. Also filed and returned questionnaires are 60(100%).

Tables, percentages and graphs were applied to conduct the assessment in an easily and understandable manner.

To assess the budgeting preparation in district, the existence of competent manpower to prepare the budget and strong relationship between plan and the budget formula statements have been presented and viewed with various opinions by the respondents.

The budget proposal is the second major section of the assessment of budget control and practice system. Here, statements related to the proper discussion on the budget proposal at district level before it is sent to the k/ketema state council and the timely submission of the budget draft were presented and assessed.

The budget use, recognition of basic economic principles on the budget implementation, financial law and regulation to rotate the budget for primary and problematic issues, transfer of budget from one budget title to another in the existing budget system, effective procedures set by the district council to implement external audit report findings and effective implementation of external auditors report were briefly assessed to represent the budget execution of the district.

The budget control mechanisms discussed in the assessment of the practice of budget and control system includes; the establishment of external audit as a means of addressing budget implementation, adequate institutional capacity to conduct performance auditing, the time based

performance audit of the sector, performance auditing practice as a key tool for budget control, performance audit activity conducted by external auditor to ensure effective budget implementation and the financial audit activity done by external auditor to minimize malpractice and protects bribery in each sector.

For the purpose assessing the budget utilization; the weakness in financial regulation, lack of skilled human resource to administer budget, weakness to release funds on timely bases after budget approval and lack of coordination between the budget plan and implementation in the practice of budget and control system are rated as high, medium and low according to the views of respondents.

## **5.2. Conclusions**

It is evident from the foregoing discussion that the practice of budget and control system is generally in a good position. Building of critical institutional capacities for budget practice and control system for economic growth and development is a pre-requisite. The service needs well educated personnel. However, the district budget preparation is affected by shortage of professionals, lack of leaders' strong commitment.

In terms of budget approval on the assessment of budget control and practice system, sending the proposal after proper discussion at district level is has no problem as many of the participants observe, while submitting the budget draft to the district council takes time.

The use of budget regardless of its assignment is relatively better in each year as the district's budget consumption performance, but it does not reconsider the basic economic principles like efficiency and effectiveness. On the other hand, transferring the budget from one budget title to another has been applied through incorporating effective procedures set by the district council to implement external audit report findings and effective implementation of external auditors report.

On the bases of the views of respondents, the budget control mechanisms discussed as the establishment of external audit, performance auditing practice as a key tool for budget control, the performance and financial audit activity conducted by external auditor to ensure effective budget implementation done by external auditor is to minimize malpractice and protects bribery performances are good except the presence of the adequate institutional capacity to conduct performance auditing and the time based performance audit with some problems.

### **5.3. Recommendations**

Given all sectors have been studied in same way; there might have been probabilities of getting diverse results different from this research. Since, establishing the practice of budget and control system is not a onetime activity, all sectors has the responsibility of taking corrective action each time for the problems. Although each case has its own specific challenges and solutions, it is important to forward the following recommendations.

- **Human Resource Management:** the major problem is associated with the existence of competent human resources. Accordingly, the district is advised to revise the existing system of administration in terms of offering technical skill based trainings, professional development program and creating conducive work environment each department.

**Budget Utilization:** based on the discussion with interview, documents and the questionnaire, the budget is implemented without considering the basic economic principles like efficiency and effectiveness. This leads to improper use of resources in the long run, and hence, the district is recommended to be guided with the recognition of these principles by seeking to assure fiscal integrity, accountability, and legal compliance, used to achieve operating economies and performance efficiencies, reflects public goals and objectives and the overall effectiveness of government programs in meeting public service needs.

- **Performance Auditing Activities:** as a means of controlling the performance of various activities, the audit system has to be strong.

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## **APPENDICES**

**St. Marry University**

**Masters of Business Administration**

**Department of Accounting and Finance**

Dear Respondents!

The researcher is undertaking a research entitled, “An assessment of the practice of budget and control system at Gullele woreda 10. The objective of this questionnaire is to gather first hand information in the aforementioned issue at the grass root level. The researcher would like to assure you that the information you are going to provide will be exclusively used only for academic purpose and will remain confidential. Therefore, you are kindly requested to respond the questions freely and openly to the best of your knowledge.

Thank you in advance for your kindly cooperation!

**Haimanot Dagneu**

**Phone. 0912396332/10610525**

### **General Instruction**

Dear respondent, this questionnaire consists of two parts; part one; Demographic information and part two: an assessment of budget and control system at Gullel Woreda 10.

Please answer the question by putting a ( ) mark in each of the corresponding box against the listed item.



**Part I. Demographic Information**

i. Sex: Male  Female

ii. Age

18-30	31-45	46-60	60 and above

iii. Level of Education

Diploma	B.A Degree	Master and above	other

iv. Years of work Experience

v.

0-1	2-5	6-10	11 and above

vi. Work Position

Managements	Experts	Others

Part II: Research Related Questionnaire designed for management, Experts and Others.

S. N o	Statements	Responses				
		Strongly Agree	Agree	Disagree	Strongly Disagree	No Idea
1	Each sector has competent manpower to prepare the budget					
2	The budget proposal is sent to Gullele K/ketema senate after the proper discussion at woreda level					
3	There is a strong relationship between the plan and the budget formula					
4	Each sector submits the budget report timely					
5	Each sector uses the budget based on their plan					
6	Each sectors' budget implementation recognizes basic economic principles of efficiency and effectiveness					
7	Financial law and regulation of the bureau give the possibility to use the budget for primary and problematic issues by rotating easily					

8	There is a possibility of using the budget by transferring from one budget title to another in the existing budget system					
9	Each sector's performance is audited each time					
10	Performance audit activity in each sector conducted by external auditor is to ensure effective budget implementation					
11	Financial audit activity in each sector done by external auditor minimizes malpractice and protects bribery					
12	There is an effective procedure set by the district senate to implement external audit report findings					
13	The sector solve problems based on the external audit findings					
14	Performance auditing practice in each sector is key tool for budget control					
15	External audit is established as a means of addressing budget implementation problems					
16	The Woreda's finance and economic development bureau has adequate institutional capacity to conduct performance auditing					

Part III: Causes of budget utilization Questionnaire.

S. N o	Statements	Responses		
		High	Medium	Low
17	Lack of coordination between the budget plan and implementation			
18	Weakness in financial regulation			
19	Lack if skilled human resource to administer the budget			
20	Weakness to release funds on timely bases after budget approval			

Part IV: The presence of budget Manual Questionnaire.

S.No	Statement	Response	
		Yes	No
21	Do all sectors have the guiding manual to prepare the budget?		

**Part V Major Issues in the Practice of Budget and Control System**

22. What are the main problems with regard to budget delayance in the organization or institution?

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23. List the main problems with regard to human resource development in the Gullele woreda 10?

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24. Mention the main factors with regard to budget control system in the Gullele woreda 10.

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Interview Questionnaires Designed for Bureau of Finance and Economic Development at Management Level.

1. What are the critical problems for under utilization of the budget?
2. What are the critical problems on budget execution at each sector on the district
3. What are the problems to perform performance audit at each sector in the district?
4. What are the main problems for budget control system at each sector in the district?



