

**SAINT MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**



**BUDGETING AND BUDGET PERFORMANCE EVALUATION
(IN CASE OF SAVE THE CHILDREN INTERNATIONAL-
ETHIOPIA COUNTRY OFFICE)**

**BY KORICHO GUDETA
SGS/0186/2007B**

**DECEMBER, 2017
ADDIS ABABA, ETHIOPIA**

BUDGETING AND BUDGET PERFORMANCE EVALUATION
(IN CASE OF SAVE THE CHILDREN INTERNATIONAL-
ETHIOPIA COUNTRY OFFICE)

BY
KORICHO GUDETA
SGS/0186/2007B

*A THESE SUBMITTED TO SAINT MARY'S UNIVERSITY, SCHOOL OF GRADUATE
STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR DEGREE OF
MASTER OF BUSINESS ADMINISTRATION (GENERAL MBA CONCENTARTION)*

ADVISOR

SIMON TAREKE (Asst. Professor)

SEPTEMBER 2016

ADDIS ABABA, ETHIOPIA

**SAINT MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**BUDGETING AND BUDGET PERFORMANCE EVALUATION
(IN CASE OF THE SAVE THE CHILDREN INTERNATIONAL ETHIOPIA
COUNTRY OFFICE)**

**BY
KORICHO GUDETA
SGS/0186/2007B**

BOARD OF EXAMINERS APPROVAL SHEET

1. _____
Dean, Graduate studies Signature
2. _____
Advisor Signature
3. _____
External Examiner Signature
4. _____
Internal Examiner Signature

STATEMENT OF DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Simon Tareke (Asst. Professor) All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for earning any degree.

Koricho Gudeta

Name

Signature

St. Mary's University, Addis Ababa

December, 2017

STATEMENT OF CERTIFICATION

This is to certify that the thesis presented by Koricho Gudeta entitled: “Budgeting and Budget Performance Evaluation in case of the Save The Children international Ethiopia Country Office” in Partial fulfilment of the requirement for degree of Master of Art in General MBA complies with the regulation of University and meets the accepted standards with respects to originality and quality.

Name: Simon Tareke (Asst. Professor)

Signature: _____

Date: _____

St. Mary’s University, Addis Ababa

Acknowledgment

First, I would like to thank God for helping me for the successful accomplishment of this research paper. It would not be completed without the support of individuals either directly or indirectly. However, it is difficult to mention the names of all those individuals who have contributed their effort, my deepest gratitude goes to Simon Tareke (Asst. Professor), my advisor, who has given me his support and guidance until the completion of the research paper, without his support it would have been impossible to succeed.

I would like to extend my special thanks to my friend Addis Tedla who supported me in whole the research process and my family for their moral assistance. Finally, my special thanks go to all those staffs, particularly Save The Children International Ethiopia C.O. staffs in Budget unit, reporting unit and program team, who were cooperative in providing the necessary information and documents by sacrificing their time to fill the questionnaires.

CONTENTS

CONTENTS	VII
LIST OF TABLES;	IX
ACRONYMS	X
ABSTRACT	XI
INTRODUCTION	1
1.1. BACKGROUND OF THE STUDY	1
1.2. BACKGROUND OF THE ORGANIZATION	4
1.3. STATEMENT OF THE PROBLEM	5
1.4. BASIC RESEARCH QUESTIONS	7
1.5. GENERAL OBJECTIVES OF THE STUDY	7
1.7. SIGNIFICANCE OF THE STUDY	8
1.8. LIMITATION AND DELIMITATION/ SCOPE OF THE STUDY	8
CHAPTER TWO	10
LITERATURE REVIEW	10
2.1. THEORETICAL LITERATURE REVIEW	10
2.1.1. BUDGET DEFINITION	10
2.1.2. BUDGET USE	12
2.1.6. PARTICIPATORY BUDGET PREPARATION	19
2.1.7. BUDGET PERFORMANCE AND SOURCE OF VARIATION	21
2.2. EMPIRICAL LITERATURE REVIEW	22
CHAPTER THREE	27
RESEARCH DESIGN AND METHODOLOGY	27
3.2. STUDY POPULATION	27
3.3. SAMPLING DESIGN AND SAMPLE SIZE	28
3.7. DATA PROCESSING PROCEDURES / AND ANALYSIS	29
CHAPTER FOUR	29
DATA PRESENTATION AND ANALYSIS	29
4.1. RESPONSE RATE	29
4.2. GENERAL INFORMATION	31
4.3. BUDGET PREPARATION	32
4.4. PAST AND FUTURE CONSIDERATION IN BUDGET PREPARATION	35
4.5. STAFFS PARTICIPATION IN BUDGET PREPARATION	38

4.6. THINGS THAT AFFECT BUDGET PERFORMANCE.....	41
4.7. SOURCE OF BUDGET VARIANCE	46
CHAPTER FIVE	49
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION.....	49
5.1. SUMMARY OF FINDINGS.....	49
5.2. CONCLUSION.....	50
5.3. RECCOMMEDATION -----	51
REFERENCES	52
APPENDIXES: QUESTIONNARRIES	55

LIST OF TABLES;

Table 4.1A: Response Rate -----29

Table 4.1B: Response Rate -----30

Table 4.1C: Response Rate -----30

Table 4.2: Respondent Gender, Education-----31

Table 4.3A: Budget preparation in case of Save the Children International Ethiopia C.O-----33

Table 4.3B: Budget preparation in case of Save the Children International Ethiopia C.O-----34

Table 4.4A: Past and future consideration -----36

Table 4.4B: Past and future consideration -----37

Table 4.5A: Staff participation -----39

Table 4.5B: Staff participation -----40

Table 4.6A: What affect Budget performance-----42

Table 4.6B: What affect Budget performance-----44

Table 4.7A: Source of Variance -----46

Table 4.7B: Source of Variance -----47

ACRONYMS

NGOs- Non-Governmental Organizations

INGOs- International Non-Governmental Organizations

SCI- Save The Children International

ABB-Activity Based Budgeting

ABC- Activity Based Costing

ZBB- Zero Based budgeting

BPP- Budgetary participation and Performance

UN- United nation

SMT- Senior Management Team

C.O- Country Office

SPSS-Statistical Programme for Social Science

DIP- Detail Implementation Plan

MOU- Memorandum of understanding

ChSA- Charity and Society Agency

USA- United States of America

UK- United Kingdom

USD-United State Dollar

R & D- Research and Development

SD- Standard Deviation

M- Mean

N- Number

HIV/AIDS-Human Immunodeficiency Virus-acquired syndrome

ABSTRACT

In this research the researcher study budgeting and budget Performance evaluation in case of Save The Children International Ethiopia Country Office. In this research the researcher used quantitative research Approach with descriptive research type. Stratified sampling technique used and in those strata, the researcher use a random sampling techniques to select the needed samples. The study population is Save The Children International Ethiopia Country Office staffs within three strata's (i.e. budgeting unit team are 7 (seven), reporting unit are 8(Eight), and selected program team members were 142(One hundred forty-two), among those the researcher selected 119 participants for this study and distribute a pre-designed questioner and gets 101 complete questioners. The collected data is analyzed by using SPSS V.20 and the study results are presented by using tables. From the analysis result I have found that and the findings also imply that in relevance to budgetary preparation in Save The Children International Ethiopia Country Office; the budget preparation process starts by identifying the donor compliance requirements and always the budgeting process follows the donor requirement and template used for budgeting of each specific awards; Save The Children International Ethiopia Country Office internal requirements as well as Charity and Society Agency 70/30 and other country rules; but when we come to the staff participation/Involvement there limited staff participation. During implementation if there is a need for change to consider the existing context and there is also experience of doing an amendment. During budget implementation in Save The Children International Ethiopia; budget is affected by matching plan, inadequate funds allocation to various units which leads over/ under utilization; deferent budgeting guidelines of donors; late start of projects, late signing of Memorandum of understanding with local government, non-participatory budget preparation, delay in recording of actual expenditure in the financial system, unrealistic program detail implementation plan and the major Source of Variance between budget and actual in Save The Children includes delay in recording the actual expenditure in the financial system, knowledge of project staffs in preparing the detail implementation plan which includes the budget, Lack of appropriate match plan, over estimation of the budgeting figures. It is recommended that the Save The Children Ethiopia Country office champion the course of the budgeting information dissemination down to the project units, follow the existing standard in the organization during budget development and implementation, allocate sufficient funds to projects, provide training on the application of donors budgeting guidelines and on preparation of program detail implementation plan, increase the number of budget unit, ensuring budget availability before any payment/ activity, and allocating adequate number of professionals on preparation of plan and budget for a new award.

Key words: Budget, Budget Performance, Budgetary variation, Budget preparation, Save the children.

CHAPTER ONE

INTRODUCTION

1.1.BACKGROUND OF THE STUDY

The starting of budget as tool of management for cost and cash flows in the world was back to 1920s and by the 1960s it had become permanent performance contracts between supervisors and subordinates in the company. And predominantly concerned with estimating future income and expenditure in the organization and offer framework for strategic pathway, operational control, assist effective utilization of existing funds, increase general communication within the organization, create understanding between managers and subordinates about goals/objectives improves decision making by providing benchmark to measure and control performance (CIMA, 2007). Budget evolved from the early cash budgets and future income and expenditures estimation to more modern techniques such as zero based budgeting/ activity based budgeting, performance based budgeting, program budget, line item budget and flexible budget. And the overall objective is to keep control of the activity done in the company by providing a roadmap for future activities and to set a series of goals to be achieved and it is means by which those goals can be achieved (Drury, 2008).

Budgeting is a management activity, because it was assumed as support of management in strategy implementation, in strategy planning, in deciding financing of activity and controlling the ongoing activities. On other hand, it can explain organizations competitive priorities, Competitive advantages and Competitive strategies in the upcoming to exist/survive in the business world (Yesuf, 2015). It can be used as performance evaluation plan against the actual result and helps the management to take corrective action where necessary for deviation occurred. On other hand, it is an important tool for organizations to see where they need to go, how to go there, how they are doing, where they are, how they are doing to achieve their plan and how employees are doing (Yesuf, 2015).

Budget implementation is about transforming an amount stated in the budget books in to actual delivery of outputs and successful achievement of organizational objectives. During implementation budget review is done to capture the reality and to use as lesson learnt for the future project development and implementation; here the budget review can be done on monthly,

quarterly or at specified period up on needed. While implementing checking the budget availability before undertaking any activity, and reports on budget variance to budget holders or senior management smooth budget implementation and help to avoid financial risk. Budget implementation can be affected by; change in project staff, implementation area, insufficient funds allocation, lack of analysis of the current market situation and non-participatory budget development (Mostashari, 2005).

Budget is a written plan; therefore, it is a reference for setting and evaluating goals/objective. And will help managers to employ/implement the limited organization resource in most efficient and effective way to exits in the business (Alice, 2012). Budget performance is comparison/evaluation of the actual expenses and income with budgeted amounts, or comparison of the actual performance with budgeted indicators, such as: volume of activity by type of service, costs per service (e.g., cost per outpatient visit, cost per discharge), revenue per service, cost recovery for the organization as a whole or for specific units, finance mix, or how much of the financing for the organization is derived from the different sources of income (e.g., patient fees versus donations). Which can be affected by; budget preparation, budget control, and budget implementation and significantly influence budget variance or budge actual performance (Yesuf, 2015). Variance analysis is important in determining budget performance evaluation, and helps to analysis and understand why variances arise and then to use the knowledge to promote learning and improve performance. The non-government organizations also use variance analysis to report the donor's reasons for the deviations (Alice, 2012).

Budgets are the benchmark of any organization whether for profit making or nonprofit making. Realization of operations depends on how well they plan and implement that plans. Budgets are financial plans and it is very important to any organizations. Good budgeting process assistances as a management tool to increase suitable financial management and project implementation (Wanjiru, 2015).

Per (Alice 2012), NGOs adopt budgeting, budgetary control system and actual performance measures as normally used in a business world. And budgets are approved by the senior management between the implementing and donating organization before implementation and contractual agreement signed then, this contractual agreement used as memorandum of

understanding between the funding and implementing parties and can help as the mandating during dispute. In NGOs, budgetary control undertaken involves coordination among the various departments which can be achieved through communication and consultation. Budgeting enhance understanding of the donors and the challenges they may face in implementing projects by identifying gaps of budget preparation, budget implementation and budget control.

According to Wanjiru(2015), budget in NGOs is monetary plan and many in type and different in use. One of the types of budgets in all NGOs is Master Budget which contains all money approved by donor, the likely to be approved by donor, and Unlikely on the proposals and all activities planned for a given period (fiscal period of the organization). Master budget consist of the activity in the NGO and will be break down to sub program as per fund received from donor to support beneficiary. From all the budgetary type NGOs used an Activity based budgeting and it is an important tool for internal control system of operation because it set budget for each activity that will be done during action.

During budget development in NGOs they are taking care of the budget coincides with chart of account line items so that expenses can easily be tagged to the budget. Which helps in preparing financial reports to various interested parties including the Board of Directors, Management member, appointed auditor and donors on the quarterly, semiannually or annually of the implementation status in terms of financial and activity (Yesuf, 2015). In budget implementation, monitoring of budget will be done by managers. Budget monitoring done by manager is comparing budgets with actual results to identify favorable and unfavorable variances to take corrective actions, because the variance from plan result in risk to the organization and need to take corrective action where necessary in NGO context. Budget performance evaluation helps managers to gain insight why the actual results differ from the planned and assist them in their planning and control in the implementation of projects (Yesuf, 2015)

When I come to our country experience the government of Ethiopia endorsed Proclamation No. 621/2009 to provide for the registration and regulation of charities and societies. In Ethiopia, we have The Charities and Societies Agency (ChSA)which is established as an institution for the federal government to enable Charities and Societies organizations to develop and achieve their

purposes in accordance with the law and ensure accountability and transparency in their operations. [http://www.molsa.gov.et/English/Resources/Documents/Charities and Societies Proclamation](http://www.molsa.gov.et/English/Resources/Documents/Charities_and_Societies_Proclamation)

Remaining to these facts, the focus of this study will be to assess the effect of budgeting and budget performance evaluation for enhancing financial management in Save The Children International Ethiopia C.O (SCI) operating in Ethiopia per the procedure of grant management and donor agreement stipulated in the contract to implement projects. Moreover, this study will identify the problems that will be faced in the process of budgeting and budget implementation and will give the possible recommendations.

1.2. BACKGROUND OF THE ORGANIZATION

A non-governmental organization (NGO) is a not-for-profit organization that is independent from governmental organizations. The term, "non-governmental organization" or NGO, came into use in 1945 because of the need for the UN to differentiate in its Charter between participation rights for intergovernmental specialized agencies and those for international private organizations (Mostashari,2005).

Save the Children is one of the prominent International Non Profit Organizations with a dual mandate which has been actively involved in Ethiopia in diversities of developmental and humanitarian (Emergency) activities since 1930s. The Head Office of Save the Children is based in the capital city of Ethiopia, Addis Ababa Nifas Silk Lafto Sub-City Old Airport. In addition, Save the Children have Offices in four regional hubs in North, West, South and East and 54 Field Offices and Satellite offices in different Regions, Zones and towns of Ethiopia. There were Seven the Children members in Ethiopia before they merged in one in October 2012. The member organizations are save the children USA, Save the Children UK, Save the Children Norway, Save the Children Denmark, Save the Children Finland, Save the Children Sweden and Save the children Canada. The major objective of seven Save the Children members becoming as one organization is to increase opportunities for a more reliable base of funding, decrease competition for limited resources among save the children members, and improve organizational efficiency through realizing economies of scale<http://www.savethechildren.net/news/ethiopia/t-278>).

The total budget for Save the Children was more than 120 million USD and its major service category that provides to the societies are Humanitarian response, Child right Governance, Education & Youth, Livelihood & Resilience, Food security, Health and Nutrition, HIV/AIDS Prevention and Sponsorship services. To achieve the goals, SCI develop strategies which are short term and long term in their time frame. Therefore, those strategies include a financial plan or the budgets that will be needed to achieve those plans. Accordingly, those strategic plans are further broken to annual plans with their annual budgets of departments with details activities that will be undertaken during the fiscal year. (<http://www.savethechildren.net/news/ethiopia/t-278>).

Save the Children International has key principles of budget preparation, these principles are creating coordination among finance and programme staff, creating consistent with terminology, description of activities, quantities and times, and resources, throughout the proposal components, doing regularly review of all the components to update any change in one to all the others, by using activity-based budget format, and that shows costs is in the currencies used. When a full consolidation of budget done; they consult of partners, colleagues, regional and member support staff. Budget preparation require provision of enough time, compare with the narrative and timeline, build in inflationary costs, and make any revisions required and working backwards from submission deadline to ensure there is enough time. And all the budget prepared is for donor funding and based on their guideline and requirement to get financing for the project proposal (SCI Award Management Manual, 2012).

1.3. STATEMENT OF THE PROBLEM

The most common challenge in all organization is a decision how to allocate limited resources both financial and non-financial resources in an effective and efficient manner. Per previous studies; I have found that most large and complex organizations use budgeting as their allocation tool for their limited resources; and most bankrupting happened due to ineffective budget analysis and lack off actions on feedback about the budgetary problems (Bedilu, 2015).

“Non-government organizations enter in to contractual agreement with donors where they undertake development work on their behalf with several conditions stipulated in the agreement. One of the conditions is that the NGOs implement projects as per the agreed budget and activities with a tolerable range allowing 5- 10% deviation” (Alice, 2012:9). Regardless of all the effort to

follow the agreement, NGOs are unable to undertake the activities as per the plan and resulting funds underspent or overspent. And may be forced to request no cost extension in cases of underspent and cost extension in cases of overspent with possible budget amendment which can be considered as ineffective in implementing projects in accordance with the agreement stipulated with the donor. These results jeopardize the good relationship between the NGOs and their donors” (Alice, 2012).

In some cases, budget implementation is a challenge for many organizations since they are expected to make forecasts taking the unforeseen needs in to account during budget proposals development or costs are estimated whereas changed significantly over time. Some budget holders do not practice regular budget monitoring to prevent possible over and underspends which is the key stage in the grant management cycle and will cause the poor implementation for the project activity as well as creates a disallowance by the donor due to charging ineligible costs on the budgeted amounts for a specific project. Among stakeholders in budget monitoring finances departments are responsible to maintain updated records in the financial system to provide reliable data to support the budget holders in discharging their responsibilities. These activities need to be done on an ongoing basis to keep the organizations sustainable and ensure proper budget management. It is therefore an area of concern why non-government organizations are unable to implement the budget they prepare through the implementation of consistent budget performance evaluation to control the utilization comparable with the implementation of the planned activities (Berhanu, 2011).

Samuel (2016) did study on exploring difference in budget characteristics, roles and satisfaction in Canada. Mohammed (2015) did study on performance measurement and management in Non-Governmental organization in Italy. Wanjiru (2015) did study on the effects of budget variance on donor funding in non-governmental organizations in Kenya. Kimunguyi (2015) did study on effect of budgetary process on financial performance of NGOs in Health Sector in Kenya. Muluget (2015) did study on role of budget in foreign charities/NGOs in Ethiopia. Yesuf (2015) did study on budgeting and budget monitoring practice in NGOs operating in Ethiopia. Ketema(2015)Assessment of Budget Preparation and Utilization in Addis Ababa City

Administration Health Bureau. Birhanu (2011) evaluation of budget practices of Ethiopia in comparison with two east African countries.

Studies conducted so far regarding of budgeting and budget performance evaluation in Save the children International somehow limited or unorganized to the knowledge of the researcher through the effort of finding out researches done in the budgeting and budget performance evaluation. On top of this, no recorded evidence is found in the Save the Children International Ethiopia Country Office case the way this research needs to address. Therefore, this research is needed to be conducted as to whether Budgeting and budget performance evaluation (participatory, consideration of future and past, to know the major source of variance, and its actual performance) are practically exercised.

1.4. BASIC RESEARCH QUESTIONS

The study focus on the following basic research questions which related to evaluation of budgeting and budget performance in case of Save The Children International Ethiopia C.O:

- How budget processing in Save The Children International Ethiopia C.O.?
- How the budgeting process is takes in to consideration the experience and future expectation?
- What is the level of staff participation in budgeting process in Save The Children International Ethiopia C.O.?
- What affect the actual performance of budget in Save The Children International Ethiopia C.O.?
- What are the major sources of the variances between the budget and actual expenditures in Save The Children International Ethiopia C.O.?

1.5. GENERAL OBJECTIVES OF THE STUDY

The general objective of the study was to access budgeting and budget performance evaluation in case of Save The Children International Ethiopia C.O and to provide suggestions for future actions.

1.6. SPECIFIC OBJECTIVE OF THE STUDY

Thus, the study was accomplishing the following specific objectives:

- To assess budget processing in Save The Children International Ethiopia C.O
- To assess the budgeting process consideration of the experience and future expectation
- To assess the level of employee participation in the budgeting process,
- To assess budget and actual performance in SCI
- To identify the major sources of the variances between the budget and actual expenditures in Save The Children International Ethiopia C.O

1.7. SIGNIFICANCE OF THE STUDY

The findings of this study are useful to the stakeholders including:

FOR THE ORGANIZATION

The findings of this study can help Save The Children International Ethiopia C.O, on those factors that influence budgeting and budget performance and used to predict the factors that affect budgeting and budget performance.

FOR OTHERS

Donors/funding agency, Government, and others stockholders can use the findings of this study to assist in guideline formulation and development for a framework for critical finance, and implementation of funds, work premises and other factors that affect the budgeting and budget performance of Save The Children International Ethiopia C.O.

ACADEMICS/RESEARCHERS

The findings of the study can assist academicians or other researchers to use as a base for farther research or study hence it provides little understanding of the nature and influence of those factors that affect the Budgeting and budget performance evaluation in Save The Children International Ethiopia C.O.

1.8. LIMITATION AND DELIMITATION/ SCOPE OF THE STUDY

The scope of this research study is access only Save The Children International Ethiopia C.O budget and budget performance evaluation whereas more than fifty sub office in Ethiopia because of time, finance and location of sub office. Therefore, it lacks covering all offices of Save The Children International Ethiopia C.O. Besides, as the method of research employed as data collection was not include the logistic and human resource department. Therefore, care needs to

be taken in using the findings of this research without having extensive research findings on the subject matter. The study only considers employee's participation, Past and future consideration, source of budget variance, actual performance and budget preparation, therefore the researcher recommends further study on other variables,

1.9. ORGANIZATION OF THE PAPER

This research paper is divided into five chapters. The first introductory chapter, which contained the background of the study, statement of the problems, objectives of the study, significance of the research, scope of the study; the second chapter describes literature review in budget, which is relevant to the topic under investigation, the third chapter research design and methodology the data presentation, analysis, and interpretation are presented in the fourth chapter. The last chapter provides summary of findings, conclusion and recommendations for Save The Children International Ethiopia C.O.

CHAPTER TWO

LITERATURE REVIEW

In this chapter the concept of budgets, budget preparation, past and future consideration, staff participation, Budget performance and source of variation and some empirical literatures are discussed. This is achieved by gathering the available literature of scholars and academicians on the subject.

2.1. THEORETICAL LITERATURE REVIEW

2.1.1. BUDGET DEFINITION

A budget is a detailed plan that describes in a formal, measurable terms how resources will be acquired and allocated during a specific period. A budget is an important tool for directing how resources are spent to achieve an organization's goals/objective, because it expresses the plans of management in financial terms by matching activities with available resources. Budget is a written plan; therefore, it is a reference for setting and evaluating goals/objective. And will helps managers to employ/implement the limited organization resource in most efficient and effective way to exits in the business (Mulugeta, 2015).

It is representing a list of document in which aspect of the predictable revenues and expenditures of an organization, for a specific period are placed. Budget can be understood as a general finance specific methodological process through which, it highlights how development and sizing of financial resources done economic entities, on the one hand, and the distribution to various destinations of resources for the fulfillment of prearranged targets, on the other hand. Budgeting is an operational plan on a given time horizon, usually one year, which includes forecasting revenues and expenditures of a company, additional capital needs and how to finance them. Even if the budget is a financial plan regarding future revenues and costs of a business, it is about much more than just financial numbers. Budgeting process involves choosing specific objectives of future activities and company policies, programs and procedures designed to ensure the necessary conditions for achieving these objectives (Kpedor, 2012).

Budget is document which shows how the organization will spend money and where the money comes from to pay these expenses. Budgets will set limits on the amount money will be paid on

each activity line. If you can imagine how muddled an organization or country would be if everyone could spend as much as they wished on whatever they wanted. Besides setting limits, budgets also enable the organization in prioritizing the needs and helps to get first and less important needs are deferred until the sufficient funds found to pay (Andrews & Hill, 2003, cited in Kipkemboi, 2013).

Budget is a financial plan that relates directly to the activities of the organization, it is important that those who will be responsible for project implementation are closely involved with writing the budget. If budget done in participation of staff it will confidently accurate and the staff likely to appreciate the need to spend within budget or help to reach fund-raising targets. There are two main ways to budget building techniques incremental and zero-base budget. Incremental budgeting approach bases on any year's budget on the previous year actual. It has the advantage of being simple and quick to implement. It is most useful for organizations where activity and resource levels change little from year to year. A criticism of this approach is that it does not encourage fresh thinking. Zero-based budgeting is an alternative approach to start with a clean sheet a zero base. Zero-base budgeting (or ZBB) ignores previous experience and starts with next year's targets and activities. ZBB requires the writer of the budget to justify all the resource requirements. However, the approach does impose a much greater workload on managers than incremental budgeting (Bedilu, 2015).

Overall a budget is prepared to have effective utilization of resources and for the realization of objectives, as efficiently as possible. Budget preparation and control done at the top level, however, involvement of all persons, including at the lower level, is necessary in framing the budget and its implementation for the success of budgetary control. In practice, budgets are executed at the lower level. With experience, they can offer practical suggestions that can lead to success. The success of Budgetary Control depends more on the active participation of all employees of the organization (Mulugeta, 2015).

Budget can be used as variance analysis to control expenditures. Budgets should be analyzed regularly to monitor implementation and to highlight variances and inconsistencies. When the budget and actual expenditures differ, it is necessary to investigate why. This information is

helpful not only to adjust existing budgets but also to better plan. Budget is not an authoritarianism that fixes management to spend only what was budgeted, it should be reviewed and adjusted as new information becomes available and as priorities change over time (Kimani, 2014).

Per a manual of fundamentals of NGO financial stability, developed by Abt associates “A budget is a detailed plan that describes in formal, measurable terms how resources will be acquired and used during a specific period. A budget is an important tool for directing how resources are spent to achieve an organization ‘s goals because it expresses the plans of management in financial terms by matching activities with available resources. Because a budget is a written plan, it is a reference for setting and evaluating goals (Abt Associates Inc)”

2.1.2. BUDGET USE

In the current economic climate, where the existing competition is high between organizations, they have given more attention to the efficient management of resources and, for this purpose, the use of budgets as tools for financial management at company’s level increased. So, the budget is the most important tool in conducting any activity in successfully way. And it is the tool by which a company’s management translates corporate strategy into action and quantitative mission statements. Therefore, a constant planning of any economic activity is an essential element for the success of those activities, without planning the activity of any economic entity would detach from surrounding reality and where planning of any activities in a market economy conditions promises the survival (Kpedor, 2012).

A budget is a key management tool for planning, monitoring, and controlling the finances of a project or organization. It helps to estimates the income and expenditures for specific period of a project or organization. Managers are responsible for the realization of the indicators within their budgets and for any variance from the estimated values, cases in which they are required to take corrective action. Budgeting can be used/serve as a planning and controlling system in an organization. The company’s goals and performance objectives are documented in financial terms and once formulated, these plans are used throughout the year. Monthly performance reports

compare budget with the actual result, to control the operation management can examine the performance report and take corrective actions (Belay, 2008).

Budget as a tool evaluation of the actual expenses and income with budgeted amounts, or comparison of the actual performance with budgeted indicators, such as: volume of activity by type of service, costs per service, revenue per service, cost recovery for the organization or for specific units, finance mix, or how much of the financing for the organization is derived from the different sources of income. Budget as one of the key determinants of costs is the volume of activity provided to end user. Budget helps for accurate cash forecast; Cash forecast is a detailed projection of the timing and amounts of cash inflows and outflows over a specified period. Cash forecast is essential because it determines the size and timing of cash buildups and shortages that indicate temporary investing or borrowing requirements. Budget as variance analysis of the actual from plan; a primary use of a budget is to monitor expenditures along financial plan. Budgets analyzes need be done regularly to monitor implementation and to highlight variances and inconsistencies. In doing budget variance analysis an organization can do the re-plan of activity not done request budget amendment or budget re – shuffle from the budget holder/donor to avoid financial risk of rejection (John Keel, 2012).

Budget can be used by management and donor for different purpose; some of the benefit of the budget for both donor and management are;

- Budget helps to monitoring the income and expenditures at specific project time frame;
- Budget helps to forecasting income and expenses for projects, including the timing and the availability of income (such as additional grant funds),
- Budget will provide direction and co-ordination, so that business objectives can be turned into practical reality,
- Budget will help to assign responsibilities to budget holders (managers) and allocate resources to activity,
- Budget will help to determine if adjustments need to be made on programs and goals of organization,
- Budget will help to communicate targets from management to employees, and motivate staff,

- Budget helps in monitor performance, and Improve efficiency,
- Budget helps to know other sources of funds for the work,
- Budget represents the framework for assessing performance with the indicated parameters that the company needs to realize to achieve the objectives,
- Budget helps to provides leadership through exception because if the budget is well-designed, management needs to intervene only in situations where there are deviations from budgeted indicators;
- Budget helps to ensures participation in the planning activity of both management and performers that drives involvement in achieving or exceeding budgeted indicators (Riley, 2012, and Achim, 2009).

2.1.3. BUDGETING TECHNIQUES

Different organizations for various reasons have use different budgeting systems. Research reveals that the introduction of a budgeting system is influenced by different reasons. Mostly the influence is based on the political agenda of the organization. Therefore, some budgeting systems improve or undermine accounting and auditing standards, fiscal management and elements of good governance, like transparency and accountability. Lastly, it has been noticed that some budgeting systems focus more on ‘administration and control’ of organization funds than on the management of organization funds.

There are two main ways of building a budget – incremental and zero-based. And organization will adopt the approach which works best for them, given the skills and time available.

Incremental budgeting; Incremental budget approach bases any year’s budget, that is on the previous year’s actual, or sometimes budgeted, figures with an allowance for inflation and known changes in activity levels. It has the advantage of being simple and quick to implement. It is most useful for organizations where activity and resource levels change little from year to year. A frequent criticism of this approach is that it does not encourage fresh thinking and may perpetuate existing inefficiencies. It also makes it difficult to justify the figures to donors since the original calculations may be long time and forgotten (Mango,2009).

Zero-based budgeting; An alternative approach is to start with a clean sheet – a zero base. Zero-base budgeting (ZBB) ignores previous experience and starts with next year’s targets and activities. ZBB requires the writer of the budget to justify all the resource requirements. This

process may suit organizations going through a period of rapid change and those, like NGOs, whose income is activity-based. Zero-based budgets are said to be more accurate since they are based on the detail of planned activities. However, the approach does impose a much greater workload on managers than incremental budgeting. **Activity-based budgeting** is a special form of ZBB and is frequently used in the NGO sector to create project budgets (Mango,2009).

2.1.4. BUDGET TYPE

A budget is merely a plan described in financial terms; there are numerous types of budget that meet a variety of purposes. Knowing which budget type to choose is a matter of what needs to be conveyed. A budgetary system has been developed to more effectively plan multi-year operations, identify and control costs, stimulates continuous improvement, or facilitate more refined performance evaluation (Badilu, 2015). The basic concept of budgeting involves estimating future performance, comparing actual results with the estimate, and analyzing the differences between them. Factors that are relevant in determining the type or style of an organization's budget and its effects include: the type of organization, the leadership style, personalities of people affected by the budget, the method of preparation, and the desired results of the budgeting process (Cherrington & Cherrington, 1973).

In general, budgets can be classified into two primary categories (Cohen et al, 1994)

Operating budgets; Operating budgets consist of plans for all those activities that make up the normal operations of the firm. The main components of the firm's operating budget include sales, production, inventory, materials, labor, overheads and R & D budgets.

Financial budgets; Financial budgets are used to control the financial aspects of the business. In effect, these budgets reveal the influence of the operating budgets on the firm's financial position and earnings potential. They include a cash budget, capital budget and income and expenditure budget.

Income and expenditure budget; The income and expenditure budget sets out the anticipated running costs (also referred to as recurrent costs) of the organization and shows where the funds will come from to cover the costs. The annual income and expenditure budget is often broken down into shorter periods – quarterly, half yearly or even monthly – to assist with monitoring progress.

Capital Budget; The capital budget lists the expenditure you intend to make for the coming years on capital projects and one-off items of equipment that will form part of the organization's Fixed Assets. As these usually involve major expenditure and non-recurrent costs, it is better to list and monitor them separately. Examples of capital expenditure include: Vehicles, Office furniture and equipment, Computer equipment, Building construction, Major renovation works

The implications for the income and expenditure budget should be noted – such as running costs for vehicles. A separate capital budget is not required if only one or two capital items are to be purchased. In this case, it is sufficient to incorporate the capital items in a separate section of the income and expenditure budget. This is most common in a project budget.

Cash flow Forecast budget; a good cash and financial management will help to maintain cash reserve in organization, cash reserves are essential as there will always be times when grants are delayed or unexpected expenses occur. The cash flow forecast (or cash budget) helps managers identify those times when cash levels become critical. It predicts the flow of cash in and out of the organization throughout the year by breaking down the master (or overall) budget into smaller time periods, usually one month.

Whereas the income and expenditure budget shows whether the organization is covering its costs over the whole year, the cash flow forecast shows whether it has sufficient cash in the bank to meet all its obligations needs as they arise. This then helps to identify likely cash shortages and allows avoiding action to be taken such as: requesting donor grants early, delaying payment of certain invoices, delaying some activities or negotiating a temporary loan facility at bank.

However, take care as there are likely to be negative consequences if they follow the last three strategies: delaying payments could affect the relationship with suppliers, delaying activities will affect the communities work with and ability to implement the programme as agreed with donor, borrowing money from the bank will attract bank charges and interest.

Different scholars also have stated the budget as annual, master and activity based in the preparation time, use and purpose;

Annual budget; the annual budget is the cost and forecast of the organization's expenses and revenues for the twelve months of the calendar year. It is used, notably: to provide a global provisional overview of volume of activity, expenditure and receipts, to provide an overview of the organization's financial position. The annual budget is estimated based on forecast activities that

are themselves determined by: the association's global strategy, the specific strategies defined in organization.

Master budget; The master budget is a key part of the organization annual planning process. It identifies the expected cost of delivering the annual plan, shows the anticipated funding and identifies any expected unfunded costs. It is also used to produce updated forecasts against the annual plan at certain points in the year. The master budget is a budgeting tool designed to capture the full annual costs required to run an organization programme and match this against confirmed and likely funding to calculate the funding gap. The master budget is required to be completed prior to the start of the new financial year, with quarterly reviews to ensure the budget is accurate. Once the funding gap has been identified, it is then possible to understand where additional funds are required, and ensure the funds are secured to meet these gaps or efficiency gains made where required.

Activity based budget; Activity-based budgeting is an outgrowth of activity-based costing (ABC), which is like zero-based budgeting. This budget type accounts for how staff members allocate their effort among activities. Once the full cost of each activity has been calculated, drivers can be established that link support activities to the primary activities of the organization. Cooper and Kaplan (1998) defined activity based budgeting simply as activity based costing performed in reverse. Activity based costing trace costs from resources to activities and then from activities to specific products and services, while activity based budgeting moves in the opposite direction and traces costs from the products to activities and then from activities to resources.

In short, the activity based budgeting approach combines a more complete operational model with a detailed financial model where work activities are set as a building blocks for budgets. The resulting model makes resource consumption highly visible while identifying resources of imbalance or inefficiencies. The resulting transparency of the activity based budget promote the allocation of resources to their best uses in line with organizational priorities, enhances decision making and performance evaluation, and improves operational flexibility (Klammer et al,1997).

By developing a comprehensive activity-based budget executives can create a clear link between workload and costs. This process may suit organizations going through a period of rapid change and those, like NGOs, whose income is activity based budgets are said to be more accurate since they are based on the detail of planned activities (Robinson and Last, 2009).

There are many different budget types, each with a different purpose. The most common is the line-item style, which answers the question: what is to be bought? This budget plan is oriented toward control and economy. A program budget answers the question: what is to be achieved? This budget plan is oriented toward planning and effectiveness. And a performance based budget answers the question: what is to be done? This plan is oriented toward management and efficiency. Each has its place depending upon the goal. However, one budget type, which has gained popularity, can link activities to costs, giving executives a better understanding of the full costs of service and resource allocation. This plan is an activity-based budget (ABB)(Robinson and Last, 2009).

2.1.5. BUDGET PREPARATION AND TIME CONSIDERATION

Maitland (2001) mentions that the process of preparing and agreeing on a budget is a means of translating the overall objectives of the organization into detailed, feasible plan of action. Budget preparation is one of the tedious tasks and it involves a great deal of energy, time, and expense with close estimation needed for each cost item.

The budgeting process is an integral part of both planning and control. Budgets are associated with negative, penny-pinching control activities whereas the full process is much broader and more positive than that. Budgeting is about making plans, implementing those plans and monitoring activities to see whether they conform to the plan with the top management support, cooperative and motivated middle managers and staff, and well organized reporting systems (Lucey, 2002).

During budget preparation procedures, consideration of alternative courses of action becomes an integral part and leads to increased rationality. A budget allows a goal, a standard of performance to be established with subsequent comparison of actual results with the created standard. It requires those involved to be forward looking rather than looking back (Scott, 2005). Budgets have therefore been identified as playing several roles which include making goals explicit, coding learning, facilitating control, and contracting with external parties (Selznick, 2008).

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

Budget implementation is a challenge to many organizations because they are expected to make forecasts taking the unforeseen needs in to account during budget proposals or costs estimate that is changed significantly over time. Budget holders who are responsible for the management of the grant do not practice regular budget monitoring to prevent possible over and under spending which is the key stage in the grant management cycle. The finance department is also responsible to maintain updated records in the financial system to provide reliable data to support the budget holders in discharging their responsibilities. These activities need to be done on an ongoing basis to keep the organizations sustainable and ensure proper budget management.

2.1.6. PARTICIPATORY BUDGET PREPARATION

In process of budgeting the program and financial staff should work together to formulate a budget since budgets are based on objectives, action plans, and resources require to achieve organization objective. Once a draft is in place, seeking input from governing body (such as the board of directors or general assembly) is important. The input from governing body gives an opportunity to develop a clear rationale of the budget, and helps to identify if any budget items or expenses have been omitted, and draws on the board's expertise. When budget done in collaboration of financial staff, program staff, and board it can reflects priorities for the entire organization, and helping to build unity in sense of purpose as well.

In budget development process convening finance and program staff should done several months before the start of financial (fiscal) year. This can allow enough time for group to address the question's and draft a budget. When budget involves a new initiative, additional planning time will be required to develop action plan and to determine if adequate resources can be raised to implement the project(Kimani2014).

Brownell (1982, cited in **Kipkemboi, 2013**) stated that when budgetary control is high, budgetary participation also increase accordingly. If budgeting used as control system subordinates would want to know assessment criteria in details. Therefore, as the budgetary control increases, budgetary participation of subordinates is also expected to increase. Budgetary participation is an important moderating variable in the relations between type of budgetary control and subordinate's performance. Budget implementation which includes budgetary control has no direct effect on performance, while budgetary participation affects performance directly. Budgetary participation, control and task ambiguity directly affects performance negatively but in situations where they combined interaction of variables, the effects differ. Per the study, while budgetary participation, control and task ambiguity affect performance negatively, in situations where budgetary control is high, participation makes positive contribution to performance. One of the reasons for this increase in performance could be related to procedural justice, since budgetary control enables subordinates to participate more in budgetary process, their perception of procedural justice is positively affected by budgetary control.

The process in a budget preparation, approval, implementation, and review stages needs participation of various stakeholders. It is through participation of people that one can bring people's perspectives to the policy makers. It also allows staffs to hold the organization accountable, to identify weaknesses in a budget, to build consensus, and to mobilize the community effectively to meet a budget target. Participation in a budget process is not a luxury; it is rather a basic right of all staffs. It allows members of the community to rise what is important for them and, hence, influence budget allocations. By doing so, the organization and the community can mobilize resources, provide more equitable distribution of budgetary allocations and effectively spend the resources (Birhanu, 2011).

The participation of middle and lower level managers in the budgeting preparation have beneficial effect in at least two ways. First, the process of participation reduces information asymmetry in the organizations, thereby enabling top management to gain insight in to issue about which lower level managers have specialized knowledge. Second, the process of participation may bring about a greater commitment by lower level managers to carry out the budget plan and meet the budget objective (Birhanu 2011).

2.1.7. BUDGET PERFORMANCE AND SOURCE OF VARIATION

Successful budget performance depends on numerous factors, such as the ability to deal with changes in the macroeconomic environment, and the implementation capacities of the organization concerned, effective expenditure control, complete budgetary/appropriation accounting system, and tracking transactions at each stage of the expenditure cycle (commitment, verification, payment). An organization can prepare a good budget as a basis for performance management and standards on a regular basis to compare actual performance with the budget to analyze differences in the results and take corrective measures, which mainly involves the process of budget implementation, evaluation and control (Hokal and Shaw, 2002).

Per Horngren (2003), effective budget implementation is usually assessed by addressing various variances between the actual performance and budgeted performance. The most important task of variance analysis is to understand why variances arise and then to use the knowledge to promote learning and improve performance. The NGOs use variance analysis also to report to the donors the reasons for the deviations. Some level of deviation from the budget is allowed otherwise variance needs to be investigated.

Budget implementation is about transformation of numbers in the budget books into actual delivery of outputs and successful achievement of organization objectives. The road to successful implementation of projects is full of obstacles that must be overcome. The difficulty could occur in the way of communicating their thoughts and plans to others, to enable them attain desired objectives (Garrison, 1985).

As per Omitoogun and Hutchful (2006), there are several factors that can explain why actual expenditure deviates from the levels approved at the beginning of the project. The reasons for deviations may vary over time. Some of the more common causes are: deviation in aggregate expenditure; reallocation of fund during budget implementation; policy changes during the year; an inability to implement policies, program and projects; and a lack of financial discipline contribute for variation in budgeted and actual expenditure.

Budget variance is the difference between an actual result and a budgeted amount. The budgeted amount is a bench mark and will be used as a point of reference from which comparisons may be made during the project implementation. The variances of budget and actual result help managers gain insights into why the actual results differ from the planned performance and by so doing assist them in their planning and control decisions. A variance can be favorable or unfavorable. It is favorable if it increases the operating income relative to the amount budgeted and vice versa if it decreases the operating income of the organization (Lucey, 2005).

There are several factors that can explain why actual expenditure deviates from the levels approved at the beginning in any sector. The reasons for deviations may vary over time. Some of the more common causes are: budget preparation, staff participation in budget preparation, deviation in aggregate expenditure, reallocation of fund during budget implementation, policy changes during the year, an inability to implement policies, program and projects, change in implementation area, and a lack of financial discipline contribute for variation in budgeted and actual expenditure (Ketema, 2015).

Projects fail because of many reasons; People lose touch with reality, spending insufficient time, exploring assumptions at the start of a project, operating from different expectations of what is required or how they will work together. This makes it almost impossible to build meaningful estimates and schedules and follow them throughout the project period, contradictory and imperfectly understood of objective. That is, that budgeting is not considered by participants as a neutral, objective, purely technical process (Lucey, 2005).

2.2. EMPIRICAL LITERATURE REVIEW

The empirical evidence section centers on prior academic researchers concerning budgeting and budget performance evaluation.

Mohammed (2015) in his study on performance measurement and management in Non-Governmental Organizations in Italy stated that non-governmental organizations (NGOs) have been always stuck in some concepts such as inputs, outputs, outcomes, impact and sustainability over long time. Money raised, money spent, resources allocated and projects implemented. This

process requires a comprehensive understanding of how performance is managed and measured by NGOs and what aspects of performance lead to successful financial performance, efficiency and effectiveness.

Samuel (2016) in his study on Exploring differences in budget characteristics, roles and satisfaction in Canada stated that combining a qualitative analysis and a cluster analysis, budget design and budget use: the yardstick budget, the coercive budget, the interactive budget, the loose budget and the indicative budget allows describing complex arrangements that arise in practice. And the budget is less criticized when the level of participation, the level of involvement of managers and the importance assigned to action plans during budget negotiations are high.

Lambe (2015) in his study on A Systematic Review of Budgeting and Budgetary Control in Government Owned Organizations in Nigeria stated that budgeting and budgetary control entails the establishment of goals by the management of an organization and designing a process which serves as a framework within which an organization effectively articulates overall planned activities. The involvements of all relevant stakeholders in budget preparation are necessary and sufficient condition for achieving effective budgeting and budgetary control. On other hand budgeting and budgetary control contributes to management efficiency and high productivity of an organization, all relevant stakeholders must be involved in the budget process, from preparation to implementation, in order to guarantee overall goal attainment.

Kipkemboi (2013) in his study on effect of budgetary control on performance of non-governmental organizations in Kenya stated that budgeting can be used as standard for performance measurement and the organization can use budget to evaluate managerial performance. On other hand budgeting practices place high importance on budget-to-actual comparison for performance evaluation both at corporate and business unit levels. And he also states budget participation was very important and non-participatory budget will reduce output because employees do not know or are doubtful about what to do, when and how to do it. And will spend a lot of time seeking clarifications from executives. On his study, he stated that implementation of good budgetary practices tends to be critical for the achievement of objective in NGOs in today's dynamic and outcome focused environment, donors, broad members,

regulators and other stakeholders of NGOs are demanding more accountability and better performance from management.

Osoro (2001) in his study establishes how accurately budgets anticipate the level and direction of actual results. The analysis found out that budgetary practices in relief organization are clearly different from developmental organizations due the differences in donor funding and reporting requirements. And more stringent controls exist in relief programs than in developmental ones. It is more complex control techniques are required in developmental programs than in relief, programs due to close donor supervision and need for monthly accountability in the later as opposed to the former who's funding is not followed with strict reporting requirements.

Gacheru (2012) in his study on the effect of budgetary process on budget variances in NGOs in Kenya sought to determine the relationship between budgeting process and budget variances in NGOs. Based on the population of 6,075 she used a sample of 20 to collect data and descriptive data analysis and concluded that budget preparation, control and implementation significantly influence budget variance.

Mulugeta (2015) in his study on role of budget in foreign charities/NGOs in Ethiopia stated that budgetary process has been a part of management control system of the organization. Therefore, budgeting encourages managers to plan, consider the stakeholders to be involved, provides information for improved decision making, increases and enhances communication and coordination among departments, and helps for evaluation of the work done.

Yesuf (2015) in his study on budgeting and budget monitoring practice in NGOs operating in Ethiopia stated that budgetary participation has a direct relationship on the managerial performance. Even bureaucratic and mechanistic organizations should encourage budgetary participation as it is evidenced to influence performance. The results also suggest that budgetary participation indirectly affects managerial performance through the mediating variable of organizational commitment.

Belay (2008) in his study on fund management and its utilization stated that most of the implementer of fund budget has clearly know the objectives (activities) and cost breakdowns in the grant agreement and only a few implementers do not know the grant agreement clarity, the main reason is that no access to get the grant agreement because the grant agreement is hold by management office. He also stated that the tools of fund management are, identified by fund implementers, keeping the fund properly, keeping proper accounts and keeping proper records as major tools they follow in implementing fund management.

Ketema (2015) in his study on Assessment of budget preparation and utilization in Addis Ababa City Administration Health Bureau stated that several factors can explain why actual expenditure deviates from the levels approved at the beginning in any sector, but the reasons for deviations may vary over time. Some of the more common causes are: budget preparation, staff participation in budget preparation, deviation in aggregate expenditure, reallocation of fund during budget implementation, policy changes during the year, an inability to implement policies, program and projects, change in implementation area, and a lack of financial discipline contribute for variation in budgeted and actual expenditure.

Birhanu (2011) in his study on evaluation of budget practices of Ethiopia in comparison with two east African countries stated that the participation of middle and lower level managers in the budgeting preparation have beneficial effect in at least two ways. First, the process of participation reduces information asymmetry in the organizations, thereby enabling top management to gain insight in to issue about which lower level managers have specialized knowledge. Second, the process of participation may bring about a greater commitment by lower level managers to carry out the budget plan and meet the budget objective.

Badilu (2015) Stated that budgeting as reflection of management's forecast of work load and financial and non-financial requirements to meet agreed strategic goals and planned changes to improve performance and participatory involvement of all stakeholders and processes it involves. And due the ignorance or absence of communication among employee as well as absence of fully participation of employee in the budgeting process will have negative impact on budget and performance.

Mulugeta (2015) in his study on role of budget in foreign charities/NGOs in Ethiopia stated that the use of budget in terms of planning, communication, coordination, control, evaluation and motivation and according the result of finding also show strong explanation for these variables in positive way.

2.3. SUMMARY OF LITERATURE

Most studies proved that budgeting and budget performance evaluation helps for establishment of goals by the management of an organization and designing a process which serves as a framework within which an organization effectively articulates overall planned activities. The involvements of all relevant stakeholders in budget preparation will helps for effective budgeting and budget performance. Budgeting and budget performance contributes to management efficiency and high productivity of an organization; therefore, all relevant stakeholders must be involved in the budget process, from preparation to implementation. And the budget is less criticized when the level of participation and involvement of managers and the importance assigned to action plans during budget negotiations are high. On other hand budgeting practices place high importance on budget-to-actual comparison for performance evaluation both at corporate and business unit levels.

Researchers indicate that, a good budgetary practice tends to be critical for the achievement of objective in NGOs in today's dynamic and outcome focused environment. Because of donors, broad members, regulators and other stakeholders of NGOs are demanding more accountability and better performance from management. Budget preparation, control and implementation significantly influence budget variance. Budgeting encourages managers to plan, consider the stakeholders to be involved, provides information for improved decision making, increases and enhances communication and coordination among departments, and helps for evaluation of the work done.

Per the most extensive researched topic in worldwide on budgeting and budget performance basic suggestions have forwarded to deal with budgeting and budget performance in the legal frame work.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This section describes the methodology and research design used during the research. The study was conducted in Save The Children International Ethiopia C.O level only.

3.1. RESEARCH DESIGN

A research design is a blue print for data collection, measurement and analysis, and outline how the research was carried out. Descriptive research attempts to describe systematically a situation, problem, phenomenon, service or programme. Quantitative research approach deals with numbers and anything that is measurable in a systematic way of investigation of phenomena and their relationships and used to answer questions on relationships within measurable variables with an intention to explain, predict and control phenomena (Leedy 1993). To investigate the problem under study, the researcher used a quantitative approach with descriptive research type.

3.2. STUDY POPULATION

For this study 157 Save The Children International Ethiopia C.O staffs were involved, this list was taken from the human resource data base as of June 2017. From the above listed staffs the number of budgeting unit team are 7 (seven), reporting unit are 8(Eight), and selected program team members were 142(One hundred forty-two) were involved in the study. Here staffs which have no direct involvement in the budgeting and budget implementation are excluded.

3.3. SAMPLING DESIGN AND SAMPLE SIZE

The researcher selected data by using a stratified sampling technique and the sample from strata was taken by using systematic random sampling techniques. Here the researcher has three strata's i.e. reporting unit from finance department (8 staffs), Budgeting Unit from Finance department (7staffs) and budget holders/program staffs (142 staffs). And to determine the sample size for the program staffs in this study the researcher employed a sample determination formula developed by Yamene's in 1967:

$$n = \frac{N}{1 + N(e)^2}$$

n= Sample size
N= the population size
e= Margin of error that is (5%)

For this study the researcher was used all the budgeting and reporting department staffs for analysis since their numbers are less than 30. There is 142 program staff that has direct influence on budget development, implementation, and evaluation. One hundred four (104) staffs was selected assuming a 95% confidence interval and a five percent margin of error from program departments.

3.5. DATA COLLECTION INSTRUMENT AND ADMINISTRATION

The researcher used questionnaires as a method of primary data collection which is collected by using a pre-designed questioner on a 5 point Likert scale. The questionnaires were developed based on the literature review and are the main source of data collection and structured in type. To collect the required information for this thesis, self-administered drop and pick up of questionnaires was used. In addition, questionnaires were distributed using email to employee/s who have acquaintance and willing contact persons, which in turn were distributed to employees involved in the budgeting process especially from program units and from finance units. Questionnaires distributed using email were collected in person and as well via e-mail.

3.6. DATA MANAGEMENT

The collected data was checked by principal investigator (the Student Researcher) for any incompleteness and /or inconsistency. Where there is any incompleteness and /or inconsistency appears, correction was made by returning to the respondents for which incompleteness appears.

The researcher was conducted a visual check; data lists and data cleaning was given due attention as it is the means for identifying the errors.

3.7. DATA PROCESSING PROCEDURES / AND ANALYSIS

Data entry was done by a pre-designed data base by IBM SPSS statistics 20 after data base was created based on data type and size of data collected. The researcher was used IBM Statistical package for social science (SPSS) version 20 to get the required data analysis results for study and the researcher was employed descriptive analysis, to get the required output from the data analysis and the researcher presented results by using different kinds of statistical data presentation techniques. In addition, per the analysis result the researcher was tried to infer statistically accepted inferences by giving the answer for those research questions raised in the study.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter contains an analysis, presentation and interpretation of the results obtained from the collected data. To address the research question(s) and objective(s) data was collected by questionnaires which are based on the literature review of budgeting and budget performance evaluation. These results were presented by using of tables by guidance of the study objective and each presentation explained using a narrative. The discussions were related to the literature reviewed in the theoretical literature and empirical studies. The study findings are presented to establish the effect of budgeting and budget performance evaluation as a management tool for enhancing budget management in Save The Children International Ethiopia C.O.

4.1.RESPONSE RATE

For this research, questioners administered to the participants in three strata's which are Program, Budget, and Reporting staffs in SCI. Accordingly questioners distributed to 104 programs staffs and only 86 programs staffs were completed the questioners, the remaining 18 staffs were not complete the queasiness, and the researcher excludes from the study. This gave a response rate of 82.69% for the program team. Where questioners distributed to 7 budgeting unit and 8 reporting was completed with

the required data and this give the response rate of both unit 100%. And these meet Mugenda (2003) the statistically significant response rate for analysis at least 50%.

Table 4.1A: Response Rate

1, Program Staffs		
	No of Questioner	Percent
Completed	86	82.69%
Not Completed	18	17.31%
Total	104	100%
Source: On survey data (2017)		

Table 4.1B: Response Rate

2, Budgeting Staffs		
	No of Questioner	Percent
Completed	7	100%
Total	7	100%
Source: On survey data (2017)		

Table 4.1C: Response Rate

3, Reporting staffs		
	No of Questioner	Percent
Completed	8	100%
Total	8	100%
Source: On survey data (2017)		

4.2.GENERAL INFORMATION

Table 4.2: Respondent Gender, Education

		Gender				Total	
		Male		Female			
		Count	%	Count	%	Count	%
Reporting Unit							
Level of Education	1st Degree	3	75.00%	3	75.00%	6	75.00%
	Master's Degree	1	25.00%	1	25.00%	2	25.00%
Your Experience	Less than or Equal to 5 Years	1	20.00%	1	20.00%	2	25.00%
	6 to 10 years	2	40.00%	1	20.00%	3	37.50%
	11 to 15 Years	1	20.00%	1	20.00%	2	25.00%
	> 15 Years	0	0.00%	1	20.00%	1	12.50%
Budgeting Unit							
Level of Education	1st Degree	3	100.00%	2	50.00%	5	71.43%
	Master's Degree	0	0.00%	2	50.00%	2	28.57%
Your Experience	Less than or Equal to 5 Years	0	0.00%	2	66.67%	2	28.57%
	6 to 10 years	3	100.00%	1	33.33%	4	57.14%
	> 15 Years	0	0.00%	1	33.33%	1	14.29%
Program Staffs							
Level of Education	1st Degree	46	63.89%	7	9.72%	53	61.63%
	Master's Degree	18	25.00%	6	8.33%	24	27.91%
	Greater than Masters	8	11.11%	1	1.39%	9	10.47%
Your Experience	Less than or Equal to 5 Years	5	6.94%	0	0.00%	5	5.81%
	6 to 10 years	18	25.00%	7	9.72%	25	29.07%
	11 to 15 Years	41	56.94%	3	4.17%	44	51.16%
	> 15 Years	8	11.11%	4	5.56%	12	13.95%

Source: **On survey data (2017)**

From Table 4.2, the researcher found from a total of 8 reporting staff's respondents, we have found equal gender distribution i.e. 4 of them are Male and the remaining 4 are females. From those four male respondents 3 of them or 75% have 1st degree holders and the remaining one staff has a master's degree and this is the same for those Female respondents in this unit. When we see the work experience of our reporting unit respondents, 2 (25%) of them have less than 5 years' experience 3 (37.5%) of them have an experience fall in the 6 to 10 years', 2(25%) of them are fall in 11 to 15 years' experience and the remaining 1 (12.5%) respondent have more than 15 Years of experience.

In the budgeting unit, we have seven staffs participated in this research question response and from those seven staffs 3 (42.86%) are male respondents and the remaining four (58.14%) of them are females. When we see their education level all Male respondents are 1st degree holders and from those female respondents two of them (50%) have 1st degree and the remaining two (50%) have Master's degree. When we see the work experience of budget unit respondents, 2 (28.57%) of them have less than 5 years' experience 4 (57.14%) of them have an experience fall in the 6 to 10 years', and the remaining 1 (14.29%) respondent have more than 15 Years of experience.

From program unit, we have 86 staffs participated in this research question response and from those 86 staffs 72(83.72%) are male respondents and the remaining 14 (16.28%) of them are females. When we see their education level 53 (61.63 %) have 1 degree, 24 (27.91%) have Master's Degree and the remaining nine (10.47%) greater than Master's degree. When we see work experience of our respondents in the program unit, 5 (5.81%) of them have less than 5 years' experience, 25 (29.07%) of them have an experience between 6 to 10 years', 44 (51.16%) of them have experience fall in 11 to 15 Years and the remaining 12 (13.95%) respondents have more than 15 Years of experience.

4.3.BUDGET PREPARATION

The respondents were requested to indicate their level of agreement on the following statements in relation to the budget preparation in the case of Save The Children International Ethiopia C.O by administering a budget unit and program staffs i.e. the respondents instructed to respond those statements on a 5 point Likert scale to indicate the extent they agree with the statements that is: 5- Strongly agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly disagree. A mean (M) score of 0-1.5 means that the respondents strongly disagreed, between 1.50 to 2.50 means they disagreed, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they agreed, and a mean above 4.50 means the respondents strongly agreed.

Table 4.3A, Budget preparation

Budget Unit

	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>
You have adequate knowledge to prepare budget narrative and budget for SCI major donors	7	3.71	0.49
Do you agree in your department there are adequate number of professionals to prepare a budget narrative and budget for a new opportunities and for those awards which need	7	2.43	0.54
In save the children budget is prepared for each award as per the donor, SCI and CHSA requirement/ rule	7	3.57	0.79
In SCI budgets for a new opportunity is made by aligning to the organization annual plans, strategic plan and overall goal of the organization.	7	3.00	0.82
In SCI there is a standard for budget preparation	7	3.86	0.69
In Save the Children budget processing takes in to account the existing opportunities and its resources.	7	4.29	0.49
In Save the children Budgeting process is participatory	7	4.00	0.58
<i>Valid N (listwise)</i>	7		

Source: **On survey data (2017)**

Based on the findings on Table 4.3A, the budget unit staffs agree on the following statements; You have adequate knowledge to prepare budget narrative and budget for SCI major donors (M=3.71, SD=.49), In save the children budget is prepared for each award as per the donor, SCI and CHSA requirement/ rule (M=3.57, SD=0.79), In SCI there is a standard for budget preparation (M=3.86, SD=0.69), In Save the Children budget processing takes in to account the existing opportunities and its resources(M=4.29, SD=0.49) and In Save the children Budgeting process is participatory (M=4.00;SD=0.58), since their response shows a mean scores greater than 3.5. However, the respondents are neutral for the statement say “In SCI budgets for a new opportunity is made by aligning to the organization annual plans, strategic plan and overall goal of the

organization” with (M=3.00; SD= .82), and for the statement say “Do you agree in your department there are adequate number of professionals to prepare a budget narrative and budget for a new opportunities and for those awards which need amendment” with (M=2.43; SD=.547) they disagree, since their response shows a mean scores fall in between 1.50 to 2.50.

Table 4.3B, Budget preparation

Program Team	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>
You have adequate knowledge to prepare program detail implementation plan (DIP) and its budget	86	3.99	0.60
In save the children there are adequate number of professionals to prepare plan and budget for a new awards	86	3.73	0.90
In save the children budget is prepared for each project.	86	3.73	0.90
Do you agree budgets are prepared with reference to the organization annual plans, strategic plan and overall goal of SCI for each awards	86	3.64	0.97
In SCI there is a standard for budget preparation	86	3.78	0.42
In Save the Children budget processing takes in to account the existing opportunities and its resources.	86	3.36	1.36
In Save the children Budgeting process is participatory	86	3.10	1.41
In Save the children user department need to adhere to budget process just to comply with the organization or donor requirement.	86	4.17	0.47
<i>Valid N (listwise)</i>	86		

Source: On survey data (2017)

Based on the findings on Table 4.3B, the program staffs agree on the following statements; You have adequate knowledge to prepare budget narrative and budget for SCI major donors with(M=3.99, SD=.60), In save the children budget is prepared for each project with (M=3.73; SD=0.90), In Save the children there are adequate number of professional to prepare plan and budget for new awards with(M=3.73, SD=.90), Do you agree in your department there are adequate number of professionals to prepare a budget narrative and budget for a new opportunities and for those awards which need amendment with (M=3.64; SD=.97), In SCI there is a standard for budget preparation with (M=3.78, SD=0.42) and In Save the children user department need to adhere to budget process just to comply with the organization or donor requirements with(M=4.17; SD=.47), since their response shows a mean scores greater than 3.5. However, the respondents are neutral for the statement say “In Save the children Budgeting process is participatory” with (M=3.10; SD=1.41) and, “In Save the Children budget processing

takes in to account the existing opportunities and its resources” with (M=3.36, SD=1.36)” since their response shows a mean score fall in between 2.50 to 3.50.

Maitland (2001) mentions that the process of preparing and agreeing on a budget is a means of translating the overall objectives of the organization into detailed, feasible plan of action. Budget preparation is one of the tedious tasks and it involves a great deal of energy, time, and expense with close estimation needed for each cost item. And the findings also imply that in relevance to budgetary preparation in Save The Children International Ethiopia C.O; both department confirmed that there is knowledgeable staff to prepare budget narrative and budget for the major donor; there is an experience of preparing budget for each award as per the donor, SCI and CHSA requirement/ rule; there is budget preparation a standard to follow; from the analysis result we cannot determine the budget preparation is taking in to account the existing opportunities, and if it is participatory the result also reviles it is not sure in participating the required personnel’s when preparing a budget narrative and budget for a new opportunities and for those awards which need amendment.

4.4.PAST AND FUTURE CONSIDERATION IN BUDGET PREPARATION

The respondents were requested to indicate their level of agreement on the following statements in relation to the Past and future consideration during Budget preparation in case of Save The Children International Ethiopia C.O by administering a budget unit and program staffs i.e. the respondents instructed to respond those statements on a 5 point Likert scale to indicate the extent they agree with the statements that is: 5-Strongly agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly disagree. A mean (M) score of 0-1.5 means that the respondents strongly disagreed, between 1.50 to 2.50 means they disagreed, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they agreed, and a mean above 4.50 means the respondents strongly agreed.

Table 4.4A Past and future consideration

Budget Unit	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>
In save the children budget revision for different projects is done frequently.	7	4.00	0.00
In save the children budget is prepared based on reliable data and estimates.	7	3.14	1.46
Budgets are reviewed as need arises to capture the reality during implementation.	7	3.71	0.95
In preparing budget the standard used by SCI has a room to consider of past and future expectations.	7	2.29	0.49
The budgeting process starts with preparation of forecasts of the expected confirmed income/grants in Save the Children.	7	3.14	1.46
Do you agree budget through an effective planning process makes the control system proactive rather than reactive in your organization	7	3.14	1.46
In save the children the amount of budget prepared for each project budget line item is over estimated.	7	3.14	0.90
In save the children the amount of budget prepared for each project budget line item is under estimated.	7	4.00	0.00
<i>Valid N (listwise)</i>	7		

Source: **On survey data (2017)**

Based on the findings on Table 4.4A, the budget unit staffs agree on the following statements; Budgets are reviewed as need arises to capture the reality during implementation (M=3.71, SD=0.95), IN Save the children Budget revision for different project done frequently with mean score of (M=4.00; SD=0.00) and In save the children the amount of budget prepared for each project budget line item is over/ Under estimated” with (M=4.00; SD=0.00), since their response shows a mean scores greater than 3.5. However, the respondents are neutral for the statement say “budgeting process starts with preparation of forecasts of the expected and confirmed income/grants in Save the Children with mean score” (M=3.14, SD=1.46) , “In save the children budget is prepared based on reliable data and estimates” with mean score of (M=3.14, SD=1.46), “do Agree budget through an effective planning process makes the control system proactive rather than reactive in your organization with mean score (m=3.14; SD=1.46) and “In Save the children the amount of budget prepared for each project line item is under estimated with mean score (M=3.14; Sd=1.46), since their response shows a mean scores fall in between 2.50 to 3.50. Whereas for the statement say “In preparing budget the standard used by SCI has a room to consider for past and future expectations (M=2.29, SD=0.49), they disagree, since their response shows a mean score fall in between 1.50 to 2.50

Table 4.4B Past and future consideration

	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>
In save the children budget revision for different projects is done frequently.	86	3.10	1.41
In save the children budget is prepared based on reliable data and estimates.	86	3.64	0.97
Budgets are reviewed as need arises to capture the reality during implementation.	86	3.78	0.42
The budget contain uncertainty which hinders effective implementation	86	3.10	1.41
In preparing budget the standard used by SCI has a room to consider for past and future expectations.	86	3.99	0.60
The budgeting process starts with preparation of forecasts of the expected confirmed income/grants in Save the Children.	86	4.17	0.47
Budget through an effective planning process makes the control system proactive rather than reactive in your organization.	86	4.17	0.47
In save the children the amount of budget prepared for each project budget line item is over estimated.	86	3.06	1.10
In save the children the amount of budget prepared for each project budget line item is under estimated.	86	4.17	0.47
<i>Valid N (listwise)</i>	86		

Source: **On survey data (2017)**

Based on the findings on Table 4.4B, the program staffs agree on the following statements; In save the children budget is prepared based on reliable data and estimates (M=3.64 SD=.97), Budgets are reviewed as need arises to capture the reality during implementation (M=3.78, SD=0.42), In preparing budget the standard used by SCI has a room to consider for past and future expectations (M=3.99, SD=0.60), the budgeting process starts with preparation of forecasts of the expected and confirmed income/grants in Save the Children. (M=4.17, SD=0.47) and Budget through an effective planning process makes the control system proactive rather than reactive in your organization (M=4.17; SD=0.47), In Save the children the amount of budget prepared for each project budget line item is under estimated with mean score (M=4.17; SD=.47), since their response shows a mean score greater than 3.5. However, the respondents are neutral for the statement say “in save the children budget revision for different projects is done frequently” with (M=3.10; SD= 1.41), for the statement says “The budget contain uncertainty which hinders effective implementation” with (M=3.10; SD=1.41) and for the statement says “In save the children the amount of budget prepared for each project budget line item is over

estimated” with (M=3.06; SD=1.10), since their response shows a mean scores fall in between 2.50 to 3.50.

During budget preparation procedures, consideration of alternative courses of action becomes an integral part and leads to increased rationality. A budget allows a goal, a standard of performance to be established with subsequent comparison of actual results with the created standard. It requires those involved to be forward looking rather than looking back (Scott, 2005). Budgets have therefore been identified as playing several roles which include making goals explicit, coding learning, facilitating control, and contracting with external parties (Selznick, 2008). And the findings also imply that in relevance to Past and future consideration during Budget preparation in Save The Children International Ethiopia C.O; there is moderate effect that budget is prepared based on reliable data and estimates, there is review of budget during implementation to capture the reality, there is forecasts of the expected and confirmed income/grants when budget prepared and Budget makes the control system proactive rather than reactive in your organization.

4.5.STAFFS PARTICIPATION IN BUDGET PREPARATION

The respondents were requested to indicate their level of agreement on the following statements in relation to the Staffs participation in Budget preparation in case of Save The Children International Ethiopia C.O by administering a budget unit and program staffs i.e. the respondents instructed to respond those statements on a 5 point Likert scale to indicate the extent they agree with the statements that is: 5-Strongly agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly disagree. A mean (M) score of 0-1.5 means that the respondents strongly disagreed, between 1.50 to 2.50 means they disagreed, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they agreed, and a mean above 4.50 means the respondents strongly agreed.

Table 4.5A: Staff participation

Budget Unit

	N	Mean	Std. Deviation
Budgeting unit work with all concerned staff or functions of the organization in budget preparation for the new opportunities and amendments in save the children.	7	4.00	0.00
Do you agree the budget unit in SCI should participate in the budget vs actual review, either by providing the needed information or by being questioned on any shortfalls on the prepared budget.	7	4.00	0.00
Coordination among the various departments during budget preparation is essential for budget preparation	7	3.14	1.46
In Save the children Budgeting process is participatory	7	3.14	1.46
Save the children Management ensures that all required staff participated / involved in the process of Budgeting.	7	4.00	0.00
Do you agree that employee participation add value to the budgeting process.	7	4.00	0.00
Variances between plan and budget performance is partly due to absence of or limited employee participation in budget preparation	7	4.00	0.00
Valid N (listwise)	7		

Source: **On survey data (2017)**

Based on the findings on Table 4.5A, the budget unit staffs agree on the following statements; Budgeting unit work with all concerned staff or functions of the organization in budget preparation for new opportunity and amendment in SCI with a mean score(M=4; SD=0.00), Do you agree the budget unit in Sci should participate in budget vs actual review, either by providing the needed information or being questioned on any shortfalls on the prepared budget with a mean score (M=4.00; SD=0.00), Save the children management ensure that all required staff participated/involved in the process of budget with a mean score (M=4.00; SD=0.00), Do agree that the employee participation add value to budget process with a mean score(M=4.00; SD=0.00) and Variances between plan and budget performance is partly due to absence of or limited staff participation in budget preparation with a mean (M=4.00; SD= 0.00), since their response shows a mean scores greater than 3.5. However, the respondents are neutral for the statement say “Coordination among the various departments during budget preparation is essential for budget preparation” with a mean score (M=3.14, SD=1.46), and “In Sci budget process is participatory” with a mean score of (M=3.14; Sd1.46), since their response shows mean scores fall in between 2.50 to 3.50.

Table 4.5B: Staff participation

Program Team			
	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>
All concerned staff or functions of the organization are involved in budget preparation in save the children.	86	2.20	1.50
You are involved in the budget vs actual review, either by providing the needed information or by being questioned on any shortfalls on your budget.	86	3.10	1.41
With the expected activities and operating results clearly delineated in the budget, employees know what is expected of them; this in turn motivates employees to work to attain the budgeted goals in your organization.	86	4.17	0.47
Coordination among the various departments during budget preparation is essential for budget preparation	86	4.17	0.47
In Save the children Budgeting process is participatory	86	3.06	1.10
Save the children Management ensures that all required staff participated / involved in the process of Budgeting.	86	4.17	0.47
Do you agree that employee participation add value to the budgeting process.	86	4.17	0.47
Variances between plan and budget performance is partly due to absence of or limited employee participation in budget preparation	86	3.36	1.36
<i>Valid N (listwise)</i>	86		

Source: **On survey data (2017)**

Based on the findings on Table 4.5B, the program staffs agree on the following statements; With the expected activities and operating results clearly delineated in the budget, employees know what is expected of them; this in turn motivates staffs to work to attain the budgeted goals in your organization (M=4.17, SD=.47), Coordination among the various departments during budget preparation is essential for budget preparation (M=4.17, SD=.47), Save the children Management ensures that all required staff participated / involved in the process of Budgeting(M=4.17, SD=0.47), and do you agree that staff participation add value to the budgeting process (M=4.17, SD=0.47), since their response shows a mean scores greater than 3.5. However, the respondents are neutral for the statement say “Variances between plan and budget performance is partly due to absence of or limited staff participation in budget preparation” with (M=3.36; SD= 1.36), “IN SCI budgeting process is participatory” with a mean score (M=3.06; SD=1.10), and “You are involved in the budget vs actual review, either by providing the needed information or by being questioned on any shortfalls on your budget” with a mean score (M=3.10; SD=1.41). since their response shows a mean score fall in between 2.50 to 3.50. and the respondents are disagreed for the statements say “All concerned staff or functions of the organization are involved in budget preparation in save the children” with (M=2.20; SD=1.50), since their response shows mean

scores fall in between 1.50 to 2.50. All individuals responsible for achieving results should be consulted in the formulation of budgets. Per Callahan and Waymire; No system of budgetary control can succeed without the mutual understanding of all concerned body. The organization should communicate the outcome of budget decisions to all the relevant staff. Budgets have an important part to play in the communication of objectives, targets and responsibilities throughout the organization. When carried out properly, this can have considerable benefits in promoting co-operation at all levels (Callahan and Waymire, 2007). In this research the findings also imply that in relevance to the employee participation in Budget preparation in case of Save The Children International Ethiopia C.O; the activities and operating results are clearly delineated in the budget, employees know what is expected from them and that motivates employees to work for attaining the budgeted goals in the organization, there is coordination among the various departments during budget preparation.

4.6. THINGS THAT AFFECT BUDGET PERFORMANCE

The respondents were requested to indicate their level of agreement on the following statements in relation to what affect budget performance in the case of Save The Children International Ethiopia C.O by administering the reporting unit and program staffs i.e. the respondents instructed to respond those statements on a 5 point Likert scale to indicate the extent they agree with the statements that is: 5-Strongly agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly disagree. A mean (M) score of 0-1.5 means that the respondents strongly disagreed, between 1.50 to 2.50 means they disagreed, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they agreed, and a mean above 4.50 means the respondents strongly agreed.

Table 4.6A: What affect Budget performance

Reporting Unit	N	Mean	Std. Deviation
In save the children the amount of budget prepared for each project by budget line item is under estimated.	8	2.87	1.36
There is problem of matching plan with budget in save the children.	8	2.87	1.36
Budget utilization in SCI for each project is based on the approved budget and detail implementation plan (DIP).	8	2.87	1.36
You have adequate capacity to evaluate budget with its main activities.	8	4.13	0.35
There is an experience not referring to the budget and its balance before any request to undertake an activity and processing payment for activates	8	3.50	0.76
Insufficient funds allocated to department or projects affect budget implementation.	8	2.87	1.36
New projects or donors have different budgeting guidelines and come with new set of rules which take time to learn and can be a challenge to budget implementation	8	3.75	0.89
Late start of projects in processing local agreements hinders the budget implementation.	8	4.13	0.35
In save the children there are adequate number of professionals to prepare plan (Program staffs) and budget (budget unit staffs) for a new opportunities	8	2.87	1.36
Budget serves as a vehicle through which the actions of the different parts in your organization can be brought together into a common plan.	8	4.13	0.35
Not participating in the budget preparation by the field team and other direct implementers of the project has a direct influence in the performance of the project	8	3.50	0.76
In Save the Children recording of actual result/transaction is accurate and timely.	8	2.87	1.36
In SCI each functional departments prepare trainings on preparation of program detail implementation plan (DIP) and budgeting by collaborating with the concerned lead departments in preparing DIP and Budget	8	2.25	0.89
employee participation in budget preparation will add value to the budgeting utilization	8	4.13	0.35
Valid N (listwise)	8		

Source: **On survey data (2017)**

Based on the findings on Table 4.6A, the reporting unit staffs agree on the following statements; You have adequate capacity to evaluate budget with its main activities with a mean score (M=4.13, SD=.35), New projects or donors have different budgeting guidelines and come with new set of rules which take time to learn and can be a challenge to budget implementation (M=3.75, SD=0.89), Late start of projects in processing local agreements hinders the budget implementation (M=4.13;SD=0.35), Budget serves as a vehicle through which the actions of the different parts in your organization can be brought together into a common plan” with M=4.13; SD= .35), employee participation in budget preparation will add value to the budgeting utilization (M=4.13;SD=0.35), and since their response shows a mean scores greater than 3.5. However, the respondents are neutral for the statement say “In save the children the amount of budget prepared

for each project budget line item is under estimated” with mean score (M=2.87; SD= 1.36), “There is problem of matching plan with budget in save the children” with mean score (M=2.87; SD1.36), “Budget utilization in SCI for each project is based on the approved budget and detail implementation plan (DIP)” with a mean score (M=2.87; SD=1.36), “There is an experience not referring to the budget and its balance before any request to undertake an activity and processing payment for activates” with (M=3.5; SD.76), “Insufficient funds allocated to department or projects affect budget implementation” with(M=2.87; SD=1.36), “In save the children there are adequate number of professionals to prepare plan (Program staffs) and budget (budget unit staffs) for a new opportunities with (M=2.87; SD=1.36), “Not participating in the budget preparation by the field team and other direct implementers of the project has a direct influence in the performance of the project” with (M=3.5; SD=.76) and “In Save the Children recording of actual result/transaction is accurate and timely with (M=2.87; SD=1.36), since their response mean scores fall in between 2.50 to 3.50. and the respondents are disagreed for the statements say “In SCI each functional department prepare trainings on preparation of program detail implementation plan (DIP) and budgeting by collaborating with the concerned lead departments” with (M=2.25; SD=.89), since their response mean scores fall in between 1.50 to 2.50.

Table 4.6B: What affect Budget performance

Program Team	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>
In save the children the amount of budget prepared for each project budget line item is under estimated.	86	3.10	1.41
There is problem of matching plan with budget in save the children.	86	4.17	0.38
Budget utilization in SCI for each project is based on the approved budget and detail implementation plan (DIP).	86	3.10	1.41
You have adequate capacity to evaluate budget with its main activities.	86	3.64	0.97
There is an experience not referring to the budget and its balance before any request to undertake an activity and processing payment for activates	86	3.13	0.88
Insufficient funds allocated to department or projects affect budget implementation.	86	3.73	0.90
New projects or donors have different budgeting guidelines and come with new set of rules which take time to learn and can be a challenge to budget implementation	86	3.99	0.60
Late start of projects in processing local agreements hinders the budget implementation.	86	4.17	0.47
In save the children there are adequate number of professionals to prepare plan and budget for a new awards	86	4.17	0.47
Budget serves as a vehicle through which the actions of the different parts in your organization can be brought together into a common plan.	86	3.06	1.10
Not participating in the budget preparation by the field team and other direct implementers of the project has a direct influence in the performance of the project	86	4.17	0.47
In Save the Children recording of actual result/transaction is accurate and timely.	86	4.17	0.47
In SCI each functional departments prepare trainings on preparation of program detail implementation plan (DIP) and budgeting by collaborating with the concerned lead departments in preparing DIP and Budget	86	2.20	1.50
employee participation in budget preparation will add value to the budgeting utilization	86	4.17	0.47
<i>Valid N (listwise)</i>	86		

Source: **On survey data (2017)**

Based on the findings on Table 4.6B, the program staffs agree on the following statements; There is problem of matching plan with budget in save the children(M=4.17; SD=.38), You have adequate capacity to evaluate budget with its main activities (M=3.64; SD=0.97), Insufficient funds allocated to department or projects affect budget implementation (M=3.73; SD=0.90), New projects or donors have different budgeting guidelines and come with new set of rules which take time to learn and can be a challenge to budget implementation (M=3.99; SD=0.60) and Late start of projects in processing local agreements hinders the budget implementation (M=4.17;SD=0.47), In save the children there are adequate number of professionals to prepare plan and budget for a new awards (M=4.17; SD=0.47), Not participating in the budget preparation by the field team and other direct implementers of the project has a direct influence in the performance of the

project(M=4.17; SD=0.47), In Save the Children recording of actual result/transaction is accurate and timely(M=4.17; SD=0.47), and employee participation in budget preparation will add value to the budgeting utilization (M=4.17;SD=0.47), since their response shows a mean scores greater than 3.5. However, the respondents are neutral for the statement say “In save the children the amount of budget prepared for each project budget line item is under estimated” with (M=3.10; SD= 1.41), “Budget utilization in SCI for each project is based on the approved budget and detail implementation plan (DIP)” with (M=3.10; SD= 1.41), “There is an experience not referring to the budget and its balance before any request to undertake an activity and processing payment for activates” with M=3.13; SD= 0.88), and “Budget serves as a vehicle through which the actions of the different parts in your organization can be brought together into a common plan” with M=3.06; SD= 1.10), since their response mean scores fall in between 2.50 to 3.50. and the respondents are disagreed for the statements say “In SCI each functional department prepare trainings on preparation of program detail implementation plan (DIP) and budgeting by collaborating with the concerned lead departments” with (M=2.20; SD=1.50), since their response mean scores fall in between 1.50 to 2.50.

Successful budget performance depends on numerous factors, such as the ability to deal with changes in the macroeconomic environment, the implementation capacities of the organization, effective expenditure control, complete budgetary accounting system, and tracking transactions at each stage of the expenditure cycle (commitment, verification, payment). Prepare a good budget as a basis for performance management and standards on a regular basis to compare actual performance with the budget to analyze differences in the results and take corrective measures (Hokal and Shaw, 2002). And the findings also imply that in relevance to what affect budget performance in Save The Children International Ethiopia C.O; there is moderate effect in matching plan with budget; staff has adequate capacity of evaluating budget with its main activities; Insufficient funds allocation to department or projects affect budget implementation; donors have different budgeting guidelines and it take time to learn and have challenge during implementation; late start of projects and processing local agreements affect the budget implementation; non participatory budget preparation has direct impact on implementers of the project; and recording of actual result/transaction is accurate and timely, and budget is preparation is participatory; while there is no trainings on preparation of program detail implementation plan

(DIP) and budgeting in collaborating with the concerned lead departments in preparing DIP and Budge.

4.7.SOURCE OF BUDGET VARIANCE

The respondents were requested to indicate their level of agreement on the following statements in relation to the Source of Variance between actual and Budget in case of Save The Children International Ethiopia C.O by administering a reporting unit and program staffs i.e. the respondents instructed to respond those statements on a 5 point Likert scale to indicate the extent they agree with the statements that is: 5-Strongly agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly disagree. A mean (M) score of 0-1.5 means that the respondents strongly disagreed, between 1.50 to 2.50 means they disagreed, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they agreed, and a mean above 4.50 means the respondents strongly agreed.

Table 4.7A: Source of Variance

Reporting Unit	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>
You have the practice of regular follow up on the assigned awards projects budget utilization review	8	4.13	0.35
Budget vs actual comparison and identification of variances is done regularly in save the children.	8	2.75	1.04
Sharing the approved budgets to all departments and budget holders will ensure their understanding in proper utilization of the allocated budget in the award.	8	4.13	0.35
In Save the Children recording of actual result/transaction is accurate and timely.	8	2.87	1.36
You have adequate knowledge on monitoring budgets	8	4.00	0.54
There is problem of matching plan with budget in save the children.	8	4.13	0.35
There is always reference to budget before any request to undertake an activity is approved to ensure that there are adequate funds in your projects.	8	4.13	0.35
Variances between plan and budget performance is partly due to absence of or limited employee participation in budget preparation	8	2.75	1.04
In save the children there are adequate number of professionals to prepare plan and budget for a new awards	8	4.13	0.35
In save the children the amount of budget prepared for each project budget line item is over estimated.	8	2.63	1.19
In save the children the amount of budget prepared for each project budget line item is under estimated.	8	2.87	1.36
<i>Valid N (listwise)</i>	8		

Source: **On survey data (2017)**

Based on the findings on Table 4.7A, the reporting unit staffs agree on the following statements; You have the practice of regular follow up on your projects budget utilization(M=4.13, SD=.35), The approved budgets are shared with all departments and budget holders and ensure they are understood (M=4.13, SD=0.35), There is problem of matching plan with budget in save the children (M=4.13, SD=0.35), There is always reference to budget before any request to undertake an activity is approved to ensure that there are adequate funds in your projects(M=4.13, SD=0.35), In save the children there are adequate number of professionals to prepare plan and budget for a new awards M=4.13; SD=0.35), and You have adequate knowledge on monitoring budgets with M=4.00; SD.54), since their response shows a mean scores greater than 3.5. However, the respondents are neutral for the statement say “In Save the Children recording of actual result/transaction is accurate and timely” with (M=2.87; SD= 1.36), “Budget vs actual comparison and identification of variances is done regularly in save the children” with(M=2.75; SD=1.04), “In save the children the amount of budget prepared for each project budget line item is over estimated” (M=2.63; SD=1.19), “Variances between plan and budget performance is partly due to absence of or limited employee participation in budget preparation” (M=2.75; SD= 1.04), and “In save the children the amount of budget prepared for each project budget line item is over estimated with(M=2.63;SD=1.19), since they fall in between 2.50 to 3.50.

Table 4.7A: Source of Variance

Program Team			
	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>
You have the practice of regular follow up on your projects budget utilization.	86	3.73	0.90
Budget vs actual comparison and identification of variances is done regularly in save the children.	86	4.14	0.35
The approved budgets are shared with all departments and budget holders and ensure they are understood.	86	3.78	0.42
In Save the Children recording of actual result/transaction is accurate and timely.	86	3.10	1.41
You have adequate knowledge to prepare program detail implementation plan (DIP) and its budget	86	3.10	1.41
There is problem of matching plan with budget in save the children.	86	4.17	0.47
There is always reference to budget before any request to undertake an activity is approved to ensure that there are adequate funds in your projects.	86	4.17	0.47
Variances between plan and budget performance is partly due to absence of or limited employee participation in budget preparation	86	3.06	1.10
In save the children there are adequate number of professionals to prepare plan and budget for a new awards	86	4.17	0.47
In save the children the amount of budget prepared for each project budget line item is over estimated.	86	4.17	0.47
In save the children the amount of budget prepared for each project budget line item is under estimated.	86	3.10	1.41
<i>Valid N (listwise)</i>	86		

Source: **On survey data (2017)**

Based on the findings on Table 4.7B, the program staffs agree on the following statements; You have the practice of regular follow up on your projects budget utilization (M=3.73, SD=.90), Budget vs actual comparison and identification of variances is done regularly in save the children (M=4.14, SD=0.35), The approved budgets are shared with all departments and budget holders and ensure they are understood (M=3.78, SD=0.42), There is problem of matching plan with budget in save the children (M=4.17, SD=0.47), There is always reference to budget before any request to undertake an activity is approved to ensure that there are adequate funds in your projects (M=4.17, SD=0.47), In save the children there are adequate number of professionals to prepare plan and budget for a new awards M=4.17; SD=0.47), and In save the children the amount of budget prepared for each project budget line item is over estimated (M=4.17; SD=0.47), since their response shows a mean scores greater than 3.5. However, the respondents are neutral for the statement say “In Save the Children recording of actual result/transaction is accurate and timely” with (M=3.10; SD= 1.41), “You have adequate knowledge to prepare program detail implementation plan (DIP) and its budget” (M=3.10; SD= 1.41), “Variances

between plan and budget performance is partly due to absence of or limited employee participation in budget preparation” (M=3.06; SD= 0.10), and “In save the children the amount of budget prepared for each project budget line item is under estimated”(M=3.10; SD= 1.41), since they fall in between 2.50 to 3.50.

As per Omitoogun and Hutchful (2006), there are several factors that can explain why actual expenditure deviates from the levels approved at the beginning of the project. The reasons for deviations may vary over time. Some of the more common causes are: deviation in aggregate expenditure; reallocation of fund during budget implementation; policy changes during the year, and a lack of financial discipline contribute for variation in budgeted and actual expenditure. And the findings in this research is also shows that; in relevance to the Source of Variance between actual and Budget in case of Save The Children International Ethiopia C.O; there are a regular follow up on projects budget utilization as well as Budget vs actual comparison and identification of variances regularly; In addition to this approved budgets are shared with all departments and budget holders; there is always reference to budget availability before any payment/ activity done; there are adequate number of professionals to prepare plan and budget for a new awards; and the amount of budget prepared for each project budget line item is over estimated. But there is problem of matching plan with main award budget, Variances between plan and budget performance is partly due to absence of or limited employee participation in budget preparation and there is a trend of budgeting under estimation when budget prepared.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1. SUMMARY OF FINDINGS

As it is indicated in chapter one introduction part, the general objective of this research paper was budget and budget performance evaluation in case of Save The Children International Ethiopia C.O and to recommend on the key problem areas that seek attention and improvement. Therefore, the following findings were identified during the analysis.

- When we compare the actual number of staffs (7 Staff) in the budget unit with the overall yearly portfolio of Save the Children International Ethiopia C.O which is on an average 120Million USD/ Year and the number of donors & their requirements it is difficult to say there is no shortage of skilled human capital for budget preparation, and the response from the budget unit also confirmed that there is no adequate number of staff in budget unit for budget preparation.
- From the analysis result in chapter 4, there is very low participation/involvement of concerned body during the budget preparation, this also leads us for the conclusion of there is a gap in participating all staffs in budget development in Save the children international Ethiopia C.O.
- From the analysis in Chapter 4, the researcher also found there is a very little participation in preparing DIP by all concerned body of those project Implementers and there is also a gap in giving appropriate training and guidance by program development unit and the operations team on the development and tracking of the DIP during the implementation as well as the launching of new projects at all level (i.e. the country office and Field in Save The Children International Ethiopia C.O.)
- To identify a source of variance between actual and Budget in case of Save The Children International Ethiopia C.O; there are a regular follow up on projects budget utilization as well as Budget vs actual comparison and identification of variances regularly; In addition to this, approved budgets are shared with all departments and budget holders to use for their budget tracking;
- To manage the source of variation in Save The Children International Ethiopia C.O there is always reference is made to see budget availability before any payment/ activity done by the respective personnel's; adequate number of professionals are assigned to prepare plan and budget for a new award; and the amount of budget prepared for each project budget line item is overestimated i.e. the overestimating is done to absorb any change in the future.

5.2. CONCLUSION

It is known that the study concentrate on budget and budget performance evaluation in Save The Children International Ethiopia C.O. For this reason, it has been seen relevant literatures review

and documents, and gathered primary data from 86(eighty-six) budget holders'/program staffs, 7(seven) budget unit staffs and 8(eight) reporting staffs were participated in this research. Therefore, from the finding in the previous section and chapter four we can conclude that;

- In past and future consideration, in Save The Children International Ethiopia C.O; there is a standard procedure for budget development which consider the past and the present situations in the project budget preparation/ development and this standard also have a room for accepting any change during the implementation of projects.
- In Staff participation in budget development, the approach used to develop a project budget is participatory but it does not completely give chance to all concerned body i.e. from the result I get there is a gap in participating the core stakeholder during implementation as well as the concerned body which can describe the real needs of those beneficiaries.
- In Save the children International Ethiopian CO, budget performance is affected by the gap in the matching plan with the main award budget; Insufficient funds allocation to department or projects; the application of donors budgeting guidelines, late start of projects as well as processing local agreements; non participatory budget preparation; delay in recording of actual result/transaction accurately to the financial system, absence of trainings on preparation of program detail implementation plan (DIP) and budgeting in collaborating with the concerned lead departments.
- In Save the children International Ethiopian CO the main source of variation between budget and actual spent in projects includes, the over estimation of a budget during the budget preparation, lack of matching plan with main award budget, limited employee participation during the budget preparation, underestimation of line item in budget preparation, delay in project start up, over estimation of the target groups, and overestimation of the unit rate for some of the project activates.

5.3. RECOMMEDATIONS

Recommendations with the summaries and conclusions above, it is highly recommended that Save the Children International Ethiopia country office must champion the course of the budgeting information dissemination down to the project units, so that the project managers can appreciate and understand the tools for the operation, by so doing the projects managers level of budget review and building that will increase and enhance productivity. Budgets have an important part to play in the communication of objectives, targets and responsibilities throughout

the organization when carried out properly, this can have considerable benefits in promoting co-operation at all levels, therefore, when budget prepared allocating sufficient funds to projects or line item is crucial thing and will support in addressing the beneficiary need. Providing a training on the application of donors budgeting guidelines and on preparation of program detail implementation plan by participating all staff will support to the achieve of objective. On other hand SCI Ethiopia, must increase the number of budget unit because the number of donors & their requirements is too many, the amount of budget per is too much and if they compromise this the quality of budget prepared over long term to address the community need on the ground will be highly affected. Lastly, I recommend that SCI must implement the referring/checking of budget availability before any payment/ activity, allocating adequate number of professionals on budget preparation, provide training to staff on budget preparation, and allocating sufficient budget for each project budget line item and ensure coordination among all staffs and department in budget preparation to manage the budget variation.

REFERENCES

- A Guide to Budget Work for NGOs*, (December 2001), *the international Budget project center on budget and policy priorities*: Washington DC.
- Abt Associates Inc., *Fundamental of NGO financial Sustainability for U.S. Agency International Development*, Pathfinder International.
- Ali Mostashari, (2005), *An introduction to Non-Governmental Organization(NGO) management*, Iranian studies Group in MIT.
- Award Management Manual, (2012), *Award Management Manual: Key principles, guidance and process steps*. Addis Ababa. Save The Children International.
- Baley Hailu, (2008), *Fund Management & Its utilization in Tigray HAPCO*, Addis Ababa University.

- Bedilu Assefa, (2015), *budgeting and performance evaluation the case of the development bank of ethiopia*, saint mary's university.
- Birhanu Yimer, (2011), *Evaluation of budget practices of Ethiopia in comparison with two east African countries*, Addis Abba University, Ethiopia.
- Budgeting and Forecasting Guidance for save the children country office*, Addis Ababa, Save The Children International Ethiopia C.O.
- Bogale T (2010). *Budget management and control with special emphasis on Ethiopia ministry of defense*, Addis Ababa University.
- Callahan, C. M., & Waymire, T. R. (2007). *An Examination of the Effects of Budgetary Control on Performance: Evidence from the Cities*. AAA 2008 MAS Meeting Paper, Available at SSRN: <http://ssrn.com/abstract=1003930>.
- CIMA (2007), *Beyond Budgeting: Topic Gate Way Series No.35*, The chartered Institute of Management Accounting, UK.
- Cherrington, Hubbard and Luthy and Izhar, (1988), *Cost Accounting Managerial Approach* (2nd end) San Fransico West published co.
- Creswell, John W (2009), *Research design: Qualitative, Quantitative, and Mixed Methods Approaches*, 3rd edn, Sage Publications, California, USA.
- Copley, A. (2008). *Essentials of Accounting for governmental and non for profit organizations*. 10th edition. The McGraw-Hill Companies, Inc., 1221 Avenue, New York. 66.
- Dawson C (2002): *practical Research Methods: A user-friendly guide to mastering research techniques and projects*, How to Books Ltd, Oxford OX4 IRE, UK.
- Drury, C. (2008), 7th edition. *Management and Cost accounting*. Hampshire: CENGAGE Learning EMEA.
- Eddison, T. (1973), *Local Government management and Corporate Planning*, 2nd edition. Leonard Hill books, Great Britain.
- Emmanuel Clive, Otley David, Merchant Kenneth (1990): *Accounting for Management Control*, 2nd ed. Pp.518, London: Chapman & Hall.
- John Keel, (March 2012), *Guide to Performance measure management*, 2012 edition.
- Gacheru Alice (2012), *the effect of the budgeting process on budget variance in non-governmental organisations in Kenya*, University of Nairobi.
- Gamble, J. et.al. (2007). *Crafting & Executing Strategy*. 15th Edition, McGraw-Hill. New York.

- Gershon Kpedor, (2012), *Budgeting, Budgetary control and performance evaluation, A Case Study of Allterrain Service Group (ATS)*, Kwame Nkrumah University.
- Hokal, A., & Shaw K.E. (2002), *Managing progress monitoring in United Arab Emirate schools. International Journal of Educational Management*, 13 (4), 173 –179.
- Hornrgren Charles T., Foster George, Datar Srikant M (2000): *Cost Accounting: A Managerial Emphasis*, 10th ed.PP.106-179, Upper Saddle River (NJ): prentice Hall.
- Ketema Muluneh, (2015), *Assessment of Budget Preparation and Utilization: Case of Addis Ababa City Administration Health Bureau*, Addis Ababa University.
- Lambe Isaac, (2015), *A Systematic Review of Budgeting and Budgetary Control in Government Owned Organizations in Nigeria*, Bingham University, Karu, Nasarawa State. Nigeria, *Research Journal of Finance and Accounting* Vol.6, No.6, 2015.
- Lucey Terry (1996): *Management Accounting*, 4th ed. pp.599. London: Letts.
- Marc Robison and Duncan Last, (2009), *A Basic Model of performance based Budgeting*, Fiscal affairs department, and International monetary fund.
- Mirela-oana Pinte, viorel-dorinlacatus, liviu-danieldeceanu, *Purpose for Budgeting*, Babeş-Bolyai University, Cluj-Napoca, Faculty of Economics and Business Administration.
- Mohammed Abo Ramadan,(2015), and Elio Borgonovi ,(2015), *Performance measurement and management in Non-Governmental Organizations*, University of Pavia, Italy, *IOSR Journal of Business and Management (IOSR-JBM)*, Volume 17, Issue 2.Ver. III (Feb. 2015), PP 70-76.
- Mulugeta Shume, (2015), *Role of budget in foreign charities/NGOs in Ethiopia*, Addis Ababa University.
- Omitoogun, W. & Hutchful, E. (eds), (2006), *Budgeting for the Military Sector in Africa: The Processes and Mechanisms of Control*, SIPRI Research Report.
- Rafizel Abdrahim, (April 2004), *Budget Characteristics in the annual budgeting process: the case of universiti sains Malaysia*.
- Rebeccah Nyambura Kimani, (2014), *The effect of budgetary control on effectiveness of non-governmental organizations in Kenya*, University of Nairobi.
- Samuel Sponem, (2016), and Caroline Lambert (2016), *Exploring differences in budget characteristics, roles and satisfaction*, *Management Accounting Research* 30 (2016) 47–61.

- Sammy Kimunguyi, (2015), *Effect of Budgetary Process on Financial Performance of Ngos in Heath Sector in Kenya*, International Journal of Business and Social Science Vol. 6, No. 12; December 2015.
- Scott, W.R. (2005). *Information Processing: Creating Organizations*. Englewood Cliffs, NJ: Prentice Hall.
- Selznick, P. (2008). *Foundations of the Theory of Organizations*. *American Sociology Review*, 25 35.
- Serem Shadrack Kipkemboi, (2013), *Effect of budgetary control on performance of non-governmental organizations in Kenya*.
- World Bank Small grant's program, a series of tips for civil society organizations written from a funder's perspective: Washington, DC: World Bank.*
- World Bank. (2004). Public Expenditure Tracking Surveys Application in Uganda, Tanzania, Ghana and Honduras: Washington, DC: World Bank.*
- Yesuf Ahmed, (2015), *budgeting and budget monitoring practice in NGOs operating in Ethiopia*, Addis Ababa University.

Websites

[http://www.molsa.gov.et/English/Resources/Documents/Charities and Societies Proclamation.](http://www.molsa.gov.et/English/Resources/Documents/Charities_and_Societies_Proclamation)
Assessed Date: September02, 2016

[http://www.savethechildren.net/news/ethiopia/t-278.](http://www.savethechildren.net/news/ethiopia/t-278) *Assessed Date: September 02, 2016.*

APPENDIXES: QUESTIONNARRIES

A, Questioners for Budget Unit

SAINT MARY UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF BUSINESS MANAGEMENT

The purpose of this questionnaire is used to collect information from your organization related to Budgeting and Budget Performance Evaluation; the finding will be used to answer the research questions of this study and to suggest some recommendation which will be used by the

readers of this research and to give clue for further research in the area. The information obtained will be used only for academic purpose and will keep confidentially. You are not required to write your name and addresses. Thank you very much for your time and cooperation.

Questioner I: Questionnaires distributed to Budget Unit

General Instructions:

Please indicate your choice by putting the symbol mark (x) where you think is appropriate in the Boxes provided to each preference and comment where necessary.

PART I- Demographic Information

1. Please indicate your gender
 - a. Male
 - b. Female
2. Level of Education
 - a. Certificate
 - b. Diploma
 - c. 1st Degree
 - d. Master’s Degree
 - e. Greater than Masters
3. Your Experience
 - a. Less than or equal to 5 Years
 - b. 6 to 10 Years (inclusive)
 - c. 11 to 15 Years (inclusive)
 - d. Greater than 15 Years

PART II: Budget Preparation

Please Use a rating of 1 to 5 to indicate your view on the following statements where

1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

S.N		1	2	3	4	5
1	You have adequate knowledge to prepare budget narrative and budget for SCI major donors					
2	Do you agree in your department there are adequate number of professionals to prepare a budget narrative and budget for a new opportunities and for those awards which need amendment					
3	In save the children budget is prepared for each award as per the donor, SCI and CHSA requirement/ rule					

4	In SCI budgets for a new opportunity is made by aligning to the organization annual plans, strategic plan and overall goal of the organization.					
5	In SCI there is a standard for budget preparation					
6	In Save the Children budget processing takes in to account the existing opportunities and its resources.					
7	In Save the children Budgeting process is participatory					

PART III: Past and future consideration in Budget preparation

1	In save the children budget revision for different projects is done frequently.					
2	In save the children budget is prepared based on reliable data and estimates.					
3	Budgets are reviewed as need arises to capture the reality during implementation.					
4	In preparing budget the standard used by SCI has a room to consider of past and future expectations.					
5	The budgeting process starts with preparation of forecasts of the expected confirmed income/grants in Save the Children.					
6	Do you agree budget through an effective planning process makes the control system proactive rather than reactive in your organization					
7	In save the children the amount of budget prepared for each project budget line item is over estimated.					
8	In save the children the amount of budget prepared for each project budget line item is under estimated.					

PART III: Employee partition in Budget Preparation

1	Budgeting unit work with all concerned staff or functions of the organization in budget preparation for the new opportunities and amendments in save the children.					
2	Do you agree the budget unit in SCI should participate in the budget vs actual review, either by providing the needed information or by being questioned on any shortfalls on the prepared budget.					
3	Coordination among the various departments during budget preparation is essential for budget preparation					
4	In Save the children Budgeting process is participatory					
5	Save the children Management ensures that all required staff participated / involved in the process of Budgeting.					

6	Do you agree that employee participation add value to the budgeting process.					
7	Variances between plan and budget performance is partly due to absence of or limited employee participation in budget preparation					

Thank you for your time

B, Questioners for Budget Holder

SAINT MARY UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF BUSINESS MANAGEMENT

The purpose of this questionnaire is used to collect information from your organization related to Budgeting and Budget Performance Evaluation; the finding will be used to answer the research questions of this study and to suggest some recommendation which will be used by the

readers of this research and to give clue for further research in the area. The information obtained will be used only for academic purpose and will keep confidentially. You are not required to write your name and addresses. Thank you very much for your time and cooperation.

Questioner 1: Questionnaires distributed to Budget holders (Program Managers)

General Instructions:

Please indicate your choice by putting the symbol mark (x) where you think is appropriate in the Boxes provided to each preference and comment where necessary.

PART I- Demographic Information

- 4. Please indicate your gender
 - c. Male
 - d. Female
- 5. Level of Education
 - a. Certificate
 - b. Diploma
 - c. 1st Degree
 - d. Master’s Degree
 - e. Greater than Masters
- 6. Your Experience
 - a. Less than or equal to 5 Years
 - b. 6 to 10 Years (inclusive)
 - c. 11 to 15 Years (inclusive)
 - d. Greater than 15 Years

PART II: Budget Preparation

Please Use a rating of 1 to 5 to indicate your view on the following statements where
 1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

S.N		1	2	3	4	5
1	You have adequate knowledge to prepare program detail implementation plan (DIP) and its budget					
2	In save the children there are adequate number of professionals to prepare plan and budget for a new awards					
3	In save the children budget is prepared for each project.					
4	Do you agree budgets are prepared with reference to the organization annual plans, strategic plan and overall goal of SCI for each awards					
5	In SCI there is a standard for budget preparation					
6	In Save the Children budget processing takes in to account the existing opportunities and its resources.					
7	In Save the children Budgeting process is participatory					

8	In Save the children user department need to adhere to budget process just to comply with the organization or donor requirement.					
---	--	--	--	--	--	--

PART III: Past and future consideration in Budget preparation

1	In save the children budget revision for different projects is done frequently.					
2	In save the children budget is prepared based on reliable data and estimates.					
3	Budgets are reviewed as need arises to capture the reality during implementation.					
4	The budget contain uncertainty which hinders effective implementation					
5	In preparing budget the standard used by SCI has a room to consider for past and future expectations.					
6	The budgeting process starts with preparation of forecasts of the expected confirmed income/grants in Save the Children.					
7	Budget through an effective planning process makes the control system proactive rather than reactive in your organization.					
8	In save the children the amount of budget prepared for each project budget line item is over estimated.					
9	In save the children the amount of budget prepared for each project budget line item is under estimated.					

PART IV: Employee partition in Budget Preparation

1	All concerned staff or functions of the organization are involved in budget preparation in save the children.					
2	You are involved in the budget vs actual review, either by providing the needed information or by being questioned on any shortfalls on your budget.					
3	With the expected activities and operating results clearly delineated in the budget, employees know what is expected of them; this in turn motivates employees to work to attain the budgeted goals in your organization.					
4	Coordination among the various departments during budget preparation is essential for budget preparation					
5	In Save the children Budgeting process is participatory					
6	Save the children Management ensures that all required staff participated / involved in the process of Budgeting.					
7	Do you agree that employee participation add value to the budgeting					

	process.					
8	Variances between plan and budget performance is partly due to absence of or limited employee participation in budget preparation					

PART V: What affect budget Performance

1	In save the children the amount of budget prepared for each project budget line item is under estimated.					
2	There is problem of matching plan with budget in save the children.					
3	Budget utilization in SCI for each project is based on the approved budget and detail implementation plan (DIP).					
4	You have adequate capacity to evaluate budget with its main activities.					
5	There is an experience not referring to the budget and its balance before any request to undertake an activity and processing payment for activates					
6	Insufficient funds allocated to department or projects affect budget implementation.					
7	New projects or donors have different budgeting guidelines and come with new set of rules which take time to learn and can be a challenge to budget implementation					
8	Late start of projects in processing local agreements hinders the budget implementation.					
9	In save the children there are adequate number of professionals to prepare plan and budget for a new awards					
10	Budget serves as a vehicle through which the actions of the different parts in your organization can be brought together into a common plan.					
11	Not participating in the budget preparation by the field team and other direct implementers of the project has a direct influence in the performance of the project					
12	In Save the Children recording of actual result/transaction is accurate and timely.					
13	In SCI each functional departments prepare trainings on preparation of program detail implementation plan (DIP) and budgeting by collaborating with the concerned lead departments in preparing DIP and Budget					
14	employee participation in budget preparation will add value to the budgeting utilization					

PART VI: Source of Variance

1	You have the practice of regular follow up on your projects budget					
---	--	--	--	--	--	--

	utilization.					
2	Budget vs actual comparison and identification of variances is done regularly in save the children.					
3	The approved budgets are shared with all departments and budget holders and ensure they are understood.					
4	In Save the Children recording of actual result/transaction is accurate and timely.					
5	You have adequate knowledge to prepare program detail implementation plan (DIP) and its budget					
6	There is problem of matching plan with budget in save the children.					
7	There is always reference to budget before any request to undertake an activity is approved to ensure that there are adequate funds in your projects.					
8	Variances between plan and budget performance is partly due to absence of or limited employee participation in budget preparation					
9	In save the children there are adequate number of professionals to prepare plan and budget for a new awards					
10	In save the children the amount of budget prepared for each project budget line item is over estimated.					
11	In save the children the amount of budget prepared for each project budget line item is under estimated.					

Thank you for your time

C, Questioners for Reporting unit

SAINT MARY UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF BUSINESS MANAGEMENT

The purpose of this questionnaire is used to collect information from your organization related to Budgeting and Budget Performance Evaluation; the finding will be used to answer the research questions of this study and to suggest some recommendation which will be used by the

readers of this research and to give clue for further research in the area. The researcher will keep confidentially your response in this questioner.
Thank you very much for your time and cooperation.

Questioner 3: Questionnaires distributed to reporting unit

General Instructions:

Please indicate your choice by putting the symbol mark (x) where you think is appropriate in the Boxes provided to each preference and comment where necessary.

PART I- Demographic Information

- 7. Please indicate your gender
 - e. Male
 - f. Female
- 8. Level of Education
 - a. Certificate
 - b. Diploma
 - c. 1st Degree
 - d. Master’s Degree
 - e. Greater than Masters
- 9. Your Experience
 - a. Less than or equal to 5 Years
 - b. 6 to 10 Years (inclusive)
 - c. 11 to 15 Years (inclusive)
 - d. Greater than 15 Years

PART II: What affect budget Performance

Please Use a rating of 1 to 5 to indicate your view on the following statements where
1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

S.no	Statement	1	2	3	4	5
1	In save the children the amount of budget prepared for each project by budget line item is under estimated.					
2	There is problem of matching plan with budget in save the children.					
3	Budget utilization in SCI for each project is based on the approved budget and detail implementation plan (DIP).					
4	You have adequate capacity to evaluate budget with its main activities.					
5	There is an experience not referring to the budget and its balance before any request to undertake an activity and processing payment for activates					

6	Insufficient funds allocated to department or projects affect budget implementation.					
7	New projects or donors have different budgeting guidelines and come with new set of rules which take time to learn and can be a challenge to budget implementation					
8	Late start of projects in processing local agreements hinders the budget implementation.					
9	In save the children there are adequate number of professionals to prepare plan (Program staffs) and budget (budget unit staffs) for a new opportunities					
10	Budget serves as a vehicle through which the actions of the different parts in your organization can be brought together into a common plan.					
11	Not participating in the budget preparation by the field team and other direct implementers of the project has a direct influence in the performance of the project					
12	In Save the Children recording of actual result/transaction is accurate and timely.					
13	In SCI each functional departments prepare trainings on preparation of program detail implementation plan (DIP) and budgeting by collaborating with the concerned lead departments in preparing DIP and Budget					
14	employee participation in budget preparation will add value to the budgeting utilization					

PART III: Source of Variance

1	You have the practice of regular follow up on the assigned awards projects budget utilization review					
2	Budget vs actual comparison and identification of variances is done regularly in save the children.					
3	Sharing the approved budgets to all departments and budget holders will ensure their understanding in proper utilization of the allocated budget in the award.					
4	In Save the Children recording of actual result/transaction is accurate and timely.					
5	You have adequate knowledge on monitoring budgets					
6	There is problem of matching plan with budget in save the children.					
7	There is always reference to budget before any request to undertake an activity is approved to ensure that there are adequate funds in your projects.					

8	Variances between plan and budget performance is partly due to absence of or limited employee participation in budget preparation					
9	In save the children there are adequate number of professionals to prepare plan and budget for a new awards					
10	In save the children the amount of budget prepared for each project budget line item is over estimated.					
11	In save the children the amount of budget prepared for each project budget line item is under estimated.					

Thank you for your time