



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF THE BUDGETARY SYSTEM OF ADDIS
ABABA WATER AND SEWERAGE AUTHORITY**

**BY
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**July 2021
Addis Ababa, Ethiopia**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY,
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DECLARATION

I, Hana Fiseha, declare that this thesis entitled “ASSESSMENT OF THE BUDGETARY SYSTEM OF ADDIS ABABA WATER AND SEWERAGE AUTHORITY” is my original work, prepared under the guidance of my advisor Dr. Zinegnaw Abiy. 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 the purpose of earning any degree.

Name _____

Signature _____

St. Mary’s University, Addis Ababa _____, **2021**

ENDORSEMENT

This is to certify that a thesis entitled “ASSESSMENT OF THE BUDGETARY SYSTEM OF ADDIS ABABA WATER AND SEWERAGE AUTHORITY” submitted to St. Mary’s University, School of Graduate Studies department of business administration in accounting and finance for the award of masters of business administration in accounting and finance is a research work carried out by Hana Fiseha under my guidance and supervision.

Advisor Signature _____

St. Mary’s University, Addis Ababa_____, 2021

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List of acronyms

AAWSA	Addis Ababa Water and sewerage Authority
BOFED	Bureau of Finance and Economic Development
CEO	Chief Executive Officer
FDRE	Federal Democratic Republic of Ethiopia
MOFED	Ministry of Finance and Economic Development
PSNP	Productive Safety Net Programme
UNICEF	United Nations Children's Emergency Fund

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Abstract

The study focused on the budget preparation, execution and monitoring practice of the authority. The study used a descriptive research design with case study strategy to assess the budgetary system in AAWSA. The study used a quantitative research method to collect and analyze data relevant for this particular study. The total target population of the study was officials and experts who are working in the head office and do have direct and practical bond with budgetary system activities in the authority. Primary data was collected by distribution of self-administered questionnaire and secondary data from the planning budget and finance department on planned and actual planned budget and expenditures. Once the data was collected, the primary data analyzed by using descriptive statistics. As the findings show, Majority of the respondents agreed that all relevant departments participate during the budget process. Only a few participants agreed that there is a discussion on the result of an audit report for taking corrective action on management, budget committee, and budget department. According to half of the respondent, the authority executes surge expenditures at the end of the budget year. It is recommended that the authority should implement a regular activity and budget monitoring mechanism including monthly review of the performance for minimizing a surge expenditure at the end of the budget year.

Key words: budget preparation, budgetary system, surge expenditure

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

The process of developing, analyzing, and tracking financial budgets is known as budgeting. It is a key leadership tool for planning and supervising a department inside an organization. It is a critical management method for planning and overseeing a department within a company. Budgeting establishes a structure through which entities, agencies, and organizations as a whole can operate. Budgets allow individuals and agencies to think ahead and prepare using a standardized agenda, which will improve performance. (Brookson, 2000).

Every government's core purpose is to preserve fiscal prudence, mobilize resources, distribute resources wisely, and offer public services effectively. Efforts to enhance the application of municipal finance management procedures such as financial budget preparation, contracting, financial reporting, and financial monitoring would contribute to the resolution of these difficulties and ensure the achievement of the organization's objective and goal (Fritz, Verhoeven, & Avenia, 2017).

A public budget's characteristics guarantee the distinct basis upon which its planning, ratification, and implementation are centered. In public policy, the budget acts as a decision-making tool, establishing strategies, targets and objectives, compiling operational programs, and exercising power. A budget paper is the end result of the budgeting process, and It must be appropriate for consideration and ratification by the regulatory body, and its implementation must achieve public objectives. (Coompanthu, 2017).

According to Anwar (2007), the budgeting mechanism must have a strong connection between government policy and the allocation of resources across the budget in order to achieve the government's goals. Since several of these proposals cannot be enforced in the near term, the process of developing the annual budget can take place over a period of several years.

Budgetary accountability should be used at all managerial levels as long as administrators are held accountable for the budgets for which they have authority. The budget will also illustrate deviations from targets, allowing senior management to take corrective steps to ensure that

spending stays under budget and is compliant with organizational goals and policies. (Hope and Fraser, 2003).

A comprehensive budgeting mechanism connects corporate priorities, allocates funding, motivates staff, includes engagement, and provides input. It sets objectives and strategies, investigates specific criteria, incorporates hypotheses, and provides stability. (Lucey, 2009).

A variety of critical tasks are carried out by the budgetary process. Setting targets in the distribution of public resources; preparing to meet policy goals; maintaining financial control over inputs to ensure rule compliance; conducting activities with fiscal prudence, performance, and integrity; and ensuring taxpayer transparency (Anwar 2007)

Accounting analysis on public sector budgeting that is still being undertaken has traditionally dealt with budgeting and budget controls in relation to accounting reforms (the New Public Management movement) and adoption at the sector level as well as budgeting decision-making processes. Because of the current economic conditions, public-sector agencies must increase and refocus their budget management efforts for target achievement. The increased demand for guidance on how to work and what is relevant is exacerbated by the current budget thresholds, prioritizations, and success standards. Tight budget management, it is claimed, is a mechanism that encourages these requirements (Anessi 2012).

Addis Ababa Water and Sewerage Authority (AAWSA) is a self-financing non-profit body. Its main aim is to meet a socially beneficial need on a continuous basis. A non-for-profit entity lacks the financial stability of a private company because it relies on capital partners that do not engage in a trade agreement. The resources available are aimed at delivering products or services to a customer that is not the real resource provider. The majority of previous research has concentrated on the financial management systems of the public sector and self-operating companies. However, in the present report, the writer would attempt to concentrate on the overall financial structure of the water and sewerage authority (AAWSA, 2006).

1.2. Background of the Organization

Addis Ababa Water and Sewerage Authority is one of the public bodies found under the Addis Ababa City Administration Office. It was formed to ensure that the public has access to clean water and to provide waste water collection services in the capital city. The service was founded in 1893

E.C (1900 GC) with the aim of providing palatable water, and it was reestablished by the Addis Ababa municipality office after the victory of Adwa in 1934. Since then, there has been a rise in the need for water and waste disposal activity, which has resulted in a significant expansion of offices and expenditure. The service was designed to be accessible, so an independent entity with the primary purpose of optimizing the service for the public was needed. As a result, the Addis Ababa Water and Sewerage Authority was created by proclamation No. 68/1963, in 1963 E.C., and further powers were granted to the body in 1987 E.C (AAWSA 2006).

AAWSA is led by a council board of directors, and has eight divisions and a head office for the provision of safe water supply and waste water treatment services. Since the organization is an independent entity, budget creation, planning, implementation, and application, as well as assessment, are essential activities that can contribute to the achievement of the goal. AAWSA's purpose and responsibility of a public body is to provide and supply water and waste to people. Owing to the rapid growth and capital advancement, there is also a raise of budget scale and scope which are enormous and extraordinarily important. Employees in the supply chain are highly involved and dedicated.

Furthermore, it is mandatory for the authority to have budget expansion plan for the proper implementation of future need of water supply, sanitation and hygiene as if they were in one budget category. There was no budget for sanitation and hygiene from both the government and PSNP. However, UNICEF, in 2000 and 2001, supported the sanitation sector through funds allocated to health institutions and schools.

1.3.Statement of the Problem

There is a need to improve resource utilization by effective economic policies and spending preparation due to insufficient financial capacity versus a growing appetite for public services. (Getachew 2005).

Government distribution of water supply and sanitation facilities in many developed countries has been hampered by issues such as inadequate billing schemes, billed collection procedures, low service charge volume, significant proportions of non-revenue water (physical loss) and unaccounted for water (commercial loss), high default rates, low-cost recovery, and weak financial management practices, as well as unaccountable management systems (Gia & Fugelsnes, 2010;

Whittington, 2009, and K' Akumu 2006).

The conclusion as to how to allocate limited financial and non-financial resources, effectively and efficiently, is an important contest in all organizations. In most large and complex organizations, this assignment would be difficult without budgeting. Without an effective budget analysis and feedback about budgetary controls, many organizations would become bankrupt. Some of the challenges come from insufficient data to articulate and implement a proper budget, and the non-existence of a well-defined structure, which leads to overlapping of duties. These deficiencies can therefore be addressed through the use of budgetary controls. (Siyanbola and Trimisiu ,2013)

The Addis Ababa Water and Sewerage Authority is one of the sectors under the administration of the city of Addis Ababa. Every year, the authority budget ratification is declared at the end of the first week of July in order to carry out its various operations. Following both of these procedures, the authority is responsible for properly administering its spending. The entire budget is spent under each budget document, and each transaction is required to be carried out in accordance with the budget quoted on the code. Even if the budget is prepared in accordance with the finance and economic growth bureau's principles and standards, the process of budget preparing, organizing, execution, and evaluation has its own pitfalls.

Henceforth, it is largely important that the resource allocation of the collected money is monitored so as to ensure accountability of resources usage as well as effectiveness and where possible to offer advice where pitfalls are identified. Also the authority has several aims like provision of water for the public along with sewerage system which are two major activities requires intensive budgetary process for each service.

According to the World Health Organization (2016), budget preparation, execution and monitoring capability is insufficient in many countries, which amplifies a weak budgeting system and hence budget execution is much further away from the budget plan.

Anohen (2002) conducted a research on budgeting and budgetary control with the purpose of improving financial management in public sectors and discovered, a weak data base for budget preparation, and a lack of skilled employees in planning and monitoring departments.

Tefera (2015) investigated Ethiopia's budgeting system, specifically the government program budget system. he found out that, there was a challenge with a lack of adequate and regular capacity building for employees, and a budget that was poorly executed.

Tilahun (2010) studied on budget management and control at Ethiopia's Ministry of Defense, and discovered inadequacies in budget implementation owing to difficulties with qualified workforce, implementation of guidelines and policies, and a lack of timely budget monitoring.

Darge (2018) investigated the impact of budget and budgetary control system efficiency of government entities in the scenario of west wollega zone finance bureau and discovered that there were issues with the usage of authorized budget on the plan, poor practice in budget monitoring and limited engagement of staff during budget preparation.

In the above fact of empirical evidence, public offices have inefficient practice in terms of budget preparation, execution and monitoring. in public sectors. The researcher is interested to study the budgetary system of AAWSA is that, there is a huge investment going on to improve the water and sewerage problems in Addis Ababa, and according to 2018/19 Addis Ababa sewerage authority annual report, there are inefficiencies in implementing these government investments. In this report, it is also showed that they have only utilized 67% of the budget that has been allocated for the authority. (AAWSA, 2019)

Therefore, to show where the gaps are, the researcher is interested to assess the budget preparation, execution and monitoring practice of the authority.

As per the knowledge of the researcher concerned, Addis Ababa Water and Sewerage Authority are highly expected to be effective in resource usage as well as in development of strategic plan and budget.

From this point of view, the researcher wants to investigate the following basic questions would be answered in this study;

- What are the challenges preparation and implementation budget?
- Does the authority effectively implement budget and what problems affect?
- Who is responsible to prepare budget?

1.4.Objectives of the Study

1.4.1. General Objective

The general objective of the study is assessment of the budgetary system of Addis Ababa Water and Sewerage Authority.

1.4.2. Specific Objectives

- To assess budget preparation practices of Addis Ababa Water and Sewerage Authority
- To assess budget execution practices of Addis Ababa Water and Sewerage Authority.
- To assess budget monitoring practices of Addis Ababa Water and Sewerage Authority

1.5.Significance of the Study

This study would be a great importance to the management of Addis Ababa Water and Sewerage Authority to identify the major problems on budget preparation, budget execution and budget follow up. Thus, the authority might reconsider and improve the existing budget preparation, execution and monitoring practice based on the recommendations given to the problems. It might assist the management of the authority and other public service institutions to inform the gap and improve their operational effectiveness and added value to the knowledge base on budgetary system. To enable the AAWSA to re-assess its organizational policies and practices that hinder effective budgeting and budgetary controls. It can be used by other institutions and researchers as literature and assumed to add to the existing body of knowledge in the area of planning and budgeting. Not only that it may help to provide empirical data on which future policy changes should be based in the quest to improve on government budgeting and budgetary system.

1.6.Scope of the Study

The scope of this study is limited at Addis Ababa Water and Sewerage Authority with specific departments of planning and budget, finance, procurement, audit and human resource in the head office. The study focus on assessing the budget planning, budget preparation, budget execution and budget monitoring of Addis Ababa Water and Sewerage Authority during 2021.

1.7.Limitation of the study

In the case of data collection there are some respondents are not interesting to give true information that is needed for the study. The reason might be due to the confident of the information. As the collected data is presented in descriptive form, this study has limitation to show the factors associated with the findings.

1.8.Organization of the Study

The study report is organized into five chapters. The first chapter included a general overview of the whole paper. The study of similar literatures is described in the second chapter. The third chapter provides a detailed overview of the analysis methods. Chapter four is about data presentation findings and analysis while chapter five provides the conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical literature review

Budget serves as the foundation for financial preparation, allowing an economy to be monitored, regulated, and guided toward planned growth while still ensuring reliable and productive resource use.

2.1.1. Definition of budget process

The term "budget" comes from the middle French bougette, which is a diminutive of bouge, a leather wallet. As a consequence, creating a budget may be as simple as carrying a tiny leather wallet. Letters of details concerning taxation and spending were brought into Parliament in the Middle Ages in England by bringing them in a little bougette, which was put on a table in front of the parliament. (Quick et al. 2001, Banovic 2005).

A budgetary system is the activity of creating an expenditure timeline and regularly modifying real expenses to the plan to determine whether it or expenditure patterns need to be altered to keep on track. There is a serious mechanism for balancing spending and meeting a variety of financial objectives. Governments place emphasis on financial management to govern their procurement activities, and this method is frequently employed by organizations as well as individuals, who want to make sure they are operating within their resources. Budgets must be brought into line with the organization's goals, appropriate financial planning, and performance improvement systems must be adopted, and processes that are value-based, consequential, and continuous must be implemented for the budgeting system to be efficient. (Tim Blumentritt ,2006).

Budgets must explicitly justify the company's priorities, and fiscal management goals must be clearly established. Accounting techniques that are sound should be required for the proper documentation of real activities. Unless and when a specific performance is properly tracked and promptly announced, the whole budgeting process would collapse. Budgeting is greatly enhanced by the use of a normal costing scheme. (Drury, 2006).

Budgets should have input from all people who are responsible for delivering outcomes. Without the support of supervisors and subordinates, no budgetary management mechanism can succeed.

Participation ensures complete cooperation and contribution to the effective development of budgets. Budgets become more practical and workable as a result of participation. There will undoubtedly be opposition because the budget highlights inefficiencies. This emphasizes the importance of upper management believing in the importance of fiscal regulation (Drury, 2011).

2.1.2. Budgeting process and the theoretical concept

Budgets were initially used during 1920s to control expenses and cash flows in industries. The advent of management theory philosophy, on the other hand, stressed extensive information as a foundation for making choices, which led to the phenomenal growth of management accounting and budgeting systems. (Bartle 2001).

Budgeting was first focused with preparing and presenting reliable information in order to legitimate liabilities and allow for faultless performance evaluation and, ultimately, awards. However, as companies have gotten more diverse and their environments have gotten more dynamic, the purpose and focus of budgeting have shifted significantly throughout time. (Hindereth 2002).

A budget projects future financial performance which allows evaluating the organization's financial feasibility of a preferred strategy. In most organizations, this practice is dignified by preparing annual budgets and monitoring performance counter to budgets. Budgets are hence merely an assemblage of plans and forecasts (Silva and Jayamaha 2012).

In the world these days, Organizations have developed a number of methods and approaches to aid in the planning and execution tasks. Budgeting is among the most important and often used of these procedures. Budgeting entails the establishment of preset goals, the reporting of actual performance outcomes, and the monitoring on results in terms to the preset objectives (Smith and Mcgeary 1997).

In general, a budget translates an organization's long-term intentions into yearly operational plans. Thus, the budgeting process include analyzing long-term plan assumptions and going through them in light of the most recent facts (Drury, 2006).

2.1.3. Characteristics of a budget

One of the major indicator for a good budget is Participation, in which it should involve many people as possible in drawing up a budget. The other characteristics of a good budget includes comprehensiveness, standards, flexibility, feedback, and Analysis of costs and revenues (Gregory, 2005).

Drury (2006) describes a good budget should be realistic. It should reflect the current situations and present circumstances. A budget should also be flexible; give you a little elbow room to spend for things come later unexpected.

Allen (2004) characterizes a good budget as one that produces a steady, sustainable budgetary position for the coming years and even beyond. It also makes it easier to redirect resources to more effective, higher-priority activities. He also noted that a good budget is distinguished by the fact that it drives spending units to work properly.

Needles (2011) express the characteristics of good budgeting as it is quantified and prepared for a fixed period of time. It is simple to put into action. It specifies the objectives and strategies to be implemented in order to attain the organization's objectives. it is prepared by the involvement off all concerned departments and individuals. A budget must, in essence, originate with the organization's short and long-term aims and objectives. The budget should also not replicate the last year's performance with minor modifications. It must incorporate meaningful strategic information while the budget may serve as an effective veritable tool. The budget must stimulate and encourage everyone in the organization to work together to achieve the organization 's goals. Moreover, the budget should inspire everybody else to collaborate towards the organization's progress. The budget really shouldn't be considered as a hard blueprint or as a tool for determining culpability by senior management.

2.1.4. Types of Budgets

According to Needless (2011), A solid budget framework is based on a master budget that includes operational budgets, capital expenditure budgets, and cash budgets. A budgeted income statement, balance sheet, and cash flow statement are produced by the collective budgets. Revenues and related expenditures in normal operations are meticulously scheduled and classified into key categories like as revenues, salaries, benefits, and non-salary costs. Capital budgets are often proposals for large acquisitions of assets such as real estate, equipment, or information technology

systems that place significant strain on an organization's cash flow. Capital budgets are used to distribute finances, limit risks in decision-making, and determine priorities. Cash budgets connect the other two budgets by taking into account payment scheduling and reception timeliness. Cash budgets help management successfully track and manage the company's cash flow by determining if additional capital is necessary, if the organization needs to raise funds, or whether there is excess capital.

2.1.5. Budgetary Approaches and Budget Preparation

A solid budget framework is developed on a master budget that includes operational, capital expenditure, and cash budgets. The budgeted income statement, balance sheet, and income statement are all produced by the collective budgets. Revenues and associated costs in routine operations are meticulously budgeted and classified into major categories such as revenues, salaries, and the development of more advanced budget philosophies reveals an increase in both the scope and sophistication of governmental operations, as well as a synchronized need for systems capable of converting a wide range of policy decisions into financial decisions. Several budgeting techniques are still widely used and are classified as: line-item, or "traditional," budgeting; performance budgeting; program and planning budgeting; zero-based budgeting; and site-based budgeting. Because chairmen and chief administrators usually base their usage requests on previous consumption and revenue data, line-item budgeting is implicated as the historical method. One critical aspect of line-item budgeting is that it allows for flexibility within the framework of control established over asset exploitation, depending on the amount of usage detail included in the paperwork (Lewis, 1988).

2.1.6 Budget Preparation

Budgeting procedures are made up of a series of interconnected activities, such as organizational planning, financial responsibility, accountability, and authority, budgeting and reporting, resource allocation, and monitoring and evaluating budgeting performance. Furthermore, the budget reflects the legal authorization to spend money for a governmental institution. The open segment's budget selection recommends that a set of choices has been made by the managing board and administrators that complete full circle in aligning a government's assets with the entity's demands. As a result, the budget may be a result of the positioning process. During budget preparation, trade-offs and program priority must be made to ensure that the budget aligns with government objectives and goals. Following, the utmost cost-effective variants must be carefully chosen.

Lastly, means of increasing operational efficiency in government must be required, almost all countries government budgets are organized on an annual cycle, to be articulated well, they must proceed into account occasions outside the annual cycle, in specific the macroeconomic realities, the expected revenues, the longer-term costs of programs, and government policies (Wildavsky,1986).

2.1.7. Top down or bottom up approach

According to Lewis (2012), a budget is a financial plan that relates directly to the activities of the organization. Those who will be responsible for budget monitoring and project implementation must be closely involved with preparing the budget. If this is not done, the budget will surely be less accurate and the staff less likely to appreciate the need to spend within budget in the process of implementation to control variances or to reach fund-raising targets. Where operations staff are involved in setting their budgets it is described as ‘bottom up’ budgeting and ‘top down’ budgeting where budgets are imposed by senior managers. Many non-government organizations employ a mix of top-down and bottom-up approaches to prepare budget proposals for different donors.

Sullu (1991) examined issues connected to budget process involvement in his article on behavioral element of budgetary planning & control, budgeting is not a mechanical technical method; its completion is reliant on the willingness and teamwork of the participants. Without this, budgeting will be merely a paper exercise with no meaningful influence on the organization's operations. Many companies create a budget to use as a benchmark for comparing their actual results over the next year. Here are the basic steps to follow when preparing a budget:

Update budget assumptions: Review and update the assumptions about the company's business environment that were utilized as the foundation for the previous budget.

Examine bottlenecks: Determine the capacity level of the key bottleneck that is preventing the firm from generating further sales, and outline how this will affect any additional revenue growth for the firm.

Available funding: -Determine the most likely amount of funding that will be available during the budget period, which may limit growth plans.

Step costing points: Determine if any Step costs will be incurred throughout the expected range of business activity in the forthcoming budget period, as well as the amount of these costs and the activity levels at which they will be incurred.

Create budget package: - Copy the fundamental budgeting instructions from the previous year's instruction booklet. It should be updated by include the year-to-date actual costs spent in the current year, as well as annualized for the entire current year. Include a remark in the package that details the step costs, bottlenecks, and estimated financial limits for the upcoming budget year.

Issue budget package: - Where feasible, distribute the budget package in person and answer any queries from beneficiaries.

Obtain revenue forecast. Obtain the sales manager's revenue prediction, check it with the CEO, and then disseminate it to the other department managers. They construct their own budgets based on the income figures.

Obtain department budgets: - Obtain budgets from all departments, review them for mistakes, and compare them to bottleneck, financing, and step costing limits. Budgets should be adjusted as needed.

Obtain capital budget requests: - Verify all capital budget demands and submit them to the top management with suggestions and recommendations.

Update the budget model: - Fill up the primary budget model with all of your budget information.

Review the budget: - Review the budget with the top management team. Highlight any potential limits difficulties, as well as any limits created by financial challenges. Take note of any management team comments and send them back to the budget originators with suggestions to change their budgets.

Process budget iterations: - Maintain a list of pending budget modification requests and update the budget model when new versions come.

Issue the budget: - Create a fixed budget and send it to all approved recipients.

Load the budget: - Import the budget data into the software to produce budget versus actual reports.

2.1.8. Budget Execution

Budget execution describes how all scheduled activities will be provided, and responsiveness in the activities will provide the outcome for reporting by the conclusion of the implementation period.

According to Tommasi (2007) Budget execution is the phase in which resources are employed to implement budgeted policies. As he put it, "a well-planned budget may be poorly implemented, but a poorly formulated budget cannot be successfully executed."

2.1.9. Concept of under and over utilization of budget

Shortfalls are occasionally caused by budget managers failing to adhere to the spending restrictions established by the budget when effectively forcing expenses. Cost overrun produce spending arrears because cash allotted to spending units for approved expenditures is generally regulated.

Allen and Tommasi stated Overruns are frequently caused by off-budget spending techniques. Payments produced using extraordinary methods in some countries are not regulated against assumptions and are hence a substantial cause of overruns. Lack of compliance may be improved by improving the audit and reporting systems, as well as ensuring the efficacy of the basic budget execution controls. Furthermore, budget preparation flaws might lead to cost overruns. To minimize budget overruns, reliable budget preparation methods and suitable institutional frameworks are required. (Allen and Tommasi 2001).

Performance-based budgeting aims to increase the efficiency and quality of government spending by tying financing for public-sector organizations to the outcomes they produce and promoting the systematic use of performance data. There are several models of performance-based budgeting that use different tools to link funding to results. Some have highly intricate structures that need the backing of similarly advanced public management systems, whilst others focus on the fundamentals. Performance-based budgeting should not be seen as a stand-alone program. It should be considered as part of a wider series of changes known as aging for outcomes, which aim to focus public management more on outcomes delivery. The most basic way of performance-based budgeting is one that seeks to guarantee that, while formulating the government budget, key decision-makers take into consideration the outcomes to be achieved by expenditure. (Allen and Tommasi 2001).

Peters (1998) recognized the following flaws in allocation of resources and use: bad planning; no connection between policymaking, planning, and budgeting; poor spending control; insufficient money for operations and maintenance; no relation between budget as planned and budget as executed Inadequate accounting mechanisms; unreliability in the movement of allocated funds to agencies and lower levels of government; and poor cash management

According to FDRE, the unspent balance of an appropriation provided for a fiscal year shall expire and be credited to MoFED's treasury account. (FDRE 2009).

2.1.10. Managing Budget Execution

While budget preparation and approval is mainly about planning, budget execution primarily involves management. Budget execution is the phase where resources are used to implement policies incorporated in the budget. Schiavo-Campo and Tommasi (1999) noted that it is possible to execute badly a well-prepared budget; it is not possible to execute well a badly prepared budget. Good budget preparation comes first, logically as well as chronologically.

However, budget execution requires more than simply assuring compliance with the initial budget. It must also adapt to intervening changes, and enable operational efficiency.

Procedures for controls are needed, but should not hamper efficiency nor lead to altering the internal composition of the budget, and must focus on the essential while giving spending agencies flexibility to implement their programs.

Once a budget has been approved by the legislature and monies appropriated, the goal is to ensure the efficient and effective use of resources to implement sectoral priorities. This requires careful monitoring and evaluation of operational performance both within the armed forces and by civil servants (Ball, 2002).

Hence, efficient budget execution calls for: (i) ensuring that the budget will be implemented in conformity with the authorizations granted in the law; (ii) adapting the execution of the budget to significant changes in the macroeconomic environment; (iii) resolving problems arising during implementation; and (iv) managing the purchase and use of resources efficiently and effectively. Budget execution system should ensure rigorous expenditure control, but also effective and efficient uses of resources in accordance with budget priorities.

2.1.11. Over and under spending of Budget

Over runs are sometimes caused by non-compliance of budget managers with the spending limits defined in the budget, when committing expenditures. Since cash allocated to spending units for appropriated expenditures is generally controlled, these overruns generate spending arrears.

Allen and Tommasi (2001) stated that overruns are often the result of off budget spending

mechanisms (payment from special accounts, etc.). In some countries, payments made through exceptional procedures are not controlled against the appropriations and are therefore an important cause of overruns. Lack of compliance can be addressed through strengthening the audit system, and reporting system, and ensuring the effectiveness of the basic budget execution controls. Moreover, overruns can be caused by deficiencies in budget preparation. Sound budget preparation processes and adequate institutional arrangements are a prerequisite for avoiding overruns.

On the other hand, Allen and Tommasi (2001) expressed that in a number of countries, the official budget is under spent, particularly its non-wages expenditure items. This does not necessarily mean that there is good fiscal discipline in these countries. In some countries with poor governance, under spending of the official budget may coexist with large amounts of off-budget spending. On the whole, in most cases, under spending, as well as overruns, is related to insufficiencies in budget preparation and programme preparation. An overestimated budget and unrealistic projections of revenues may lead to budget revisions during budget execution and to a practice known as “repetitive budgeting”.

Peters (1998) identified the following weaknesses in resource allocation and use: poor planning; no links between policy making, planning and budgeting; poor expenditure control; inadequate funding of operations and maintenance; little relationship between budget as formulated and budget as executed; inadequate accounting systems; unreliability in the flow of budgeted funds to agencies and to lower levels of government; and poor cash management.

As per FDRE (2009), in managing unspent funds, the unspent balance of an appropriation granted for a fiscal year should lapse and be credited to the treasury account of MoFEC.

2.1.12. Causes of deviations between Budgeted and Actual Expenditure

According to Omitoogun and Hutchful (2006), there are a number of factors that can explain why actual expenditure deviates from the levels approved at the beginning of the financial year in any sector. 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, programmed and projects; and a lack of financial discipline.

2.1.13. Managing Cash Flow

According to Allen and Tommasi (2001), control of cash is a key element in macroeconomic and budget management. However, for budget management purposes, it must be complemented by an adequate system for managing commitments, and it is not a substitute for sound budget preparation. Cash management has the purpose of: controlling spending in the aggregate; implementing the budget efficiently; minimizing the cost of government borrowing; and maximizing the opportunity cost of resources. Ball (2002) stressed that cash flow and expenditures should be monitored closely.

2.1.14. Budget Records, Reports and Audit

As per Schiavo-Campo and Tommasi (1999), accounting and reporting systems are crucial for budget management, financial accountability, and policy decision making. Traditionally, government accounting was aimed at assuring compliance and proper use of public monies. For this purpose, the cash budget, and cash and commitment accounting provide an adequate framework. The results of the auditor general's audits should be reported to the legislature in a timely fashion and irregularities addressed expeditiously (Ball, 2002).

On the other hand, auditing, together with internal controls and evaluation, consists of processes and mechanisms that are designed to ensure that planning, budgeting and use of public resources conform to a country's laws, pursue the objectives defined by parliament and government and are linked to the real world of programmed operations (Allen and Tommasi, 2001).

2.1.15. Budget Monitoring

The concepts, techniques, and practices of accomplishing certain objectives through budgets are referred to as budget monitoring. Budget monitoring aids in the establishment of goals for the organization as a whole, as well as the coordinated efforts made to attain those goals. It facilitates organizational economies. (Scarlett, 2008).

The advantages of budgetary monitoring as a profit booster; budgetary monitoring strives to increase profits or the profitability of an organization by good planning and management of diverse activities, proper control over diverse capital and revenue expenditures, and optimal use of resources. (Preetabh, 2010).

Harmonization is accomplished via the collaboration of several departments and sectors. Different departments within a business have an impact on one another, necessitating the coordination of multiple executives and subordinates in order to meet financial requirements. (Waren, 2011).

All decisions are made in order to achieve the organization's shared aim. Each department is given a goal to achieve. The activities are aimed at reaching specified objectives. If there is no specific goal, then efforts will be wasted in chasing other goals. Assert that budgetary constraints are crucial economic instruments for a country. (Margah, 2005).

Finances are still put to good use, benefiting both business and the national economy. This cuts down on the waste of national resources. A financial control may aid in the resolution of organizational flaws. The discrepancies between budgeted and actual performance will enable for the identification of weak regions. This enables an organization to focus on areas where performance is less than stipulated (Merika,2008).

Shields and Young (1993) hypothesize that the budget serves as a detector of discrepancies between organizational objectives and performance, and that it is an essential component of the broader idea of effective budgetary performance.

Budgets project forthcoming financial performance which allows evaluating the financial viability of a chosen strategy. In most organizations, this process is formalized by preparing annual budgets and monitoring performance against budgets (Silva & Jayamaha, 2012).

Budgets are financial representations of company strategies, specifying the amount, quantity, and timeliness of resources required (Shields and Young, 1993).

Budgets have an impact on organizational behavior and choices by communicating corporate objectives and providing a standard against which to measure success. A budget enables the establishment of a goal and a standard of performance, with eventual comparison of actual outcomes to the specified standard. (Hope & Fraser, 2013).

Adequate monitoring is critical for any company, whether private or public, all over the world. This is because it is very hard to manage budgets if there is no proper management of resources in the company. The control hypothesis agrees with the responsibility of the government to provide

social and basic amenities to residents. It implies that government-owned industries are a fundamental concept of control over the few resources they are tasked with managing. (Robinson, 2009).

To fulfill the objectives, government enterprises must provide individuals with both resources and jobs. This implies that the government, board members, and employees share responsibility for ensuring accurate accounting processes and timely budgeting implementation and appropriations through the application of appropriate management controls and guidelines. (Shields and Young 2009).

According to this view, state corporations must live up to their responsibilities of creating standards, effective controlling systems, and appropriate accounting processes. Government enterprises do not require immoral individuals working outside of controls, as inadequate control mechanisms in any organization may have a detrimental impact on organizational profitability and sustainability, as well as company profitability and sustainability. (Hancock 2009).

Control of cash is a crucial element in macroeconomic and budget management. Nevertheless, for budget management purposes, it must be complemented by an adequate system for managing commitments, and it is not a substitute for sound budget preparation. Cash management has the purpose of controlling spending in the aggregate; implementing the budget efficiently; minimizing the cost of government borrowing, and maximizing the opportunity cost of resources (Allen and Tommasi 2001).

In most nations, the budget department creates a budget implementation plan that displays expenditure predictions by quarter or six-month term, while the treasury department creates a cash plan. In other nations, the treasury prepares a single financial plan. Whatever approach is utilized, a budget implementation plan and a cash plan for the whole fiscal year must be established for the entire fiscal year, and frequently informed and rolled over. The cash plan must be consistent with the budget implementation plan and should be updated monthly. Monthly cash restrictions should be consistent with quarterly cash and yearly commitment restrictions to minimize arrears creation (Allen and Tommasi 2001).

2.2. Empirical literature

2.2.1 The global and African budgetary process

According Mutinta(2018), budgeting and planning, monitoring and control, and evaluating and feedback were all major and beneficial influences on the financial performance of the Zambian Ministry of Education..

Project assessment shortcomings, a lack of complete involvement of all individuals in the planning of the budget, and a lack of top management support were all listed as problems in an Ambetsa survey of budgeting control activities by commercial airlines operating at Wilson Airport in Nairobi. He goes on to say that airlines prepare, execute, and assess their business results using budgets. Budgets are used by all companies to make plans, some in a systematic and formal way, and some in an informal way, but all have some sort of budgetary management and budgetary control practices. As a consequence, the question is not whether or not to plan a budget, but rather how to do so effectively (Ambetsa, 2004).

In the study, conducted to examined the relationship between budgetary control and performance of state ministries in Boston Massachusetts, a sample of five ministries were examined to test the relationship between budgetary control and performance of state ministries, secondary data was used and a review of 10 years was used, a regression model was used for data analysis and a statistical positive relationship was found between budgetary control and performance of state ministries. The results of the regression analysis concluded that proper budgetary control measures led to performance of state ministries (Nickson and Mears 2012).

2.3. Summary of Empirical studies in Ethiopia

In the Ethiopian public sector, the budget implementation period runs from July 1 to June 30. At this specific months, the national budget is planned and implemented using a medium-term budget period spending framework. Budget implementation refers to the actual execution of the budget and the distribution of funds to the scheduled operations. However, not all monies are spent on

time during the fiscal year. (Alemayehu and Dawit 2011).

The overall budgeting mechanism in the sample organizations did not involve the involvement of concerned staffs, according to a study conducted in Ethiopia that centered on budget creation, monitoring, and implementation activities undertaken during the project cycle periods on selected twenty charity organizations. Staff engagement in budget development helps to achieve budget goals such as cooperation, collaboration, and inspiration in the process of obtaining the target level of outcomes (Ahmed, 2015)

According to a study conducted on budget management and control with a focus on the ministry of defense with the goal of better understanding the mechanism by which military budgets are created, enforced, registered, and monitored in Ethiopia, the budget guideline was not followed to the rule's practicability. According to the analysis, there was a substantial difference in budget planning, utilization, and reporting activities. The researcher came to the conclusion that the key cause of idle cash is a lack of consistent purchasing programs, which contributes to hurry spending at the end of the fiscal year. While the existence of the organization necessitates the consideration of unforeseen events, supplementary budgets are rarely used to accommodate additional budget consumer obligations. Furthermore, the Planning and Budget Department does not hold regular seminars or offer short-term training to budget staff who work with budget holders. Apart from accountability of the specific budget users, the department takes the lion's share of responsibility for budget preparation and implementation problems (Bogale 2010).

Another study contrasted Ethiopia's budget practices to those of two East African countries, with the goal of identifying the similarities and discrepancies in budget practices and procedures between Ethiopia and the two East African countries, the findings concluded that the Ethiopian public is unable to participate meaningfully in the country's budget process, and people lack access to track and evaluate budget efficiency. Restricted access to budget information, budget language, and country population are all factors that restrict citizens' involvement in the budget process. Citizens' participation in the budget process will be limited, restricting opportunities to enhance budget formulation, resource allocation performance, and budget oversight (Yimer 2011).

According to a study conducted in Shashemine to determine the existing practice of budgeting and

use of educational finance in public secondary schools, schools have budgets other than those allocated by the government. Internal school sales, community donations, and NGO funding were the main sources of funding. The allocation of budget was based on the normal unit cost per student and the budget used the previous year. The budget allocated to execute the education plan and achieve the minimum quality/standard was found to be insufficient. (Zerihun 2014).

The results of the study showed that the degree of openness and accountability in budget processes, as well as the effectiveness and efficiency of financial use, were graded as more or less positive. The absence of a forum, budget delays, a lack of block grant budget, financial management training, internal audit and control, and limitations on the use of financial materials and rules and guidelines were all listed as issues. The following results were drawn as a result of the findings. Other than the federal budget, schools have other funding sources. Financial rules and guidelines were necessary, but their implementation was limited. The block grant budget was discovered to be minimal, and the administration was in bad shape. Internal auditing was infrequent, suggesting a lack of timely audit and internal control processes (Zerihun 2014).

At the Addis Ababa City Administration Health Bureau, Ketema performed a review of budget planning and use. The paper's main aim was to analyze the City Administration's Health Bureau's budget planning and utilization. A total of 50 respondents were gathered from five out of seventeen budget holders, with ten primary informants chosen from each budget holder. In addition, five budget experts were involved in the collection of primary data through standardized questionnaire, as well as three more budget experts from the Bureau of Finance and Economic Development (BOFED). More qualitative studies indicate that there was no transparency in budget utilization and that no market-oriented cost assessment practice was used. Another issue that leads to the deterioration of the problems is the lack of appropriate and competent budget specialists, as well as the lack of evidence-based assessment processes in the budget utilization at each stage of the Health Bureau. (Ketema 2015).

2.4 Summery on literature gaps

Budgeting is the process of preparing, compiling and monitoring financial budgets which starts with forecasting. Organizations use different budgeting approaches and techniques to develop budgets. Budgeting has its own role purposes such as planning, coordination, communication,

motivation, and control and performance evaluation. Budget monitoring is the next process in the grant management cycle and it is a continuous process by which the process ensures the action plan is achieved.

Anohen (2002) conducted a research on budgeting and budgetary control with the purpose of improving financial management in public sectors and discovered, a weak data base for budget preparation, and a lack of skilled employees in planning and monitoring departments.

Tefera (2015) investigated Ethiopia's budgeting system, specifically the government program budget system. he found out that, there was a challenge with a lack of adequate and regular capacity building for employees, and a budget that was poorly executed.

Tilahun (2010) studied on budget management and control at Ethiopia's Ministry of Defense, and discovered inadequacies in budget implementation owing to difficulties with qualified workforce, implementation of guidelines and policies, and a lack of timely budget monitoring.

Darge (2018) investigated the impact of budget and budgetary control system efficiency of government entities in the scenario of west wollega zone finance bureau and discovered that there were issues with the usage of authorized budget on the plan, poor practice in budget monitoring and limited engagement of staff during budget preparation.

Previous studies in public sector organizations show that there is a direct relationship between budgetary participation and performance. It is also indicated that budget preparation, utilization and control significantly important for the existence of a public sector and is being challenged by many factors.

So far, a study that has been conducted in assessment of the budgetary system among government sectors in Ethiopia lack the assessment of budgetary system among Addis Ababa Water and Sewerage Authority. Due to this there is inefficiencies evidence in realizing whether there is a challenge in budget preparation/planning, utilization and monitoring due to form the perspective of experienced man power, application of policy and procedures, mechanisms of monitoring budget timely and other related areas. Based on this the focus of this study is to assess the practice of budgetary system Addis Ababa Water and Sewerage Authority.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

This chapter discusses the methodology that used in gathering data, processing the data and translating the collected data into meaningful information. It provides the steps and procedures of the study that used to assess the budgetary system of AAWSA. The chapter explains about the research design, research approaches, population and sampling techniques, sampling frame, sample, data sources, collection instrument, and method of data analysis.

3.2. Research Design

The study used a descriptive research design with case study strategy to assess the budgetary system in AAWSA. A Descriptive survey inquiry helps to gather data at a particular point with the intention of describing the entire nature of the existing conditions in generalizing from sample to population (Creswell 1994).

3.3. Research Approach

A quantitative research methodology was applied in this study. According to Creswell (2009), there are three types of research approaches that are common in scientific studies: qualitative, quantitative, and mixed approaches. The quantitative method employs cross-sectional or ongoing investigations that employ self-administered semi-structured questionnaires with the goal of making sweeping generalizations from a sample to a population. A well-designed and implemented study design technique has the benefit of allowing inference from the sample to a larger population.

3.4. Population Size and Sampling Techniques

The aim of this research is to assess the budgetary system of AAWSA. The total target population of the study was officials and experts who are working in the head office and do have direct and practical bond with budgetary system activities in the authority. Based on this, accounting and finance, planning budget, procurement, and audit departments were selected for this study. There

are a total of 60 in these departments and as this number of target population is manageable; the sample size has been taken to be the total target population.

The breakdown is as follows

Department	Number
Accounting and finance	21
Auditing	12
Planning budget department	12
Procurement department	15
Total	60

3.5. Data Collection Methods

The main source of data was primary and secondary data. Primary data was collected by distribution of self-administered questionnaire. The questioner was adopted from related literature; for budget preparation (Betelehem, 2019) and (Hailu, 2019), budget execution (Hailu, 2019) and (Meseret, 2016) and budget monitoring (Betelehem, 2019) and (Hailu, 2019).

The questionnaires were designed using close ended questions with liker scale having five levels as strongly disagree, disagree, undecided (neutral), agree, and strongly agree. In addition, it open-ended questions were also included to help respondent to put their opinion, explain the issues freely, and providing additional information's that may not be captured in the close ended questions.

This study utilized secondary data from the planning budget and finance department 5 years planed and actual planed budget and expenditures.

3.1. Validity and reliability of instrument

In this study a standardized questionnaire was prepared by adopting from other similar studies. Then, based on the advice and comments from advisor the questionnaire have been amended. The questioner was piloted in similar study population which is Ethiopian electric power corporation to pretest and amend based on the feedbacks accordingly. The participants were briefed early in advance by the researcher on the need and importance of the study and permission sought for their participation in order to have their full support. This ensured high completion rate and accuracy of the information provided.

3.6 Data analysis method

Once the data was collected, the primary data analyzed by using descriptive statistics; according to Marczyk et al, (2005) descriptive statistical procedures allow researchers to describe groups of individuals and events and examine and generalize results obtained from a sample back to the population from which the sample will be drawn. Furthermore, descriptive statistics of frequency tables used to describe the data collected in research studies and to accurately characterize the variables under observation within a specific sample. The analysis was done with the help of Statistical Package for Social Sciences (SPSS) 25. The responses in the questionnaire were coded into common themes to facilitate analysis. Collected data is presented in descriptive form supported by tables, frequency distributions, graphs and percentages.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

4.1. Response Rate Analysis

Departments and employees that contribute to the budgeting process at Addis Ababa Water and Sewerage Authority were identified in the self-administrative questionnaire. Accordingly, a total of 60 staff from accounting and finance, planning budget, procurement, and audit departments were selected as the population of this study. Out of the total sample size, 57 study subjects were included in the study which gives a response rate of 95.0%. Three employees did not respond to the questionnaire as they were on annual leave (2) and sick leave (1). Among the participant 21 (36.8%) were from accounting and finance, 9 (15.8%) were from auditing, 12 (21.1%) were from the planning budget whereas 15 (26.3%) were from the procurement department (Table 4.1)

All departments that are involved in the budgeting process are covered. The planning budget department is directly involved in budget preparation whereas the accounting and finance and procurement department involves in the budget execution process. On the other hand, the auditing department monitors the planned budget during execution.

Table 4.1 Respondent rate by department in AAWSA (n=57)

Department	Frequency	Percent
Accounting and finance	21	36.8
Auditing	9	15.8
Planning budget department	12	21.1
Procurement department	15	26.3
Total	57	100.0

4.2. Demographic Characteristics of the Respondents

Related to their education level, as Figure 4.1 shows below, majority (66.7%) of the respondents are first degree holder, while 28.10% of them are master's degree and above holders. From the respondents, diploma and 12 grade completed accounts for 3.5% and 1.8% respectively. This implies that the authority is in a good position in terms of the necessary qualified manpower, as the authority demands a first-degree or higher educational level for these positions. This is also an advantage for this study in terms of the participants easily understand the questioners and give

quality response.

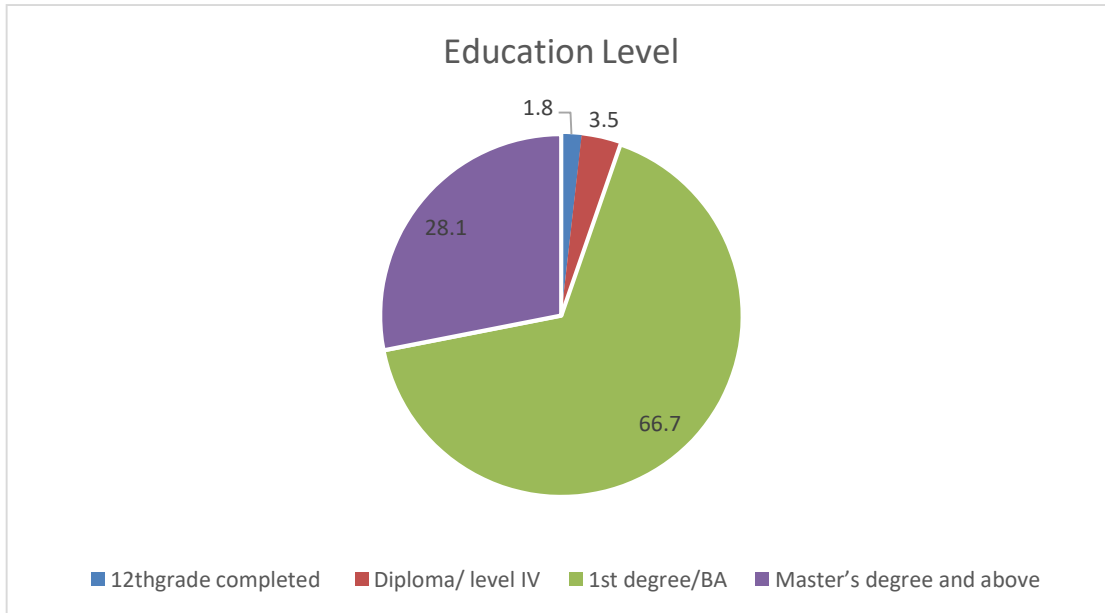


Figure 4.1 Education level of respondents in AAWSA (n=57)

Concerning the work experience of the respondent, as it is shown below in figure 4.2, Fourteen (24.6%) of them have work experience below and 5 years, 17(29.8%) of the respondents have work experience between 6-10 years, 16 (28.1%) of them have work experience between have 11-15 years of experience whereas the rest 10 (17.5%) have work experience above 15 years. Over all, majority of the respondents (75.4%) have more than 5 years of experience. This is a plus for this study in terms of understanding the budgeting process the authority and easily understand the research questions. This could also be an indicator that the authority is in a good position in terms of the necessary qualified manpower.

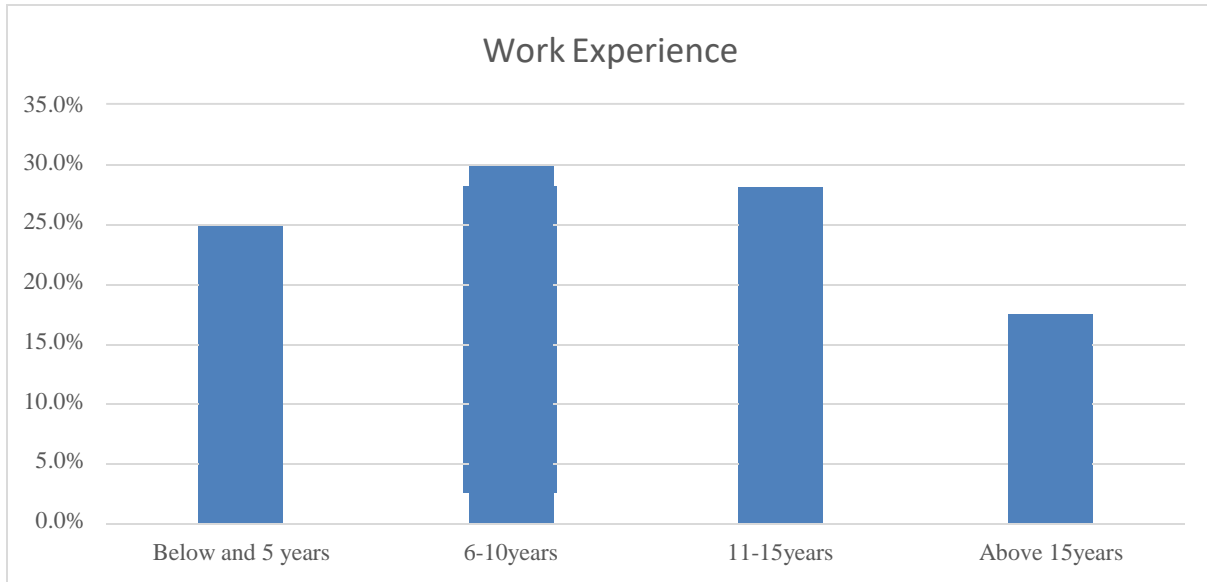


Figure 4.2 Work experience of respondents in AAWSA, Addis Ababa, Ethiopia (n=57)

4.3. Budget Preparation Practice of AAWSA

Eleven statements with five point Likert scale were administered to measure the level of budget preparation practice in AAWSA.

Table.4.2 Participant response to budget preparation practice in AAWSA (n=57)

Variables	Measure ment	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
You have adequate understanding to prepare budget	Freq	1	2	7	19	28
	%	1.8%	3.5%	12.3%	33.3%	49.1%
The budget request modified according to budget	freq	0	2	14	26	15
	%	0%	3.5%	24.6%	45.6%	26.3%
All relevant departments participate during the budget process	freq	0	5	18	17	17
	%	0%	8.8%	31.6%	29.8%	29.8%
Budget guidelines are appropriately linked with AAWSA mission and visions	freq	3	2	17	27	8
	%	5.3%	3.5%	29.8%	47.4%	14%
Annual plan is prepared based on the strategic document of AAWSA	freq	2	2	10	32	11
	%	3.5%	3.5%	17.5%	56.1%	19.3%
Budget are prepared based on reliable data and estimates	freq	1	5	10	31	10
	%	1.8%	8.8%	17.5%	54.4%	17.5%
Members of budget departments are qualified	freq	1	3	18	24	11
	%	1.8%	5.3%	31.6%	42.1%	19.3%
Your office Prepares its annual budget based on the financial calendar of the Authority	freq	0	2	11	22	22
	%	0%	3.5%	19.3%	38.6%	38.6%
The budget demand prepared by your office is based on approved plans and programs	freq	0	2	15	26	14
	%	0%	3.5%	26.3%	45.6%	24.6%
Budget is prepared for each program	freq	1	1	6	24	25
	%	1.8%	1.8%	10.5%	42.1%	43.9%
The amount of budget prepared for each program line item is balanced	freq	0	7	22	9	19
	%	0%	12.3%	38.6%	15.8%	33.3%
Mean of statements		1.5%	5.3%	23.6%	41.0%	28.7%

According to table 4.4, most of the respondents (82.4%) agreed on having an adequate understanding of budget preparation, whereas 7.1% of them did not. The rest 12.3% could not decide their level of agreement. Since the majority of respondents agreed with this, it means that workers engaged with budget planning are well-versed with the process of budget preparation. This is one of the key factor to prepare budget and the authority is in a good hand in terms of manpower who understands how budget is prepared.

Most of the respondents (71.9 %) agreed that the authority budget request is modified according to the budget and the rest 24.6% and 3.5% of the respondent are undecided and disagreed to on this issue respectively. This shows that budget request modification is according to the budget of AAWSA. Therefore, effort in execution activities listed in the budget will not be hindered by lack of finance. This may have a positive impact on the achievement of the activities. According to peters (1998) organizations usually also discover that expected expenses for particular budgeted lines must be updated between the time a plan is received and the time a grant is approved.

Concerning the level of participation of relevant departments during budget preparation, 59.6% of the participant agreed that all relevant departments participate during the budget process whereas 8.8% disagreed and the rest 31.6% of them stayed neutral. This indicates that most of concerned staffs responsible for budget preparation are participated in the budget development process. One of the major characteristics of a good budget is participation. Participation of the staff in budget development helps to achieve the purpose of the budget. The staff participation helps to coordinate, communicate, and motivate the implementers to the expected performance level. (Gregory 2005)

Among 57 participants, more than half (61.4%) of the respondents agreed that the budget guidelines of AAWSA are appropriately linked with its mission and visions but 8.8% disagreed. The rest 29.80% of the respondent chose to stay neutral on this issue. This is one of an indication of a good budgeting system. According to Francisco (2007), a good budgeting practice takes a long-term view, establishes a connection to organizational vision and mission, bases budget decisions on performance and outcomes, and includes and encourages open communication.

In another question concerning the preparation of the annual plan, most of the respondents (75.4 %) indicated that it is prepared based on the strategic document of authority whereas 7% of the respondents did not agree and 17.5% were neutral. This indicates that the authority plan is prepared based on the long term strategic plan which is one of the basic principles of budget preparation. This may help AAWSA in the reaching of the overall goal of the authority. According to Drury (2011), a good budgeting strategy considers the long term, organization's plan which links a day to day activity to the bigger vision and beyond the immediate future. The core concept of an existing organization path is defined by a strategic plan document which can be an indicator of the future fate of the organization. This only can be if the budget supports the strategic plan and the vis-verse.

Similarly, 71.9 % of the respondent agreed that the budget is prepared based on reliable data and estimates however, 10.6% of them disagree and 17.5 % were neutral. This shows that AAWSA reviews reliable data and estimates during budget preparation which creates the basis for the assumptions used to prepare budgets.

Respondents were also asked if members of budget departments are qualified, and 61.4 % of respondents agreed, 31.6%, and 7.1% of the respondent were neutral and disagreed respectively. This shows even though the majority of the respondents feel that members of budget departments are qualified; a significant number of respondents was either disagree or stayed neutral. As qualified staffs are key to prepare a budget, this could affect the authority to prepare a good budget.

Of all the respondents, 77.2% agreed that their office prepares an annual budget based on the financial calendar of the authority, whereas 19.3% of respondents were neutral and 3.5% disagreed. As most of the respondents agree that the annual budget is prepared based on the financial calendar, which indicates that the authority can prepare its annual plan within the schedule. This practice may contribute to the proper and efficient allocation and use of the resource, efficient implementation of the budget, and on-time input and output for the overall task of the authority.

Most of the respondents (70.2%) agreed that the budget demand prepared by their office is based on approved plans and programs whereas 3.5% and 19.3% of the respondents did not agree and

were neutral respectively. Even though most of the respondents agreed that the budget demand prepared by their office is based on approved plans and programs, a significant number of respondents (19.3%) did not agree on this. This may imply a concern for the authority during budget preparation.

In response to whether the budget is prepared for each program, 86% were agreed, 10.5% were neutral and 3.6% disagreed. This helps the authority budget to be prepared and utilize effectively in line with the program plan. Accordingly, the programs need to be approved and the budget needs to be effectively executed. Each program will contribute to the overall strategic target and goal of the organization which, is witnessed in AAWSA.

Almost half of the respondents (49.10%) agreed that the amount of budget prepared for each program line item is balanced but 38.60% of respondents were neutral and 12.30% of the respondent disagreed. A significant number of respondents has a concern about whether the amount of budget prepared for each program is balanced. Making the budget approved balanced makes the resource allocation to be even and assists in giving attention to the priority area that the authority needs to focus on.

According to Jackson, Sawyers & Jenkins (2008), budget preparation serves as a clear guiding principle for administrators and subordinates, and it is the primary means by which corporate priorities are converted into concrete activities and goals for individual managers. As indicated in table 4.4, eleven statements were administered to measure the budget preparation practice of AAWSA and their responses were tabulated. The result indicated that 41% and 28.7% of the respondents agreed and strongly agreed respectively on the statements that measure the level of budget preparation practice. This shows 69.7% of all the respondents who participated in the study, which is a strong indicator that there is good budget preparation practice in the authority even though there are points that may need to improve.

4.4. Budget Execution Practice of AAWSA

Thirteen statements with a five-point Likert scale were administered to measure the level of budget execution practice in AAWSA. The table below (Table 4.3) shows a summary of 57 participants' responses.

Table 4.3 Participant response to Budget execution practice in AAWSA (n=57)

Variables	Measurement	Strongly disagree	Disagree	Neutral	Agree	Strongly disagree
The authority utilizes the approved budget based on its plan	Freq	1	8	17	20	11
	%	1.8%	14%	29.8%	35.1%	19.3%
All Expenditures are sufficiently documented	Freq	0	6	15	21	15
	%	0%	10.5%	26.3%	36.8%	26.3%
Budget request is always based on the plan	Freq	2	9	14	22	10
	%	3.5%	15.8%	24.6%	38.6%	17.5%
Payments are sometimes made through exceptional procedure.	Freq	1	3	23	27	3
	%	1.8%	5.3%	40.4%	47.4%	5.3%
The organization executes its activity within the stipulated deadline	Freq	2	11	21	17	6
	%	3.5%	19.3%	36.8%	29.8%	10.5%
Your office requests frequent budget transfer from BOFED	Freq	2	4	13	21	17
	%	3.5%	7%	22.8%	36.8%	29.8%
Your office requests supplementary budget frequently	Freq	1	3	24	24	5
	%	1.8%	5.3%	42.1%	42.1%	8.8%
There is proper cash management practice for resource allocation	Freq	3	12	17	13	12
	%	5.3%	21.1%	29.8%	22.8%	21.1%
There are necessary resources (facilities) for budget utilization process	freq	2	6	19	20	10
	%	3.5%	10.5%	33.3%	35.1%	17.5%
Your office executes surge expenditures at the end of the budget year	freq	1	3	25	14	14
	%	1.8%	5.3%	43.9%	24.6%	24.6%
Your office usually faces budget shortage during the budget year.	freq	1	14	14	21	7
	%	1.8%	24.6%	24.6%	36.8%	12.3%
There is a tradition of overspending of budget in your office.	freq	0	15	29	12	1
	%	0%	26.3%	50.9%	21.1%	1.8%
There is underutilization of budget in your office.	freq	1	5	20	25	6
	%	1.8%	8.8%	35.1%	43.9%	10.5%

As it is indicated in the above table 4.4, 54.4% of the respondent agreed that the authority utilizes the approved budget based on its plan whereas 15.8% and 29.8% of the participant disagree and were neutral. This indicates that a significant number of respondents has a believe that the authority has issues related to utilizing the approved budget based on its plan. Given the significance of demonstrating compliance with the approved budget, the financial reporting system must control utilizing the approved budget based on its plan. Allen &Tommasi (2001)

Concerning the documentation sufficiency on expenditure, 63.1% of the respondent agreed and the rest 26.3% and 10.5% were neutral and disagreed respectively. The most transparent and responsible organization needs a proof of documentation for the public and controlling bodies. Documentation also helps in signifying the executed budget is timely and accordingly. Drury (2011). As it is indicated above the result is not sufficient in the AAWSA where a significant number of respondents has shown a concern on it.

In another statement, 56.1% of the participants agreed that the budget request is always based on the plan of AAWSA but, 19.3% of them disagreed and 24.6% of the respondent respond neutrally. Here also a significant amount out of respondents has shown the authority has a problem regarding requesting budget based on the plan. This may hugely affect the authority in terms of effective execution of its budget.

When respondents requested whether payments are sometimes made through the exceptional procedure, 52.7% of the respondent agreed, 40.40% neutral and 7.10% disagreed. According to Allen and Tommasi (2001), if budget is not spent based on the planned activity and if payment is made through exceptional procedure it may lead to a problem for deficiencies in budget and audit system difficulties. This issue is visible in AAWSA since the level of agreement in the respondent is not sufficient.

Less than half of the respondents (40.3%) of the respondent the authority executes its activity within the stipulated deadline on the other hand 22.8% of the respondents didn't agree on this and the rest 36.80% choose neutral in this regard. This finding showed that the authority has a problem in terms of executing budget within the expected time frame. This finding is also supported by the finding of urge utilization of budget by the end of the fiscal year and frequent request of budget supplementation and transfer.

Most respondents (66.6%) agreed that the authority requests frequently budget transfers from BOFED but 10.5% disagreed and 22.80% of respondents prefer to be neutral in this regard. The result shown that there is a frequent budget transfer requests, even though it would be difficult to halt this issue on the current very fluctuating market condition, it clearly shows a concern.

According to 50.9% of the respondents, the authority requests supplementary budget frequently but whereas the rest 42.1% and 7.1% were neutral and disagreed respectively on this statement. Frequent request of supplementary budget is may be common because of unstable market and economic systems. If the inflation on the economic aspect makes planning difficult for AAWSA, this may be contributed to repeated requests of supplementation which may affect efficacy and effectiveness in each program.

Less than half of the respondents (43.9%) agreed that there is proper cash management practice for resource allocation but 26.4% of the respondent didn't agree that there is proper resource allocation in the same note, 29.80% of them prefer to be neutral in this regard. Cash management has a great impact on ability to operate finically, procurement, pay staff, and control activities. As a result, good cash management is closely related to the entity's ability to achieve mission, priorities, and targets. (Wongthatsanekorn, 2010)

Of all respondents, 52.6% agreed that there are necessary resources (facilities) for the budget utilization process, whereas 33.30% and 14% of the respondent were neutral and disagreed respectively. This shows that there is a concern on the availability of resources (facilities) for the budget utilization. This may have a huge implication and lead the authority for poor budget utilization.

According to 49.2% of the respondent, the authority executes surge expenditures at the end of the budget year, but 7.10% disagreed whereas 43.90% were neutral in this regard. This clearly shows a poor budget execution and monitoring in AAWSA as a significant number of respondents reported that there is execution of surge expenditures at the end of the budget year.

Almost half of the respondents (49.1%) agreed that their office usually faces budget shortage during the budget year but 26.4% and 24.60% of the respondent disagree and stay neutral

respectively. This is contradicted with the fact that almost the same number of respondents reported that there is an execution of surge budgets at the end of the budget year.

About 22.9% of the respondent agreed that there is a traditional way of overspending budget, but 26.3% disagreed and 50.90% of respondents stay neutral in this regard. These indicates that overspending is not common and this is also supported by the finding that there are under utilization of budget which is reported by 54.4% of the respondents.

On the other hand, 54.4% of the respondents agreed that there is underutilization of budget in their office, whereas 10.6% disagreed and 35.10% of them responded neutral. In the majority of situations, under spending and overspending are caused by deficiencies in budget and program planning. (Nickson & Mears, 2012).

According to Allen and Tommasi (2001), budget execution is the phase where resources are used to implement policies incorporated in the budget. Among the statements displayed in table 4.5, only half the respondents agreed to the items used to assess the budget execution practice of AAWSA. The response level of agreement by the respondent for each item ranges from 40.3% and 63.1%. From the findings, only 43.9% agreed that there is proper cash management practice and most respondents (66.6%) agreed that the authority requests frequently budget transfers from BOFED, and 54.4% of the respondents agreed that there is underutilization of budget in their office. On other hand, according to 49.2% of the respondent, the authority executes surge expenditures at the end of the budget year. These key findings can clearly show there are poor practices in budget execution.

4.5 Trend of planed budget and expenses in AAWSA

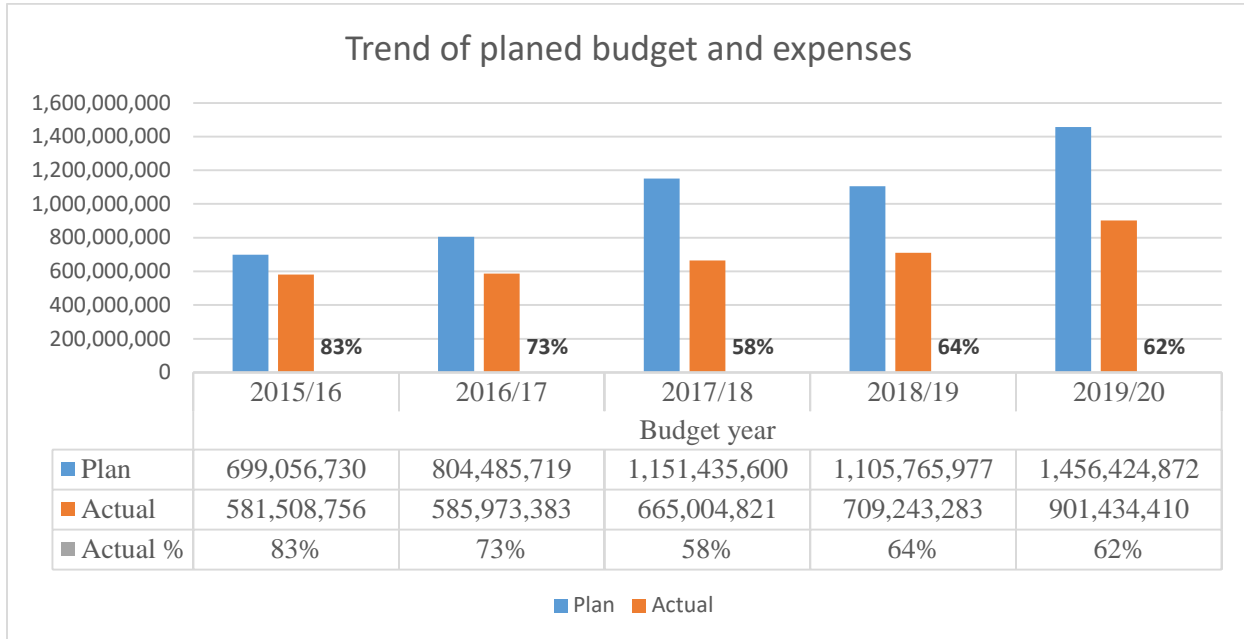


Figure 4.3 Trend of planed budget and expenses in AAWSA

Data Source: AAWSA Planning & budget department

In the above table shows five years from 2015/2016-2019/2020 total planned budget for AAWSA and actual yearly expenditure from its planned. As a result, the total planned budget increase from year to year. The trend analysis reveals that financial performance almost become decline. The highest performance compared to the planed was achieved on 2015/16 which was 83% of its plan has been utilized. On average AAWSA executes 68% of its budgets for the last 5 years which clearly supports the finding that 54.4% of the respondents agreed that there is underutilization of budget in their office and 49.2% of the respondent said that the authority executes surge expenditures at the end of the budget year.

4.6 Budget Monitoring Practice in AAWSA

Budget monitoring issue in AAWSA was assessed by seven items was used and analyze. Table 4.4, below shows that The result all the respondents response the level of agree values in percentage is between 29.8 and 68.4%. the lowest agreed response was on the practice of discussing on the result of audit report by management, budget committee, and budget department to take corrective action. (Table 4.4)

Table 4.4 participant response on budget monitoring in AWSSA(n=57)

Items	Measure ment	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Your office has strong budget control mechanism	Freq.	0	8	10	20	19
	%	0%	14%	17.5%	35.1%	33.3%
Your office has the practice of regular follow up on its budget balance	Freq.	0	1	18	23	15
	%	0%	1.8%	31.6%	40.4%	26.3%
Budget performance evaluation report are prepared frequently	Freq.	0	4	17	22	14
	%	0%	7%	29.8%	38.6%	24.6%
There is regular follow up on budget plan by budget department	Freq.	0	2	19	24	12
	%	0%	3.5%	33.3%	42.1%	21.1%
Management, budget committee, and budget department discuss the result of audit report for taking corrective action	Freq.	4	6	30	8	9
	%	7%	10.5%	52.6%	14%	15.8%
All expenditures are charges to proper accounting period	freq	0	3	20	24	10
	%	0%	5.3%	35.1%	42.1%	17.5%
Your office submits repeatedly a request for adjustment of budget allocations after it is approved	freq	1	2	15	34	5
	%	1.8%	3.5%	26.3%	59.6%	8.8%
Mean of statements		1.26%	6.51%	32.31%	38.84%	21.06%

The table above shows that 68.4% of the respondents agreed that their office has a strong budget control mechanism, but 14% of the participant disagree and 17.50% of the respondent were neutral in this regard. But this result contradicts with the result found in budget execution. It is obvious that if there is a strong budget control mechanism in an office the budget deficiency should not be interfering with budget execution as seen in the above. Concerning control mechanism, it is known that an effective management control system is important and this is the total sum of effective budget expenditure systems, monitoring, and decision making.

Regarding the practice of regular follow up on budget balance in their office 66.7% of the respondent thinks there are follow up, 31.60% of the respondent were neutral and 1.80% disagreed on the issue. This makes the budget monitoring system of AAWSA better but not to the optimum. Regular follow up followed by taking corrective action may help to improve the budget monitoring activity in AAWSA.

In addition, 66.3% of the respondent agreed there is frequent preparation of budget performance evaluation reports, but 29.80% and 7% of the respondent were neutral and disagreed respectively with the issue. This implies that AAWSA has a frequent preparation of budget performance evaluation reports to monitor the budget. Unless the report is utilized for improvement of budget preparation and budget execution practice, producing a report does not serve a purpose other than a simple fulfillment activity.

Most of the respondents (63.2%) agreed that there is a regular follow-up on budget planning by the budget department but 33.30% of them were neutral and 3.5% disagreed with the issue. This shows that the authority is in good shape in following up the budget planning. Budget follow-up and data feedback are all aspects of fiscal management. According to Drury (2011), Managers must constantly review and correct their budgets because they struggle with forecasts and predictions for potential operational outcomes and financial positions.

Only 29.8% of the participants agreed that there is a discussion on the result of an audit report for taking corrective action on management, budget committee, and budget department, the rest 52.60% and 17.5% of the respondent couldn't decide and disagreed on the issue respectively. This is a clear gap that is indicated by the respondents. Unless there are discussions on the result of the audit report to take corrective actions, there is no guaranty that the audit findings will continue to happen. Unless the audit report is discussed for taking actions, producing an audit report does not serve a purpose other than a simple fulfillment activity.

According to 59.6% of the respondents, the authority's expenditures are charges to proper accounting period but whereas the rest 35.10% and 5.3% were neutral and disagreed respectively on this statement. Charging expenditures to proper accounting period is one of the key way of monitoring and the result implies that the authority is fairly good.

Most of the respondents (68.4%) agreed that their office submits repeatedly a request for adjustment of budget allocations after it is approved but 5.3% of the respondents did not agree on this and the rest 26.30% respond neutral. This finding is suggestive of lack of proper budget execution which need to be monitored and controlled in AAWSA.

Hence, most of the statements in budget monitoring were responded to by the participant, the value also indicates that more than half of them agreed on the six items except on question which focus on the discussion of audit report result for taking corrective action. Even though this issue is important in the budgetary system, it is indicated that the budget monitoring activity in AAWSA is fairly good.

Table 4.7 Mean score for budgetary system variables among respondent in AAWSA (n=57)

Variables	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Budget preparation	1.5%	5.3%	23.6%	41.0%	28.7%
Budget Execution	1.8%	8.8%	35.1%	43.9%	10.5%
Budget monitoring	1.26%	6.51%	32.31%	38.84%	21.06%

The result indicated that 41% and 28.7% of the respondents agreed and strongly agreed respectively on the statements that measure the level of budget preparation practice. This shows 69.7% of all the respondents who participated in the study, which is a strong indicator that there is good budget preparation practice in the authority even though there are points that may need to improve.

On the hand only 43.9% and 10.5% respondents agreed and strongly agreed on the statements that measures the level of budget execution practice. The response level of agreement by the respondent for each item ranges from 40.3% and 63.1%. From the findings, only 43.9% agreed that there is proper cash management practice and most respondents (66.6%) agreed that the authority requests frequently budget transfers from BOFED, and 54.4% of the respondents agreed that there is underutilization of budget in their office. On other hand, according to 49.2% of the respondent, the authority executes surge expenditures at the end of the budget year. These key findings can clearly show there are poor practices in budget execution.

Most of the statements in budget monitoring were responded to by the participant, the value also indicates that more than half of them agreed on the six items except on question which focus on the discussion of audit report result for taking corrective action. Even though this issue is important in the budgetary system, it is indicated that the budget monitoring activity in AAWSA is fairly good.

CHAPTER FIVE

SUMMARY OF KEY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary of Key Findings

Based on the findings of the report, which were gathered through a questionnaire circulated to 57 employees who contribute to the budgeting process at the Addis Ababa Water and Sewerage Authority, findings of both positive and negative aspects were compiled as follows.

- Majority (66.7%) of the respondents are first degree holder, while 28.10% of them are master's degree and above holders. This implies that the authority is in a good position in terms of the necessary qualified manpower, as the authority demands a first-degree or higher educational level for these positions.
- Most of the respondents (82.4%) agreed on having an adequate understanding of budget preparation. It means that workers engaged with budget planning are well-versed with the process of budget preparation.
- Majority of the respondents (59.6%) agreed that all relevant departments participate during the budget process. This indicates that most of concerned staffs responsible for budget preparation are participated in the budget development process which is one of the major characteristics of a good budget is participation.
- More than half (61.4%) of the respondents agreed that the budget guidelines of AAWSA are appropriately linked with its mission and visions. This is one of an indication of a good budgeting system.
- Similarly, 71.9 % of the respondent agreed that the budget is prepared based on reliable data and estimates however. This shows that AAWSA reviews reliable data and estimates during budget preparation which creates the basis for the assumptions used to prepare budgets.
- Even though most of the respondents agreed that the budget demand prepared by their office is based on approved plans and programs, a significant number of respondents (19.3%) did not agree on this. This may imply a concern for the authority during budget preparation.

- Even though most of the respondents (54.4%) agreed that the authority utilizes the approved budget based on its plan, a significant number of respondents believes that the authority has issues related to utilizing the approved budget based on its plan.
- A significant number of respondents (19.3%) has shown the authority has a problem regarding requesting budget based on the plan. This may hugely affect the authority in terms of effective execution of its budget.
- Only 40.3% of the respondent believe that the authority executes its activity within the stipulated deadline. This finding showed that the authority has a problem in terms of exciting budget within the expected time frame. This finding is also supported by the finding of urge utilization of budget by the end of the fiscal year and frequent request of budget supplementation and transfer.
- Less than half of the respondents (43.9%) agreed that there is proper cash management practice for resource allocation. Cash management has a great impact on ability to operate finically, procurement, pay staff, and control activities.
- Of all respondents, 52.6% agreed that there are necessary resources (facilities) for the budget utilization process. This shows that there is a concern on the availability of resources (facilities) for the budget utilization. This may have a huge implication and lead the authority for poor budget utilization.
- According to 49.2% of the respondent, the authority executes surge expenditures at the end of the budget year. This clearly shows a poor budget execution and monitoring in AAWSA as a significant number of respondents reported that there is execution of surge expenditures at the end of the budget year.
- Only 22.9% of the respondent agreed that there is a traditional way of overspending budget. These indicates that overspending is not common and this is also supported by the finding that there are under utilization of budget which is reported by 54.4% of the respondents.
- Most of the respondents (68.4%) agreed that their office has a strong budget control mechanism, but this result contradicts with the result found in budget execution.

- In addition, 66.3% of the respondent agreed there is frequent preparation of budget performance evaluation reports. This implies that AAWSA has a frequent preparation of budget performance evaluation reports to monitor the budget.
- Most of the respondents (63.2%) agreed that there is a regular follow-up on budget planning by the budget department. This shows that the authority is in good shape in following up the budget planning.
- Only 29.8% of the participants agreed that there is a discussion on the result of an audit report for taking corrective action on management, budget committee. This is a clear gap that is indicated by the respondents. Unless there are discussions on the result of the audit report to take corrective actions, there is no guaranty that the audit findings will continue to happen.
- Most of the respondents (68.4%) agreed that their office submits repeatedly a request for adjustment of budget allocations after it is approved. This finding is suggestive of lake of proper budget planning and execution which need to be monitored and controlled in AAWSA.

5.2. Conclusions

The study focused on the practice of budget preparation, execution and monitoring in AAWSA. Based on the key findings of the study, the researcher concluded as follows

- The authority has qualified and experienced staff who are involved in budget preparation.
- The authority participates all relevant departments during the budget preparation process.
- AAWSA budget guidelines appropriately linked with its mission and visions
- Workers engaged with budget planning are well-versed with the process of budget preparation
- The budget preparation for each program in AAWSA is not balanced
- The authority does not usually utilize the approved budget based on its plan.
- The authority does not execute budget within the expected time frame.
- The authority executes surge expenditures at the end of the budget year
- The authority frequent prepares budget performance evaluation reports
- AAWSA has a poor cash management practice

5.3. Recommendations

The main objective of this study was to assess the budgetary system of AAWSA in terms of budget planning and preparation, budget execution and budget monitoring. Based on the findings, the following recommendation are suggested

- The budget preparation for each program in AAWSA should be in balanced way to increase the differentiation of resource allocation during budget execution among priority programs.
- AAWSA should create a mechanism to increase the proper utilization planned budget for approved activities according to the plan.
- Proper cash management practice for resource allocation needs to be improved based on the BOFED guideline.
- AAWSA should implement a regular activity and budget monitoring mechanism including monthly review of the performance for minimizing a surge expenditure at the end of the budget year.
- AAWSA management, budget committee, and budget department should discuss the result of audit report and make appropriate action plan to improve the execution practice along with proper follow-up mechanism.
- Further study should be carried on to identify the causative factor for poor budget execution practice and the factors which are associated with budgetary system in AAWSA.

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Annexes 1: Questionnaires

ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

A post-graduate student of St. Mary's University Masters Business Administration in accounting and finance program. As part of academic work the survey is on Assessment of the budgetary system of AAWSA. Please spare few minutes of your time and respond to the questionnaires below as honestly as you can. Information provided by you is for academic purposes only and will be treated as private and confidential

Thank you very much for your time and cooperation!

General Instructions

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

PART I- Demographic Information

1. Department You are working in

Planning budget department

Procurement department

Accounting and Finance department

Auditing department

2. Level of Education: ≤12th Grade

certificate

Diploma

Bachelor Degree

Master's Degree

3. Please indicate your Service Year: ≤ 5 years

11 to 15 years

6 to 10 years

>15 years

PART II: Budget preparation practices

No		Measurement				
		Strongly agree	Agree	Undecided (neutral)	Strongly disagree	disagree
4	You have adequate understanding to prepare budget					
5	The budget request modified according to budget Guidelines					
6	All relevant departments participate during the budget process.					
7	Budget guidelines are appropriately linked with AAWSA mission and visions.					
8	Annual plan is prepared based on the strategic document of AAWSA					
9	Budgets are prepared based on reliable data and Estimates					
10	Members of budget departments are qualified					
11	Your office Prepares its annual budget based on the financial calendar of the Authority					
12	The budget demand prepared by your office is based on approved plans and programs.					
13	Budget is prepared for each program.					
14	The amount of budget prepared for each program line item is balanced.					

Any comment or suggestion if you have about budget planning practice of AAWSA

PART III: Budget Execution practices

No		Measurement				
		Strongly agree	Agree	Undecided (neutral)	Strongly disagree	disagree
15	The authority utilizes the approved budget based on its plan					
16	All Expenditures are sufficiently documented					
17	Budget request is always based on the plan					
18	Payments are sometimes made through exceptional procedure					
19	The organization executes its activity within the stipulated deadline					
20	Your office requests frequent budget transfer from BOFED					
21	Your office requests supplementary budget frequently					
22	There is proper cash management practice for resource allocation					
23	There are necessary resources (facilities) for budget utilization process					
24	Your office executes surge expenditures at the end of the budget year.					
25	Your office usually faces budget shortage during the budget year.					
26	There is a tradition of overspending of budget in your office.					
27	There is underutilization of budget in your office.					

Any comment or suggestion if you have about budget execution practice of AAWSA

PART IV: Budget monitoring practices

No		Measurement				
		Strongly disagree	disagree	Undecided (neutral)	Agree	Strongly agree
28	Your office has strong budget control mechanism.					
29	Your office has the practice of regular follow up on its balance budget					
30	Budget performance evaluation report are prepared frequently					
31	There is regular follow up on budget plan by budget department					
32	Management, budget committee, and budget department discuss the result of audit report for taking corrective action					
33	All expenditures are charges to proper accounting period					
34	Your office submits repeatedly a request for adjustment of budget allocations after it is approved.					

Any comment or suggestion if you have about budget monitoring practice of AAWSA
