

ASSESSMENT OF GOVERNMENT EXPENDITURE MANAGEMENT (IN CASE OF
WOLKITE TOWN FINANCE AND ECONOMIC DEVELOPMENT OFFICE)



A RESEARCH PROPOSAL SUBMITTED TO THE DEPARTEMENT OF ACCOUNTING
AND FINANCE IN PARTIAL FULFILLMENT FOR THE REQUIREMENT OF BACHELOR
OF ART (BA) DEGREE IN ACCOUNTING AND FINANCE

By

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Apr,2025

GUBRE,WOLKITE,ETHIOPIA

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DECLARATION

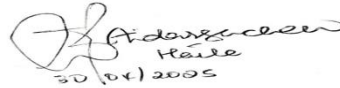
I would like to declare that the senior essay research paper entitled “**ASSESSMENT OF GOVERNMENT EXPENDITURE MANAGEMENT (IN CASE OF WOLKITETOWN FINANCE AND ECONOMIC DEVELOPMENT OFFICE)**” submitted to department of Accounting and Finance, College of Business and Economics, Wolkite University in partial fulfillment of the requirement for the degree of Bachelor of Arts in Accounting and Finance is a record of the original report word done by me and it has not formed before, the basis for the award of any degree/diploma, or any similar titles.

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This senior essay research paper has been submitted for the partial Fulfillment of Bachelor of arts of Degree in Accounting and Finance with my approval as a university main advisor.

Examiners

Signature

Date

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Contents

APPROVAL SHEET.....	Error! Bookmark not defined.
ACKNOWLEDGEMENT.....	Error! Bookmark not defined.
List of table.....	V
ACRONYMS.....	VI
ABSTRACT.....	VII
CHAPTER ONE.....	1
1. INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Background of the organization.....	1
1.3 Statements of the problem.....	2
1.4 Objective of the study.....	3
1.4.1 General Objective of the study.....	3
1.4.2 Specific Objectives of the study.....	3
1.5 Research Question.....	3
1.6 Significance of the study.....	3
1.7 Scope of the study.....	4
1.8 Limitation of the Study.....	4
1.9 Organization of the Study.....	4
CHAPTER TWO.....	5
2. LITERATURE REVIEW.....	5
2.1 Basic concepts of Public Expenditure.....	5
2.2 Basic Concepts of Budgeting.....	7
2.2.1 The budget planning and control process.....	10
2.2.2 Budget Practices and Role of Government Budgets.....	12
2.2.3. Budget Allocation Process.....	12
2.2.4 Budget Preparation, Implementation and Auditing.....	13
2.2.5 Financial Calendar in Budgeting Process.....	13
2.2.6. Budget Preparation and Legislative Approval.....	14
2.3 Public Expenditure meaning and classification.....	15
2.4 Transfer and Non-Transfer Expenditure.....	16
2.5 Productive and Unproductive Expenditure.....	17
2.6 Development and Non-Development Expenditure.....	18
2.7 Cassification According to Benefits.....	18
2.8. Review of Empirical Studies.....	19
CHAPTER THREE.....	21
3. METHODOLOGY OF THE RESEARCH.....	21
3.1. Research Design.....	21
3.2 Study area.....	21
3.3 Sources of Data.....	22
3.4 Sample and Sampling Method.....	22
3.5 Method of Data Collection.....	22
3.7 Method of Data Presentation and Analysis.....	22
CHAPTER FOUR.....	23
<u>4.</u> DATA ANALYSIS AND INTERPRETATION.....	23
4.1 Procedures for collecting data.....	23
4.2 Analysis of questionnaire.....	23
4.2.1 Personal background of the respondents.....	23
4.2.2 Method of recording transaction.....	26

4.2.3 Preparation of a plan for expenditure.....	28
4.2.4 Control action for expenditure	29
4.2.5 Budget deficit.....	30
4.2.6 Effectiveness of public or government expenditure on capital	30
4.2.7 Item of expenditure included in recurrent and capital expenditure.....	33
4.2.8 Recurrent expenditure	35
CHAPTER FIVE	37
5 . CONCLUSION AND RECOMMENDATION.....	37
5.1 Summary	37
5.2 Conclusion	38
5.3 Recommendation	38
REFERENCES	39
APPENDIX	41

List of table

Table 1:Distribution of respondents by Sex.....	24
Table 2:Age of respondent.....	24
Table 3:Educational Levels of the Respondents	25
Table 4: work experience.....	25
Table 5: method of accounting for expenditure	26
Table 6: the expenditure administration effectiveness.....	26
Table 7:the rate of financial administration in the Bureau.....	27
Table 8: extent of government expenditure controlled	27
Table 9: preparation of the plan for the expenditure.....	28
Table 10:preparation of strategic plan for expenditure.....	29
Table 11: control action of expenditure	29
Table 12: budget deficit in the Bureau.....	30
Table 13:effectiveness of public or government expenditure on capital	30
Table 14:budget expenditure in the office is affected by different factors	31
Table 15: budget utilize for intended purpose	31
Table 16:responsibility of setting a plan for expenditure.....	32
Table 17: government expenditure period cover	32
Table 18:in 2007, 2008 & 2009 E.C annual capital expenditure plan and spend report of the Bureau.....	33
Table 19:in 2007, 2008 & 2009 annual recurrent expenditure plan and spend report of the Bureau	35

ACRONYMS

GASB.....General Accounting Standard Board

SLG..... Senior Level of Government

FGE..... Federal Government of Ethiopia

MEFFW..... Micro-Economic and Fiscal Frame work

PEP..... Public Expenditure Program

ABSTRACT

This study was conducted on Assessment of Government Expenditure Management in case of Finance and Economic Development Bureau in Wolkite town Ethiopia, focusing on effectiveness, budget control mechanisms, and the impact of public expenditure on capital. The research employed a descriptive design with a mixed-method approach (qualitative and quantitative). Purposive sampling was used to select 18 respondents (managers, accountants, auditors) from a target population of 36 employees. Data was collected through structured questionnaires (primary) and Bureau reports (secondary), then analyzed using tables and percentages for quantitative data and thematic explanations for qualitative responses. Key Findings 87.5% of respondents confirmed effective expenditure administration, though 56.25% reported budget deficits due to misaligned planning and spending. Strategic planning was robust (100% prepared short/long-term plans), but execution gaps persisted, e.g., capital expenditure deviations. Challenges included weak monitoring and underutilization of resources. Recommendations Strengthen real-time expenditure tracking and internal audits, Align budget allocations with operational priorities to reduce deficits and Enhance transparency and staff training for improved fiscal discipline.

Keywords: *Public finance, expenditure control, budget deficit, Wolkite Town, Ethiopia.*

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Expenditure is the actual expending that recognized the fund and liabilities that are measurable and incurred. This usually means that expenditure is recognized if the related liability is expected to be liquidated through the use of expendable available financial resource. Expenditure results from operating activities, capital asset and servicing debt. Government expenditure includes all government consumption investment but excludes transfer payment made state government acquisition of goods and services for current use to directly satisfy collective needs of the members of the community is close as government financial expenditure and government expenditure can be financed by fees taxes or government borrowing. (David N. Hyman, 2005) Government Expenditure also refers to expense that the government expenditure incurred or cash outflow of government for its maintenance.

The primary focus of governmental accounting is to expend public funds collected in various forms like taxes or fees is spend according to meet the need and demand of public. A government body usually representing elect officials interprets the public desires and legally adapts a budget or a plan of how many is to be spent. For normal operating purpose the budget period is defined as fiscal year. It was the legitimate power governing body to authorize the spending of budget of money for a specific purpose during specific time from based on the governmental accounting practice. As an international level public expenditure are faced with numerous problem of wastage of resource mainly due to weak planning and account system, poor financial management and poor procurement practice and procedure. The researcher is motivated of to investigate such problems (Fried, 2006).

1.2 Background of the organization

Wolkite town finance and economic development Bureau located in southern part of Ethiopia Gurage zone .The organization was established in 1874. But the exact starting date and month is not known. The organization has started from the objective of performing activity collection of revenue from different source such as' tax from traders from salary of employees and tax from farmers. For the first time the organization started its activity with employees through participation in different activity. But also this time the organization has 36 numbers of human resources with different level of education. Currently activity of the organization is making decision write evolution of budget for each sector found in the woredas it checks the organization financial and poverty account record and implementation neither they are implementing on the rule and regulation of the organization or not it also collect revenue at proper time from different source.

1.3 Statements of the problem

Public expenditure is faced numerous problems of resource mainly due to weak planning accounting system, poor financial management and poor procurement practice and procedure. A good public expenditure management should consists of three key objectives namely, fiscal discipline (expenditure control); allocation of resources consistent with policy priorities (“strategic” allocation); and good operational management. Despite all these debates, the argument whether government expenditure contributes positively to economic growth has become an accepted premise in most economies world over Along this hypothesis, for government expenditure to have significant contribution to the country’s economic growth maximum efficiency in resources allocation is essential. The relationships between government expenditure and economic growth tend to vary and these variations are influenced by the level of efficiency. The performance of government towards economic growth is more significant when government advances its Accountability Government expenditure is an input which requires maximum efficiency in allocation so as to accelerate economic growth. Therefore growth maximization requires the attention of simultaneous magnitude of government expenditure and the level of government efficiency in resource allocation There is also a contention that in order to achieve robust results while analyzing the impacts of government expenditure on economic growth government efficiency should be considered Economic growth depends not only on government expenditure but also the ability of the government to allocate its public resources and therefore efficiency. Growth maximization requires a simultaneous awareness of government expenditure and efficiency. In many developing countries, including Ethiopia, the integration of annual budgeting with medium term planning is fragmented. The main outputs of both reforms were limited to the documentation of the existing budget system. The preparation of public investment program. But the basic problems of resource allocation in the public sector are evolving to more complex forms related to the issues of policy and planning, aid management, performance budgeting, standardization and unit costing, monitoring and evaluation, reporting and accounting systems .

The literature reviewed largely reveal that public expenditure management have made attempts on addressing issues of budget preparation and utilization process in the public sector but gap still remains on the proper monitoring and evaluation of each programs to control the budget and its utilization. A good budget implementation process should issue proper planning and control of limited resources to achieve intended government policies and priorities in a transparent and effective way (Pierce, 2004).

This has motivated the researcher to assess the practice of public expenditure management practice in Wolkite Town finance and economic development Bureau This study was considering

factors that affect effectiveness of expenditure and related problem and provide possible solution for the problem identified.

1.4 Objective of the study

1.4.1 General Objective of the study

The general objective of the study is to assess government expenditure management (case study in finance and economic development Bureau in Wolkite Town).

1.4.2 Specific Objectives of the study

- 1.To assess the effectiveness of managerial control in government spending.
- 2.To explain the effect of public /government / expenditure on capital.
- 3.To identify the factor that affect effective expenditure in the Town.

1.5 Research Question

In this study the researcher tried to identify the following basic research question

- 1.What system in the Bureau use to evaluate the government expenditure management?
- 2.To what extent of the government expenditure management is effective in the town?
- 3.What are the factors that affect effectiveness of government expenditure in the Town?

1.6 Significance of the study

Effective and efficient government resource management and implementation process is very essential for developing countries effective utilization is nothing without budget control. The following are some of the significance of the study.

- » The study will be very important for financial decision marker
- » It will help to improved effectiveness of expenditure system.
- » It will help the organization that maintaining and implementation public expenditure.
- » It will serve as reference for the future researcher who would conduct their senior research project on similar title.
- » It gives awareness to the society.
- » It also up grades the researchers understanding how the government expenditure system is applied.

1.7 Scope of the study

Public expenditure management requires trained human resource, committed government officials. Thus it requires a holistic approach and detailed examination, such kind of reform brings changes in the outcome of resources devoted to various programs of the country. The study is delimit to Wolkite town due to other region requires many cost and time therefore the research has time and finance constraints The researcher is emphasizing on how the government expenditure expend effectively in region. This research study is only focused on the problem associated with government expenditure and related weakness of Wolkite town.

1.8 Limitation of the Study

Access to some statistical data and information may be a major constraint not to conduct deep study and also forced not to include other organizations in study to support the research adequately, there is limitation in accessing valuable information from other public institutes for this study, that is why the study focused to specific public body which is finance and economic development Bureau in Wolkite Town. Most organizations are not volunteer to coordinate with any higher education's institutions to facilitate the learning environment. It also lacks the number of employees, time and shortage of budget.

1.9 Organization of the Study

The study was organized in to Five chapters with different characteristics the first chapter deals with introduction part that includes background of the study, statement of the problem, objective of the study, significance of the study, scope of the study, limitation of the study and organization of paper. The second chapter deals with literature reviews. The third chapter deals with research methodology. and Chapter four contains data analysis, interpretation and presentation of the study. Chapter five focuses on conclusions and recommendations of the study.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Basic concepts of Public Expenditure

Public expenditure refers to expenses which a government incurs for its own maintenance, the society and the economy, helping other countries. The actual budget spells out the direction of the expenditure, as it contains details of the proposed expenditure for each year, though the actual expenditure may differ from the budget figures due, for extra budgetary expenditure or allocations during the course of the fiscal year, (Aigheyis-(2013). A Budget is defined as the quantitative allocation of organizational resources for particular operations and plans for a forthcoming time .Resources which serve as the financial blueprint for the company or organization basing on its goals and objectives .The success of budget is evaluated in terms of its facilitation of the realization of the established goals and objectives during the budget process. Wildavsky A. (2016).

Government spending can be classified into;

- current Expenditures or Governmental final consumption ,like on goods and services for current use to directly satisfy individual or collective needs of the members of the community.
- Capital expenditures or fixed capital formation(or government investment)-which government spending on goods and services intended to create future benefits, like infrastructure investment in transport(roads, rail, airports),health(water collection and distribution, sewage systems, communication(telephone, radio and TV) .
- Transfer payments of spending that does not involve transactions of goods and services, but instead represent transfers of money, such as social security payments, pensions and unemployment benefit.

A budget is a financial plan or road map that governs the allocation of societal and economical resources during the fiscal year Wildavsky A. (1975).

The budget of a government is a financial plan of the intended revenues and expenditures of that government. Budgeting and financial management issues are at the core of public sector reform programs in developing countries, particularly, countries with dynamic economy and diverse arrangement Public expenditure defined as, "The expenditure incurred by public authorities like central, state, and local" governments to satisfy the collective social wants of the people is

known as public expenditure. It is spending made by the government of a country on collective needs and wants such as pension, provision, infrastructure, etc. In the 20th century, John Maynard Keynes argued the role of public expenditure in determining levels of income distribution in the economy. Since then government expenditure has shown an increasing trend.

In the 17th and 18th Centuries public expenditure was considered as wastage of money. Thinkers said government should stay with their traditional functions of spending on defense and maintaining law and order.

Public expenditure management (PEM) is the balance between revenue and expenditure, and the allocation of funds among public activities and entities (Allen & Schick 1999) and several theories of public expenditure exist in public economics. Governments at all level (national, regional and local) need to raise revenue from a Variety of sources to finance public sector expenditures, like from tax, non-tax and other sources. It is known that the main sources of revenue or income are tax based on the principles who will benefit, and who can pay. Therefore, public expenditure means the expenditure on developmental and non-developmental activities, such as construction of road ways and dams, energy, irrigation, and other societal and economical activities.(AKrani G"Meaning.etl2012). Public expenditure management (PEM) it is just another term for budgeting in the public sector, it focuses on outcomes and sees expenditures as a means to produce out puts which are needed to achieve desired out comes that plays a great role in achieving goals of each programs or projects that contribute for the intended impacts of the organization or the government at large for the satisfaction of citizens requirements. Public Expenditure Management (PEM) highlights the importance of having the right responses, i.e. those that lead to desired outcomes. PEM is an approach to public sector budgeting that is oriented towards achieving socially desired outcomes, it asks what outcomes do we want to achieve through the budget and what procedures, rules and processes do we need to put in place in order to achieve the required outcomes. A country should care about the aggregate fiscal discipline before any spending take place, aggregate fiscal discipline (fiscal policy) refers to the alignment of PEM with total revenues (domestic revenues plus a substantial level of foreign borrowing and aid), this means that a government spending should be within its sustainable limits.

2.2 Basic Concepts of Budgeting

Budget is a financial plan embodying estimate of proposals, which include expenditure and the proposed means of financing them, for a given period. It is a short term financial plan, a political document couched in figures, a management tool used for both planning and control, a device for insuring a continuous monitoring procedure, reviewing and evaluating performance with reference to previously established standards, as an overall method of improving operations (Ademolekun, 1983).

A significant development in the intellectual history of the 20th century has been implicit recognition of the importance of government in the operation of economy. Government's role generally is performed through the public expenditure management system. It is a network forecast of government revenues and expenditures for governments towards the economy (Thomhill, 1984).

Budget is an instrument for the exercise of government's AL locative, distribution and stabilization function (Wildavsky and Naomi, 1997). It is also a political document through which money appropriated according to value judgment, while the budget process is a political process that takes place within a political arena (Gildenhugs, 1997). The budget is a short term financial plan, a political document, a management tool used for planning and control, advice for monitoring and evaluation government operations (Ademolekun, 1983). There for public expenditure management (EPM) system is the process through which government or the political system evolve an instrument (budget) that is couched in figures for pursuance, monitoring and evaluation of its goals. Budget is a tool employed forecast and guide the economic, social, political and other activities of the state in a certain direction in order to realize predetermined goals and objectives. Thus Odun-Helge et al. 2004 argued that in public administration, the budget serves as a decision-making instrument by which priorities are set, goals and objectives are established, operating programs are compiled and control exercised consequently (Dobel and Ulrich, 2002). Noted that Budgeting entails policy and management analysis needed to make decisions and actions related to implementing them, it involves adjustment of mandates, objectives, resources and practices put in place to ensure the realization of plans and tracking of performance. It equally entails the process of parliamentary approval, reporting performance and accountability. Toure (2001) outline the basic elements of budget.

- □ It provides overall vision of the state policy.
- □ Provide coherence among the various sectors of activities
- □ Thoroughness based on the evaluation of needs
- □ Transparency in all the budget items
- □ It needs to be cautious and realistic given that demand always exceeds resources
- □ Classification of investment expenses (spread over the years) and current expenditure (spread over one fiscal year)

The nature of budget is determined by the roles it performs, as noted by Schick (1966), Wildavsky (2001) and McNab and Melese (2003), a typical budget performs three different functions: Planning function, Management and Control Function. These functions roughly correspond to the four stages of the budget cycle: -Executive preparation and legislative review (planning), Execution (management) and audit (Control) (McCopperty, 1999). Bruce (2001) observed that the planning function of public budgeting emphasizes the allocation of resources among competing public programs in an efficient manner. This role is characteristically political and always resides at the highest levels of government. On the other hand, the management function according to Schick (2001) and World Bank (1998) revolves around the inter-program allocating resources, supervision to ensure and enhance allocation and technical efficiency. The control or audit function focuses on the mechanisms by which government is held accountable to taxpayers. It revolves around the legal procedures, administrative and other restrictions on the expenditure of public resources that enhance transparency, accountability, fairness and objectivity.

Budget and its roles

A budget, if created and used properly, can provide valuable information about the direction, resources and expectations of the organization. Budget is described as an integral part of management control systems that aims at promoting coordination and communication among sub-units within the company, provides a framework for judging performance and finally motivating managers and other employees (Horngren et al, 2005). Toure (2001) outlines the basic elements of budget.

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- □ Means of Forecasting and Planning: Given a set of forecasts, the budget model is able to operate in an optimizing role, attempting to ascertain which plan of action will result in the greatest benefit of the organization. Since planning is at the heart of a budgeting process, by employing the budgeting process diligently, companies can plan extensively on the best course of action to achieve the organization's goals. The budgeting process encourages managers to anticipate problems before they arise, and hasty decisions that are made on the spur of the moment based on expediency rather than reasoned judgment, will be minimized (Drury, 2001).

- □ Channel for Communication and Coordination: Evidently, budgets are an important channel of communicating certain type of information that will enable managers in different parts of the organization to be fully informed of the plan and policies, and constraints, to which the organization is expected to conform. Through the budgeting process, top management communicates its expectations to the lower level management, so that members of the organization may understand these expectations and can coordinate their activities to attain them (Drury, 2001).

- □ Motivational Device: The budget can be a useful device for influencing managerial behavior and motivating managers to perform in line with the organizational objectives (Drury, 2001). A budget provides a standard that under a certain circumstances may motivate managers to strive to achieve the standard. However, it is possible for manager to view the budget as a pressure device in trying to get them to achieve a level of performance that they do not see as achievable. Nevertheless, motivation would be enhanced through the feeling of involvement which participation in the budgeting process can promote. If individuals have actively participated in preparing the budget, and it is used as a tool to assist managers in managing their units, budget can act as a strong motivational device by providing a challenge (Drury, 2001).

2.2.1 The budget planning and control process

Budget setting is a process, not a specific formula or technique. Thus, understanding the intricacies and the dynamics of the budgeting process is essential. Budgeting is an iterative cycle which moves between targets of desirable performance and estimates of feasible performance until there is a convergence of plan which is feasible and acceptable (Emmanuel, Otley and Merchant, 1990). It usually starts with a forecast of future fundamental performance such as sales and net profits. A forecast is a prediction of future events and their quantification is used for the purpose of planning. A forecast relates to events in the environment over which the

business has either no control or limited control. Budgeting process also involves the issuance of guidelines by top management, interaction among various departments, strategy analysis, preparation of preliminary budgets, and review by departmental/business unit heads, negotiation with top management, finalization of each budget, preparation of the master budget and lastly, their approval by the top management. The budget construction process will normally follow the organizational structure. The budgets process provides a system for coordinated planning among

different functional areas (Ramsey Ramsey, 1985 and Bremser, 1988). Some organizations follow a top-down, or mandated approach. Others utilize a bottom-up approach which is closely related to the participant philosophy of budgeting.

The description of each budget construction process is as follows:

Top-down budget: Also known as “Imposed Budget”, this approach to budgeting will begin with upper level management establishing parameters under which the budget is to be prepared. Lower-level managers have very little, if any, input into the determination of the budget amount and setting the overall goals of the organization. The lower-level unit’s involvement in the process is essentially reduced to doing the basic budget calculations and adhering to the directives of top management. One disadvantage of the top-down approach is that lower-level managers may view the budget as a dictatorial standard. Resentment can be fostered in such an environment. Further, such budgets can sometimes provide ethical challenges, as lower level managers may find themselves put in a position of ever-reaching to attain unrealistic targets for their units. On the positive side, top-down budgets can set a tone for the organization. Top management can ensure that the budgets are aligned with the strategic plans. The budgeting process can be completed faster as less time is needed for budget administration.

Bottom-up Budget: Bottom-up budgeting is also known as “Participatory Budget” mainly due to the nature and degree of lower-level managers „involvement in the formulation of budget. Top management may initiate the budget process with general budget guidelines, but essentially bottom-up budgeting begins at the operational level. The operational units drive the development of budgets for their units. These individual budgets are then grouped and regrouped to form a divisional budget with mid-level executives adding their input along the way. Eventually top management and the budget committee will receive the overall plan. The budget committee reviewed the budget components for consistency and coordination. This type of budgeting requires more time to move through the process and complete the budget, but ensures buy-in and commitment at all levels of the company.

Blended Approach: Blended approach is a combination of top-down and bottom-up budget process whereby in this process, top management sets objectives for financial performance and submits these to operating managers, who then develop budgets based on these objectives. The budget is reviewed by top management and either approved, disapproved, or revised. The process may require several iterations of passing the budget back down the ladder for revision by operational units until a final budget is reached. The blended approach to budgeting is also known as “Negotiated Budget”. Negotiation in budgeting process will cause subordinates to behave more cooperatively. Thus, it follows that subordinates“ will have less incentive to build slack in their budget target which they are trying to negotiate and are more committed in transforming the plans into actions once approved by the top management. Blended approach is best suited for a company with a certain amount of sophistication in preparing budgets.

2.2.2 Budget Practices and Role of Government Budgets

A major element of financial data activity rests in the act of budgeting. Budgeting is the process of allocating finite or limited resources to the prioritized needs of an organization. In most cases, for a governmental entity, the budget represents the legal authority to spend money (Hirsch, 1966). Adoption of a budget in the public sector implies that a set of decisions has been made by the governing board and administrators that culminates in matching a government's resources with the entity's needs. As such, the budget is a product of the planning process.

2.2.3. Budget Allocation Process

Budget allocation process is not a system which is mechanically run by legal frameworks and rules one set up. They are important likely organic processes consisting of a myriad of rules and regulations and in addition unwritten ideas, traditions, approaches and methods formed over time. They are also highly political, having a direct impact of the distribution of income and wealth, and so power, across the society (Isaker et.al, 2007). Government prepares the budget for fulfilling certain objectives, the direct outcome of governments economic, social and political policies. The objective of the government budget can be attained by reallocation of resources, though the budget policy, government aims to reallocate resources in accordance with the economic priorities of the country .Government can influence allocation of resources through tax concession and subsidies, encourage investment and producers. The growth rate of a country depends on rate of saving and investment, budgetary policy aims to mobilize sufficient resources

for investment for public sector, that the government makes various provisions in the budget to raise overall rate of savings and investment in the economy. The government budget aims to reduce regional disparities through its taxation and expenditure policy form incur aging setting up of production units in economically backward regions. Government can reduce inequalities in income and wealth through its budgetary policy by imposing taxes on the reach and spending more on the welfare of poor (slideshare.com/microeconomic/10).

2.2.4 Budget Preparation, Implementation and Auditing

Inputs from lower level of local government preparation of the budget framework paper, public hearings, and the prioritization process can be organized in many ways and may vary slightly from one local authority to another and from one year to another. This document is more substantiated notwithstanding these variations, which are often due to different financial and political conditions, a democratic, participatory and transparent budgeting process is essential (LGBC, 2008, p. 12).

According to Government Finance Officers Association (GFOA, 1999), a good budget process is far more than the preparation of legal document that appropriate funds for a series of line items. Several essential features characterized good budget process. In relation to this, LGBC's document fatherly noted that, in order to prepare a proper budget, three preconditions should be used: The preparation process should be participatory in order to ensure ownership to both the process and the approved budget; budget systematic process of prioritization of programs and expenditures, which is based on informed choices, must take place and planned outputs, activities, and expenditure allocations in the annual work plan and budget estimates must be realistic, and achievable (LGBC, 2008, p. 13).

2.2.5 Financial Calendar in Budgeting Process

Financial calendar defines adequately schedules tasks to be performed, the time frame for each tasks and the institutions responsible to perform each task so that plan and budget are systematically performed, approved, appropriated and executed (MOFED, 2008). The financial calendar includes a planning and budget cycle. According to Shah „the budget cycle must be supported by a budget calendar that specify the staging each element in the budget cycle.“ The

complete calendar reflects both legislatively and administratively established time tables for step completion; it identifies the role and the responsibility of each step (Shah, 2007, p. 222). It is essential that public bodies and jurisdictions adhere to the budget calendar. An effective budget is one that is notified at the beginning of the fiscal year and executed on the time throughout the fiscal year. The single most important objective of the budget calendar is the provision of the timely budget ceiling to public bodies so that they have adequate time to prepare budgets that are defined by resource limits.

2.2.6. Budget Preparation and Legislative Approval

Budgets have to be passed regularly, usually on an annual basis, in order to ensure that the government continues to operate. The budget process is governed by a time line that typically can be separated into four different stages; which are Preparation, Approval, Implementation and Auditing. As Shah explained in budget preparation is often viewed as a predominantly an executive role and includes the planning or preparing the budget, and the linkage of plan through MTEF for annual budget establishment of priorities and resources spending envelopes. It is concerned with compiling a draft budget, the budget drafting or formulation stage takes place largely in the executive branch of the state. The drafting stage often involves balancing the needs and proposal driving from various government departments against the priorities set by political office-bearers and fiscal advisors (Shah,2007) Effective organizational and departmental budgeting and budgetary utilization is crucial for ensuring accomplishment of organizational goals that leads to achieve the succession of Vision, every organization performance is affected by the practical budget application in efficient and economical matters for the fast growing economy of the country. However, in Ethiopia research in this issue is very limited; among the relevant studies conducted by TilahunBogale entitled budget management and control in Ministry of National defense, he mentioned that the institution have a five year strategic plan, and is under operation since 2007. Accordingly, step by step and year after year, different stages of activities have been improved and coordination has been enhanced in the defense force. However, at the same time several problems remain unsolved with regard to the budget preparation, execution, and control in various defense units (Tilahun, 2010).

Similarly a study conducted in Addis Ababa City Administration Health Bureau in budget preparation and utilization revealed in many of the budget users, gaps are observed in organizing their plans as per the strategy of the Health Bureau; with regard to budget planning and utilization, the annual report of Addis Ababa City Administration Health Bureau shows the existence of inefficiencies in budget preparation and utilization. Some of the limitations identified in the report includes absence of strong follow up and control by successive leaders on the budget preparation as well as utilization at each respective budget users; each budget users unable to report comparisons of utilized and unutilized budget including the reason why it is not consumed meanwhile, the audit report by office of auditor general for the year of 2008, MOFEC unutilized (Ketema , 2015).

2.3 Public Expenditure meaning and classification

Public expenditure refers to government expenditure i.e. Government spending. it is incurred by central, state and local governments of a country. Public expenditure can be defined as ,”the expenditure incurred by public authority like central ,state and local government to satisfy the collective social wants of the people is known as public expenditure”(kalian-city.blogspot,2011)

Throughout the 19th century, most governments followed laissez faire economic policies and their functions were only restricted to defending aggression and maintaining law and order the size of the public expenditure was very small. But now the expenditure of government all over has significantly increased in the early 20th century, john Maynard Keynes advocates the role of public expenditure in determination of level of income and its distribution. In developing countries, public expenditure policy not only accelerates economic growth and promotes employment opportunity but also plays a useful role in reducing and inequality in income distribution (kalian-cit blog spot, 2011).

Classification of public expenditure

Classification of public expenditure refers to the systematic arrangement of different items on which the government incurs expenditure .different economist have looks at public expenditure from different point of view .the following classification is a based on these different views (kalian-city. Blog Spot, 2011).

1, Functional classification

The government performs various functions like defense, social welfare, agriculture, infrastructure and industrial development. The expenditure incurred on such functions fall under this classification .these functions are further divided into subsidiary functions (kaliancity. Blog Spot, 2011).

2, Revenue and capital expenditure

Revenue expenditure is current or consumption expenditures incurred on civil administration, defense forces, public health and education, maintenance of government machinery. This type of expenditure is of recurring type which is incurred year after year. On the other hand, capital expenditures are incurred on building durable assets, like highways, multipurpose dams, irrigation projects, buying machinery and equipment. They are non-recurring type of expenditures in the form of capital investments. Such expenditures are expected to improve the productive capacity of the economy.

2.4 Transfer and Non-Transfer Expenditure

A.C. Pigou, the British economist has classified public expenditure as:-

1. Transfer expenditure
2. Non-transfer expenditure

Transfer Expenditure:-

Transfer expenditure relates to the expenditure against which there is no corresponding return.

Such expenditure includes public expenditure on :-

- □ National Old Age Pension Schemes,
- □ Interest payments,
- □ Subsidies,
- □ Unemployment allowances,

- □ Welfare benefits to weaker sections, etc.

By incurring such expenditure, the government does not get anything in return, but it adds to the welfare of the people, especially belong to the weaker sections of the society. Such expenditure basically results in redistribution of money incomes within the society.

Non-Transfer Expenditure:-

The non-transfer expenditure relates to expenditure which results in creation of income or output.

The non-transfer expenditure includes development as well as non-development expenditure that results in creation of output directly or indirectly.

- □ Economic infrastructure such as power, transport, irrigation, etc.
- □ Social infrastructure such as education, health and family welfare.
- □ Internal law and order and defense.
- □ Public administration, etc

2.5 Productive and Unproductive Expenditure

This classification was made by Classical economists on the basis of creation of productive capacity.

Productive Expenditure:-

Expenditure on infrastructure development, public enterprises or development of agriculture increase productive capacity in the economy and bring income to the government. Thus they are classified as productive expenditure.

Unproductive Expenditure:-

Expenditures in the nature of consumption such as defense, interest payments, expenditure on law and order, public administration, do not create any productive asset which can bring income or returns to the government. Such expenses are classified as unproductive expenditures.

2.6 Development and Non-Development Expenditure

Modern economists have modified this classification into distinction between development and non-development expenditures.

Development Expenditure:-

All expenditures that promote economic growth and development are termed as development expenditure. These are the same as productive expenditure.

Non-Development Expenditure:-

Unproductive expenditures are termed as non-development expenditures.

5. Grants and Purchase Price

This classification has been suggested by economist Hugh Dalton.

Grants:-Grants are those payments made by a public authority for which there may not be any quid-pro-quo, i.e., there will be no receipt of goods or services. For example, old age pension, unemployment benefits, subsidies, social insurance, etc. Grants are transfer expenditures.

Purchase prices:-Purchase prices are expenditures for which the government receives goods and services in return .For example, salaries and wages to government employees and purchase of consumption and capital goods.

2.7 Cassification According to Benefits

Public expenditure can be classified on the basis of benefits they confer on different groups of people.

Common benefits to all:-Expenditures that confer common benefits on all the people .For example, expenditure on education, public health, transport, defense, law and order, general administration.

Special benefits to all: Expenditures that confer special benefits on all. For example, administration of justice, social security measures, community welfare.

Special benefits to some: Expenditures that confer direct special benefits on certain people and also add to general welfare. For example, old age pension, subsidies to weaker section, unemployment benefits.

7. Hugh Dalton has classified public expenditure as follows:-

Expenditures on political executives: i.e. maintenance of ceremonial heads of state, like the president.

- □ Administrative expenditure: to maintain the general administration of the country, like government departments and offices.
- □ Security expenditure: to maintain armed forces and the police forces.
- □ Expenditure on administration of justice: include maintenance of courts, judges, public Prosecutors.
- □ Developmental expenditures: to promote growth and development of the economy, like expenditure on infrastructure, irrigation, etc.
- □ Social expenditures: on public health, community welfare, social security, etc.
- □ Public debt charges: include payment of interest and repayment of principle amount.

2.8. Review of Empirical Studies

Effective organizational and departmental budgeting and budgetary utilization is crucial for ensuring accomplishment of organizational Goals that leads to achieve the succession of Vision, every organization performance is affected by the practical budget application in efficient and economical matters for the fast growing economy of the country, With regard to this issue there are very few studies relevant to Ethiopia context particularly higher education institutions. Tilahun Bogale, 2010 studied budget management and control in Ministry of National defense and stated that a five year strategic plan has been prepared and is under operation since 2007. Accordingly, step by step and year after year, different stages of activities have been improved and coordination has been enhanced in the defense force. However, at the same time several problems remain unsolved with regard to the budget preparation, execution, and control in various defense units. Ketema Muluneh, 2015 studied Preparation and Utilization Case of Addis

Ababa City Administration Health Bureau and stated that in many of the budget users, gaps are observed in organizing their plans as per the strategy of the Health Bureau; with regard to budget planning and utilization, the annual report of Addis Ababa City Administration Health Bureau shows the existence of inefficiencies in budget preparation and utilization. Some of the deficiencies identified in the report are: there is no strong follow up and control by successive leaders on the budget preparation as well as utilization at each respective budget users; each budget users unable to report comparisons of utilized and unutilized budget including the reason why it is not consumed meanwhile, the audit report by office of auditor general for the year of 2008, MOFEC unutilized budget. ZerihunAssefa, 2014 studied about trend and its significance of public expenditure in Ethiopia that the empirical foundation of the study depends On the recurrent and capital components of public expenditure to assess its trend and significance on Gross Domestic Product (GDP) classification of public expenditure that refers to the systematic arrangements of different items on which the government incurs expenditure. The researcher outlined that different economists have looked at public expenditure from different point of view. Recurrent expenses are current or consumption expenditures incurred on civil administration, defense forces, public health and education, maintenance of government machinery. This type of expenditure is of recurring type which is incurred year after year .On the other hand, capital expenditures are incurred on building and long durable assets like highways, multiple purpose dam, irrigation projects, buying machinery and equipment, hydroelectric power. They are non-recurring type of expenditures in the form of capital investments. Such expenditures are expected to improve the productive capacity of the economy.

The empirical researches identified that the effect of government expenditure on economic growth reported results as positive effect or negative and those who observed mixed results and those who could not establish any relationship between government expenditure and economic growth. The first school of thought in those who support the idea that public expenditure has negative impact on economic growth.(Manoj-2013). Deverajan et al.(1996) shed light on the consumption of public expenditure and economic growth for the panel of 43 developing countries from 1970 to 1990 income in the share of recurrent expenditure has positive and statistically significant growth effects and by contrast, capital as a component of public expenditure has a negative impact on economic growth. According to the study, these results

imply that, developing countries governments have been miscalculating public expenditure in favor of capital expenditure at the expense of recurrent expenditure.

Based on the findings from the empirical analysis, Ifeanji et al (2012) offers the following recommendations:

□□ Capital and recurrent expenditures on economic service should be dissected mainly to productive economic activities. This will stimulate activities in the economic sectors and perhaps reverse the negative effect on economic growth.

□□ The portion of government total expenditure that goes into capital and recurrent expenditure financing should be increased since these components exert significant positive effect on economic

CHAPTER THREE

3. METHODOLOGY OF THE RESEARCH

3.1. Research Design

The study was conducted through descriptive research in order to assess the effectiveness of government expenditure in case of finance and economic development Bureau in Wolkite Town and to obtain the information concerning the current status of the Town and to draw conclusion from the fact it discovers. The researcher used both qualitative and quantitative research approach.

3.2 Study area

The study was conducted in Wolkite among three interrelated directorates (departments) of Wolkite Town finance and economic development office namely, Finance and procurement service ,Planning, Monitoring, Evaluation and Internal audit directorates of two heads from Internal audit and planning directorates.

3.3 Sources of Data

For the sake of achieving the purpose of this study relevant data was collected from both primary and secondary source. The primary data were collected by using closed and open ended questionnaires. Because both open and closed ended questionnaire are good to get responses from the respondents and are suitable for doing the research. The secondary data was collected from different sources such as journals, documents, fiancé and economic development office records and report

3.4 Sample and Sampling Method

Target population of the study was Manager, Accountant and Auditors of Wolkite Town finance and economic development Bureau. Even though all employees of the Bureau and sector of the town can respond to the question because of cost and time constraint it is impossible to collect data from the employee and sector of the Town.so the researcher is reluctant to select 18 out of 36 employees (50% of the target population) using purposive sampling, a non-probability method, to focus on individuals directly involved in government expenditure management (e.g., Managers, Accountants, Auditors).

The researcher used purposive or judgmental sampling methods which is non-probability sampling method. The researcher selected this technique because it permits the researcher to have completed freedom of selecting individual who can provide relevant information.

3.5 Method of Data Collection

The relevant data collection to the study is both primary and secondary data sources. The primary data was collected by using closed and open ended questionnaires and the questionnaires were distributed to 18 of employees from 36 employees of target population. The researcher also relied on a system of judgmental sampling method. The secondary data was collected from different books.

3.7 Method of Data Presentation and Analysis

Data from the structured self-administered questionnaire were properly organized through data editing, coding, tabulating and organizing based on the type of basic question and nature of data was analyzed through chart, percentage and the qualitative data was analyzed through detail explanation depend on the response of respondent research process.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Procedures for collecting data

The study deals with “assessment of government expenditure management a case of finance and economic development Bureau in Wolkite Town.” The researchers have used the questionnaire method as a primary means of data collection. The researcher prepared 19 questions in the form of questionnaires. This may help the result more reliable and help to obtain relatively accurate data that are relevant.

4.2 Analysis of questionnaire

4.2.1 Personal background of the respondents

The respondents are the employee of Wolkite Town finance and economic development Bureau. Questionnaire was distributed to them and analyzed as well as interpreted in this part of the study.

Table; 4.1 Distribution of respondents by Sex

Table 1: Distribution of respondents by Sex

No	Sex	Respondent in Number	Respondent Percentage (%)
1	Male	11	62.5%
2	Female	7	37.5%
Total		18	100%

Source: questionnaire from employees, 2025

The above data reveals that 11 (62.5%) respondents were male and the remaining 7 (37.5%) were female.

Table; 4.2 Age of respondent

Age	No of respondent	Respondent in percentage %
18-25	0	
26-35	3	18.75%
36-45	8	43.75%
Above 45	7	37.5%
Total	18	100%

Table 2: Age of respondent

Source: questionnaire from employees, 2021

The above table reveals that the age of respondent in the office. Thus 3(18.75%) of the respondent were found in the age of 26-35 interval and 8(43.75) of the respondent were found in the age of 36-45 the remaining 7(37.5%) were above 45 years.

Table; 4.3 Educational Levels of the Respondents

Table 3: Educational Levels of the Respondents

No	Educational level	Number of respondent	Respondent in percentage (%)
1	Diploma	-	-
2	Degree	10	56.25%
3	Masters	8	43.75%
4	Others	-	-
Total		18	100%

Source: questionnaire from employees, 2025

The above table reveals that educational level of the respondent in the office. Thus 8 (43.75%) of the respondents were Masters, and 10 (56.25%) of the respondents were degree, from this 9 (50%) of male among this 2 (20%) is masters and the remaining 8 (80%) is degree, and 4 (66.67%) of females from this 2 (33.33%) is masters holders and the remaining 3 (37.5%) of females are degree holders.

Table; 4.4 work experience

Table 4: work experience

Work experience	No of respondent	Respondent in percentage %
1-5	3	12.5%
6-10	4	25%
Above 10	11	62.5%
Total	18	100%

Source; questionnaire from employees; 2025

The above table reveals that work experience of the employees in the Bureau. Thus 3 (12.5%) were worked for 1-5 years. 4 (25%) had been worked for 6 to 10 years and the remaining 11 (62.5%) worked above 10 years in the Bureau.

4.2.2 Method of recording transaction

The federal government of Ethiopia system post financial reform for all governmental organization go use double entry book keeping in which both aspect of each transaction are recorded in the accounting records. So for every debit, there must equal amount of credit. Since Wolkite Town finance and economic development Bureau is one of the government organizations, so they use double entry book keeping method of accounting to record transaction

Table 4.5 method of accounting for expenditure

Table 5: method of accounting for expenditure

No	Method of accounting	Respondent in number	Respondent in percentage (%)
1	Is used	18	100%
2	Is not used	-	-
Total		18	100%

Source: questionnaire from employees, 2025

The above table reveals that the employee response for method of accounting for expenditure in their office. Thus 18 (100%) of them are responded that there was a method of accounting for expenditure in the Bureau. The respondent replied that in government expenditure account modified cash basis of accounting is used. Revenue is recognized when payroll is processed at the end of the year and a grace period is recognized when goods are received or service rendered.

Table; 4.6 the expenditure administration effectiveness

Table 6: the expenditure administration effectiveness

No	Expenditure administration effective	Respondent in number	Respondent in percentage (%)
1	Yes	15	87.5%
2	No	3	12.5%
Total		18	100%

Source: questionnaire from employees, 2025

The above table reveals that the employee respondent response on expenditure administration effectiveness. Thus 15 (87.5%) of respondents responded that the expenditure administration is implemented by following the budget action plan and internal control of finance activity or auditing control activities and the remaining 3 (12.5%) of respondent responded that there is ineffective expenditure administration in the Bureau.

Table; 4.7 the rate of financial administration in the Bureau

Table 7:the rate of financial administration in the Bureau

Rank	Good	v. good	Excellent	Poor	Total
Rate of financial administration					
Respondent in number	12	6	-	-	18
Respondent in %	68.75%	32.25%	-	-	100%

Source: questionnaire from employees, 2025

The above table reveals that the employee respondent responded on the rate of financial administration of the Bureau. Thus 12 (68.75%) of them respond that the rate of financial administration is good and the remaining 6 (32.25%) of them replied that financial administration is very good. This indicates the financial administer manage financial rate in good manner in the Bureau.

Table; 4.8 extent of government expenditure controlled

Table 8: extent of government expenditure controlled

Question	Response	Number of respondent	Respondent in percentage (%)
The extent of government expenditure is controlled	Very weak	-	-
	Weak	-	-
	Medium	3	18.75%
	Strong	10	56.25%
	Very strong	5	25%
	Total	18	100%

Source: questionnaire from employees, 2025

The above table reveals that an employee response to extent of government expenditure is controlled in the Bureau. Thus 3 (18.75%) of them have respond that of government expenditure allocated in the Bureau is medium, 10 (56.25%) of them have respond that of government expenditure allocated in the Bureau is strong and the remaining 5 (25%) of respondent said that as strong.

4.2.3 Preparation of a plan for expenditure

Financial planning requires that the preparation of a budget to be started in time for its adoption before the beginning of the period to which it applies. To ensure that adequate time will be allowed. Budget calendar is frequently prepared listing each step in produce and time allowed for its completion. The officer consider series step to prepare plan for expenditure of the year.

Table; 4.9 preparation of the plan for the expenditure

Table 9: preparation of the plan for the expenditure

No	The Bureau prepare a plan of expenditure	Respondent in number	Respondent in percentage (%)
1	Yes	18	100%
2	No	-	
Total		18	100%

Source: questionnaire from employees, 2025

The employee responds the preparation of plan for the expenditure. Thus all of them or 18 (100%) employee replied that Bureau prepare both short term and long term plan for expenditure. This is goals that you want to spend money in common short term and long term. Goals may include such things as saving for vacation putting aside funds for a semi-annual.

Table; 4.10 preparation of strategic plan for expenditure.

Table 10:preparation of strategic plan for expenditure.

Types of plan	No of respondent	Respondent in percentage%
Short term plan	12	62.5%
Long term plan	3	18.75%
Both	3	18.75%
Total	18	100%

Source; questionnaire from employees; 2025

The above table reveals that the employees response about the plan of expenditure in the Bureau. Thus 12(62.5) employees have respond that the Bureau prepare short term plan and 3(18.75%) employees respond that the bureau prepare long term plan. the remaining 3(18.75) employees respond the bureau prepare both short term and long term plan.

4.2.4 Control action for expenditure

Table; 4.11 control action of expenditure

Table 11: control action of expenditure

No	Control action in Bureau	Respondent in number	Respondent in percentage (%)
1	Yes	18	100%
2	No	-	-
Total		18	100%

Source: questionnaire from employees, 2025

The above table reveals that the employees response for control action for expenditure in Bureau. Thus all of them 18 (100%) have respond that there is control action in the Bureau. The respondent planning is set for control the expenditure and allocation of the resource is made for control action and by using internal audit system. Pre-Audit, end of the month bank reconciliation are anther control action in the bureau.

4.2.5 Budget deficit

Budget deficit is a situation of expanded amount of budget is more than the planned amount. Or when expenditure incurred by the government is greater than revenue collected from different sources

Table; 4.12 budget deficit in the Bureau

Table 12: budget deficit in the Bureau

No	There is a budget deficit	Respondent in number	Respondent in percentage (%)
1	Yes	10	56.25%
2	No	8	43.75%
Total		18	100%

Source: questionnaire from employees, 2025

The above table reveals that the employee respondent's response for budget deficit in the Bureau. Thus 10 (56.25%) replied that there is a budget deficit in the Bureau. The respondent responds that at the time budget deficit the Bureau transfer from surplus department to the deficit one by putting priorities system project and programs to solve the problem.

4.2.6 Effectiveness of public or government expenditure on capital

Table; 4.13 effectiveness of public or government expenditure on capital

Table 13:effectiveness of public or government expenditure on capital

No	Effective on public or government expenditure on capital	Respondent in number	Respondent in percentage (%)
1	Yes	11	62.5%
2	No	7	37.5%
Total		18	100%

Source: questionnaire from employees, 2025

The above table reveals that the employee of the bureau responds on effectiveness of public or government expenditure on capital. Thus, 11 (62.5%) of the respondent respond that the Bureau is effective on public or government expenditure on capital, and the remaining 7 (37.5%) of the

Respondent respond that there is ineffective on public or government expenditure on capital in the Bureau.

Table; 4.14 budget expenditure in the office is affected by different factors

Table 14: budget expenditure in the office is affected by different factors

No	Budget expenditure is affected by different factors?	Respondent in number	Respondent in percentage (%)
1	Yes	11	62.5%
2	No	7	37.5%
Total		18	100%

Source: questionnaire from employees, 2025

The above table reveals that factors that affect budget expenditure in the Bureau. Thus, 11 (62.5%) of the respondent respond that there is no any factor that affect budget expenditure in the Bureau, while the remaining 7 (37.5%) of the respondent respond that the budget expenditure is affected by different factors such as unexpected expense underutilization of resource etc.

Table; 4.15 budget utilize for intended purpose

Table 15: budget utilize for intended purpose

No	Budget utilize for intended purpose	Respondent in number	Respondent in percentage (%)
1	Yes	12	68.75%
2	No	-	-
3	To some extent	6	31.25%
Total		18	100%

Source: questionnaire from employees, 2025

The above table reveals that the budget is utilized for the intended purpose in the Bureau. Thus 12 (68.75%) of respondent responded that the budget is utilize for mainly intended purpose, and the remaining 6 (31.25%) of respondent replied that to some extent the budget utilize for the intended purpose.

Table; 4.16 responsibility of setting a plan for expenditure

Table 16:responsibility of setting a plan for expenditure

No	Who is responsible for setting a plan for expenditure	Respondent in number	Respondent in percentage (%)
1	Board of director	-	-
2	Employee	-	
3	<i>Management</i>	<i>14</i>	<i>75%</i>
4	Others	4	25%
Total		18	100%

Source: questionnaire from employees, 2025

The above table reveals that responsibility for setting a plan of expenditure in the Bureau. Thus 14 (75%) of respondent replied that the management are responsible for setting a plan for expenditure, and the remaining 4 (25%) of respondent replied that of others are responsible for setting a plan of expenditure.

Table; 4.17 government expenditure period cover

Table 17: government expenditure period cover

No	Government expenditure period cover	Respondent in number	Respondent in percentage (%)
1	Monthly	10	50%
2	Quarterly	-	-
3	Semi- annually	4	25%
4	Annually	4	25%
Total		18	100%

Source: questionnaire from employees, 2021 the above table reveals that expenditure period cover in the Bureau. Thus 10 (50%) of the respondent replied that the expenditure will cover in monthly, 4 (25%) of the respondent replied that the Bureau expenditure will cover in semi-

annually and the remaining 4 (25%) of the respondent replied that the office expenditure will cover annually or yearly.

4.2.7 Item of expenditure included in recurrent and capital expenditure

The employee respondent responded that the recurrent expenditure intended for running administrative cost of the government includes salary, wages, stationary, communication, utilities, office service, social security, and contribution etc..., the capital expenditure is a government out lay for economic and social development that includes dump, agricultural and industrial development construction of school and roads, hospitals.

Table; 4.18 in 2007, 2008 & 2009 E.C annual capital expenditure plan and spend report of the Bureau

Table 18:in 2007, 2008 & 2009 E.C annual capital expenditure plan and spend report of the Bureau

Acc. Code	Description	2023		2024		2025	
		Plan	Spend	Plan	Spend	Plan	Spend
6111	Salary	485,374.87	463,462.45	700,086.17	700,086.17	657,134.83	657,134.83
6112	Wages	3,511,809.53	3,468,366.79	11,687,688.28	3,334,434.28	23,152,457.05	5,525,316.54
6114	wage to causal staff	299,490.43	298,810.11	327,301.76	327,286.84	393,493.01	393,493.01
6120-6129	Allowance/ benefit	640,929.61	650,670.62	724,323.61	724,321.97	918,621.29	918,621.29
6120	Allowance to permanent staff	604,824.35	519,346.78	538,170.06	538,166.59	760,349.03	760,349.03
6130-6139	Pension cont...	2,560.781.39	2,541,701.88	2,859,615.09	2,859,604.09	3,993,720.62	3,993,720.62

6213	Printing	89,858.17	87,745.28	101,783.15	101,783.03	50,511.12	50,511.12
6215	Education	217,532.61	217,474.05	29,708,603.95	240,572.60	311,851.84	311,851.84
6217	Fuel & oil	245,978.08	245,512.98	308,917.03	308,914.94	385,824.01	385,824.01
6218	Other material	1,778.156.37	1,759,075.94	2,015,406.52	2,015,405.52	2,715,776.15	2,715,776.15
6232	Transport	540,964.81	541,357.69	561,095.28	561,083.73	1,097,944.84	1,097,944.84
6241	Maintenance	617,623.13	594,446.28	877,289.98	877,289.98	1,180,153.64	1,180,153.64
6243	Equipment	1,677,456.72	1,662,675.47	1,796,063.15	1,796,063.15	2,863,839.48	2,863,839.48
6251	Construction material	8,271,790.87	8,250,650.72	9,884,030.96	9,883,954.07	11,672,304.5	11,671,733.51
6255	Fright	783,119.36	762,999.43	939,461.05	939,461.05	1,387,526.58	1,387,526.58
6257	Electric	971,242.16	957,657.6	1,406,779.1	1,406,724.57	1,532,236.16	1,532,236.16
6258	Telecom	22,286,546.28	22,276,036.5	240,575.04	22,096,173.18	31,291,048.83	31,291,048.83
6259	Water	100,468.69	99,974.92	222,734.43	222,733.74	283,095.44	283,095.44
6270-6279	Training service	935,027.26	932,664.43	1,046,304.11	966,930.66	2,081,315.94	1,969,940.94
6312	Purchase	3,150,967.07	3,107,020.7	4,431,289.07	3,650,076.81	5,220,820.54	5,220,819.73
6314	Purchase building	484,438.62	476,215.43	526,303.47	526,303.47	644,639.70	644,639.70

	Total	50,253,379.32	49,995,866.05	54,078,026.3	54,077,366.44	74,856,169.1	74,855,577.29
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Source: annual capital expenditure report of the Bureau, 2007, 2008 and 2009

The above table reveals that capital expenditure both plan and spend amount from the year 2013, 2014 and 2015 E.C. In year 2013 E.C there was planned amount/50,253,379.32/ greater than spent amount/49,995,866.05/, in 2014 E.C the amount of planned/54,078,026.3/ is the similar with the amount of spent /54,078,336.44/, in this year the budgeting system is good, and in 2009E.C planned amount/74,056169.1/ is similar with spent amount/74,855,577.29/ and also it is good budgeting system in the Bureau.

4.2.8 Recurrent expenditure

Table; 4.19 in 2023 ,2024 & 2025 annual recurrent expenditure plan and spend report of the Bureau

Table 19:in 2023, 2024 & 2025 annual recurrent expenditure plan and spend report of the Bureau

No	Description	2023		2024		2025	
		Plan	Spend	Plan	Spend	Plan	Spend
6111	Salary, wages	6,783,891.43	6,783,891.43	13,102,949.3	13,453,970	38,240,562.56	38,697,443.3
6212	Bureau supply	6,741,859	6,731,507.57	7,554,536.4	6,747,063.14	2,158,545.8	2,160,717.6
6214	Medical supply	35,224,430.8	35,216,138.57	2,000,000.0	1,711,760.5	2,956,001	2,160,717.6
6215	Education	4,522,338	4,623,309.36	7,612,109	7,612,072.89	399,232.8	372,217.6
6217	Fuel lubricant	500,000.0	398,988.19	271,553.93	266,862.16	454,057.7	415,248.8
6219	Miscellaneous	5,245,745	5,245,744.94	2,761,430	2,761,424.3	6,353,737.94	6,353,712.6
6231	Periderm	5,938,817.	5,938,816.	9,082,671.	9,082,565.	2,157,504.	2,157,504.

		09	29	0	74	37	3
6232	Transportation	1,778,666.6	1,778,666.6	1,026,011	1,026,011	3,979,594.26	3,979,594.26
6233	Bureau entertainment	4,431,900.57	4,431,159.67	8,528,354.48	8,528,354.48	2,297,040.06	1,297,039.45
6244	Maintenance	7,243,069.76	7,182,154.52	1,575,250	1,575,250	6,640,574.84	6,640,574.7
6313	Equipment	1,494,039.99	1,494,093.08	1,183,897	1,183,896.95	8,163,210.82	8,142,768.1
6314	Purchase of plant asset	8,056,541.25	8,035,545.61	9,801,603.03	9,799,105.61	12,313,047.21	12,313,046.43
6324	Construction of infra...	2,779,951.06	2,087,881.55	15,781,113.0	15,781,025.2	17,183,928.51	17,183,527.47
6415	Continen ce	1,475,116.74	1,475,074.25	1,588,983	1,588,913.6	58,789.8	58,789
6416	Compensation of staff	856,714,42	856,714.14	305,000	302,673,5	2,404,795	2,404,795
	Total	93,016,639.1	92,935,914.9	82,175,461.45	81,442,036.39	96,760,622.80	97,242,010.12

Source: annual recurrent expenditure and spends report from Wolkite Town finance and economic development Bureau, 2014 ,2015 and 2015 E.C.

In 2013 E.C spent less than planned, because expenditure amount of spent is decreased 92,935,914.9 and planned is increased by the amount of 93,016,639.1.

In 2014 E.C the amount of spent is less than planned, because expenditure amount of planned is increased 82,175,461.45 to 81,442,036.39.

As the above table shows in 2015 E.C there was spent amount greater than planned this

happened cause of high amount of spent is 97,242,010.12 and less amount of planned is 96,760,622.80.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Summary

In this chapter the major finding of the study would be summarized and based on the findings the researcher would try to arrive at conclusion. The researcher would try identifying factors stated under basic question and finally the researcher would recommend and conclude based on findings. Here important summery of finding was presented based on previous section.

- » The response shows that 100% respondents respond that the Bureau prepares short term and long term plan for expenditure.
- » Out of total respondents 56.25% were degree and the remaining 43.75% were master holders.
- » Out of total respondent 18.75% said that the extent of government expenditure is allocated and controlled is medium, 56.25% of respondent said that the extent of government expenditure allocated and controlled is strong, and the remaining 25% of respondent said that very strong.
- » Out of total respondents 87.5% of employee responds that expenditure administration is effective and the remaining 12.5% of them said that expenditure administration is not effective.

» The response shows that 68.75% of them replied that rate of financial administration is good and the remaining 32.25% of them said that very well.

From the total respondents 56.25% said that there is a budget deficit and the remaining 43.75% said that there is no a budget deficit.

» Out the total respondents 18.75% of them replied the extent of government expenditure is medium 56.25% of them replied strong, and the remaining 25% of them replied very strong.

Annual capital expenditure planned and spends report from Wolkite Town finance and economic development Bureau for previous three years (2006, 2007 & 2008 E.C). There is a budget deficit of capital expenditure in 2006 and 2007 years.

5.2 Conclusion

Conclusion of the study are presented briefly as follows,

»Wolkite Town finance and economic development Bureau use modified cash basis of accounting.

»The effectiveness of expenditure in the Town is almost effective according to questions are replied from respondent but the secondary data from annual plan and expenditure of the Bureau report implies that there is a budget deficit.

»The plan set for the expenditure in the Town is both short term and long term plan.

» In general the financial administration of the Town is good.

5.3 Recommendation

Based on the finding of the study the researcher recommended the following points. As a solution to minimize the problem,

As the data gathered, analyzed and interpreted, the extent of the government expenditure controlled are medium. Thus the researcher takes it at one factor of the budget deficit in Wolkite Town finance and economic development Bureau, because the extent of government expenditure controlled should have strong.

- In addition to this the researcher analysis the amount to plan and the amount to spend is not the same in the Bureau, some times the amount they expend is greater than the amount of planned this indicates there is a budget deficit to fulfill what they are planned. As the result of these the government should have allocated sufficient amount of budget to alleviate the budget deficit that is faced the Wolkite Town finance and economic development Bureau.
- When the budget department makes any change on the code proposed budget prepared by the different town and cost center they should aware then on time this make responsible center not to include unrelated codes together at the time they prepare variance.
- When there is exaggerated estimation on the proposed budget responsible center take corrective action on time and motivated budget section to have good awareness about how to prepare their budget.

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APPENDIX
WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

Questionnaire

Dear Respondent;

The main objective of this questionnaire is to gather primary data for the topic entitled '*Assessment of government expenditure management a case on Wolkite Town finance and economic development Bureau*'. The purpose of this research paper is to complete the partial fulfillment of bachelor of art degree in accounting and finance. Dear respondent, your answer will be kept confidential and you are kindly requested to fill all questions properly.

General instructions

- ✓ Please answer the following question that are followed by choice and make a tick mark for your answer in appropriate box.

I. Personal Questions

A. Gender

Male

Female

C. . Education

Degree

MA

Other please specify

B. Age

18-25

26-35

36-45

Above 45

▪ D. Work experience

1 -5

6-10

Above 10

II. Research Question

1. Is there any method of accounting for your office expenditure?

Yes No

2. If your answer is yes in question 1 what method of accounting your Bureau used?

.....

.....

.....

3. Does your office effective on public or government expenditure on capital?

Yes No

4. How do you rate the administration of expenditure in your Bureau?

Very Poor Poor Good Very Good Excellent

5. To what extent the government expenditure is controlled in your Bureau?

Very Weak Weak Middle Strong Very Strong

6. Does your Bureau prepare on strategic plan for expenditure?

Yes No

7. If your answer for question number 5 is yes, what type of strategic planning is prepared for expenditure?

Short term plans Long term plan both

8. Does your office take any control on activities of expenditure?

Yes No

9. If your answer for question number 7 is yes what control activity has been taken?

.....
.....
.....

10. Is there a budget deficit in your Bureau?

Yes No

11. If your answer for question number 9 is yes what strategy has been implemented to solve the problem of budget deficit specify?

.....
.....
.....
.....

12. Does the Bureau expend the budget effectively?

Yes No

13. If your answer for question number 11 is yes please justify your answer or please explain?

.....
.....
.....

14. If your answer for question number 13 is yes please justify it?

.....
.....

15. Is there any factor that affects budget expenditure in your Bureau?

Yes No

16. If your answer is yes for question numbers 15 please justify it?

.....
.....

17. Do you think that the budget is utilized for the intended purpose?

Yes No To some extent

18. Who is responsible for setting a plan of expenditure in your Bureau?

Board of Director Employee Management Others

19. How long do your office expenditure period cover?

Monthly Quarterly Semi-annually Annually

Thank You Again For Your Cooperation