

**ASSESSMENT OF GOVERNMENT BUDGETARY UTILIZATION
AND CONTROL SYSTEM (IN CASE OF WOLKITE TOWN)**



Wolkite University
We Strive for Wisdom!

**RESEARCH PAPER SUBMITTED TO DEPARTMENT OF ACCOUNTING
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FOR BACHELOR OF ART DEGREE IN ACCOUNTING AND FINANCE**

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WOLKITE ETHIOPIA

Declaration

Undersigned declare that this is research paper is my original and it has not been presented for a degree programming in any other university and all materials used for this paper have been duly acknowledged. This student research paper; has been submitted for examination with my approval.

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Table of Contents

Declaration	i
ACKNOWLEDGEMENTS.....	ii
Table of Contents.....	iii
<i>List of Table.....</i>	v
<i>Acronyms</i>	vi
Abstract	vii
CHAPTER ONE	1
1. INTRODUCTION.....	1
1.1 Back ground of study	1
1.2 Statements of the problem	2
1.4. Objectives of study.....	3
1.4.1 General objective	3
1.4.2 Specific objectives.....	3
1.5 Significance of the study.....	3
1.6 Scope and limitation of the study	4
1.7 organization of the paper	4
CHAPTER TWO	5
2. LITERATURE REVIEW	5
2.1 Origin of budget	5
2.2 Definition of budget	5
2.2 Objectives of a government budget	6
2.3 Components of budget	6
2.3.1 Revenue budget	6
2.3.2 Expenditure budget.....	7
2.4.1 Surplus budget.....	7
2.4.2 Balanced budget	8
2.4.3 Deficit budget	8
2.5 Characteristics of the budget	8
2.5.1 Measuring effectiveness and control.....	8
2.5.2 Expense budget	8

2.5.3 <i>Budget planning</i>	9
2.6 <i>Characteristics of effective budget</i>	9
2.7 <i>Purpose of the budget</i>	10
2.8 <i>Capital Vs Current budget</i>	10
2.9 <i>Fixed vs Flexible budget</i>	11
2.10 <i>Advantage of budget</i>	11
2.11 <i>Budget preparation process</i>	11
2.12 <i>Budget revision</i>	12
2.13. <i>Empirical literature</i>	12
CHAPTER THREE	13
3. RESEARCH METHODOLOGIES	13
3.1 <i>Introduction</i>	13
3.2 <i>Research design</i>	13
3.3 <i>Sources of data and method of collection</i>	13
3.4 <i>Sampling size and Technique</i>	13
3.5 <i>Method of data analysis</i>	14
CHAPTER FOUR	15
4. DATA ANALYSIS AND INTERPRET	15
4.1 <i>Results of the questionnaires</i>	15
5.1 CONCLUSION AND RECOMMENDATION	26
5.1.1 <i>CONCLUSION</i>	26
5.1.2 <i>RECOMMENDATION</i>	27
Reference	29
Appendix	30

List of Table

Table 4.1 description of respondent's age, sex, and educational level.....	15
Table 4.2 assessment of participation of the employee in the budget utilization and control process.	17
Table 4.3 Assessment of the types of budget controlling mechanism/s applicable in the organization.....	19
Table 4.4 Assessment of budget preparation report of the organization.	20

Acronyms

SNNP.....South Nation National People
MA.....master of arts in education
BA.....Bachelor of arts
WK-----Wolkite

Abstract

This study was conducted on government budgetary utilization and control system in Wolkite town finance and economic development office. The purpose of the study will analysis of government budgetary utilization and control system to recommend possible solution. The significance of the study was showed good direction to the organization to enhance its ability to solve problems regarding budget utilization and control systems. This research paper was conducted by using primary source of data. The data was collected through interview and questionnaires; and analyzed using tables and percentages

CHAPTER ONE

1. INTRODUCTION

1.1 Back ground of study

The historical back ground of the introduction of budgeting process rests in England. Starting from that time organizations use the budget for planning as well as co-coordinating their action. Budgeting is the process of determining what was done in the future. Different authors and researchers have said many things about budgeting. The budget is a quantitative expression of a plan of action and it is an aid for coordination and implementation of a plan. It is also defined as financial statements prepared and approved prior to a defined period of time for the purpose of attaining the objectives. Budgeting has more socio-economic development for profit as well as non-profit organization. It is also a common accounting tool for company's use of implementing different strategies. (Mohammed Woliye, 2014, p.1)

Budgeting is important tool for achieving efficient and effective management of resources. It is crucial for every organization. Government, business organization and nonprofit organization and the like uses budget as means of planning, utilizing, and controlling their scarce resources so as to attain their goals effectively and efficiently. Moreover, budget should serve to encourage and develop communication among departments. A forward looking among staff also tends to develop and as a result, potential problem is often identified on time. A budget is a document that translates plans into money - money that was need to be spent to get your planned activities done (expenditure) and money that was need to be generated to cover the costs of getting the work done (income). It is an estimate, or informed guess, about what you was need in monetary terms to do your work.

Budget can function as a device not only for planning and co-ordination but also for control. Budgetary control is the use of comprehensive system of budgeting to aid measurement in carrying out its function of planning, co-ordination and control operations. Therefore, a budgetary control is one of the important tools of control. (Habtamu Getachew, 2014, p.3)

Budget is a quantitative expression of a plan for a defined period of time. It may include planned sales volumes, revenue resource quantity, costs and expenses, asset, liabilities and cash flows.

It expresses strategic plans of business units, organizations activities or event in measure able terms." CIMA official terminology" (PDF).

The budget provides the details of the various sources through which the money flows to the government and also the details of the various types of the expenses on the is spent by the government. It is useful tool to plan and control the fiscal affairs of the government. We may say, a budget shows the details of the planned expenditures of the government program and the expected sources for the year. (Grade 11 economics student text book, p.240)

1.2 Statements of the problem

Many organizations of the world have its own budget which they use it as their time. Using the budget is one of the ways that enhance achievement of desired goals. It is crucial for every budget organization. Government, business organization, non-profit organization and the like uses budget as a means of planning, utilizing, and controlling their scarce resources so as to attain their goals effectively and efficiently. (Habtamu Getachew, 2014, p.3)

Budget can function as a device not only for planning and coordination but also for controlling. Budgetary control uses comprehensive system of budgeting to aid measurement in carrying out its function of planning, coordination and control operation. Hence budget is one of the important tools of control. Budget needs much consideration in utilization and control of public resources; special in its sources and implementation area, because problem which result from various conditions hinders the achievements of goals. (ibid, 2014, p.3)The budget provides the details of the various sources through which the money flows to the government and also the details of the various types of expenses spent by the government. Thus, it needs much consideration; especially in the area of its utilization and control process. However, there are a problem related to the process of budget utilization and control process; which hinders the achievement of the desired goals.

The concern of the study is analysis of government budgetary utilization and control system in a particular area of wolkite town finance and economic development bureau: which faced a problem of improper utilization of budget and budget control.

Therefore, the study was primarily concerned that organization. However, there was no research done regarding this issue. Therefore, the researcher is motivated so as to conduct investigation on this issue.

1.3 Research questions

Based on the above problem, the researcher raises the following three (3) basic questions to be answered in the course of study

- What are the major factors that affect the budget utilization and control of the organization?
- How organization performs budget utilization and control?
- What mechanisms or systems are applicable to the budget utilization and control in the organization?

1.4. Objectives of study

1.4.1 General objective

The general objective of the study was analysis of government budgetary utilization and control system in particular area of wolkite town finance and economic development bureau.

1.4.2 Specific objectives

- To identify the major factors that affect budget utilization and control of the organization.
- To investigate the procedures in which the budget was utilized and control in the organization.
- To analyze the mechanisms developed by the organization to utilize and control the budget. Coordination and communication through ought budgeting process.

1.5 Significance of the study

This study was conducted to analyze government budgetary utilization and control systems in wolkite town finance and economic development bureau and to determine how the organization performs its budget. Therefore, the significance of the study was enabling the community and other bodies to become beneficiaries; particularly

- It was show the direction to the organization to give more attention on budget utilization and control areas.

- It was used as a source of reference and guide lines for other researcher who wants to make further study in the area.
- It has a great contribution in initiating the organization to solve problems regarding budget utilization and controls. Therefore, this was speed up the developments of the organization that was hindered due to the problems exist in the area.

1.6 Scope and limitation of the study

It is possible to conduct the study is generally focused on finance and economic development office. The coverage of the study is limited to SNNP region in wolkite town. The study of this paper analysis limited by shortage of primary and secondary data source ,time and budget are some limitation of the study that reduce expected finding of research paper analysis.

1.7 organization of the paper

The paper contains five chapters. The first chapter provides the general introduction about the topic includes back ground of the study, statement of the problem, objective of the study, significance of the study, scope of the study and organization of the paper. The second chapter outlines the related literatures reviews of different authors about the subject matters under study. The third chapter contains research design, source of data and method of data collection, sampling technique, sampling size, and methods of data processing, analysis and interpretation. The fourth chapter displays data analysis and presentation. The fifth chapter contains conclusion and recommendation

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Origin of budget

The word budget is derived from the old French” baguette” meaning a small bag in which the chancellor carried to the parliament, the statement which was contained in the bag. The practice of budget was originated in 1217 in England as a means of asserting parliamentary control over the crown. During this time, the parliament was aware of the fact that the financial control should be under its own hands or control but not under the crown. Hence forth parliament secured the power of controlling the financial matters of the country. (Mohammed Woliye, 2014, p.5)

2.2 Definition of budget

The budget provides details of the various sources through which money flows to the government, and also details of the various types of expenses on which money is spent by the government. It is a useful tool to plan and control the fiscal affairs of the government. We may say, a budget shows the details of the planned expenditures of the government program and the expected revenues from tax and non-tax sources for a year. (Grade 11 economics student text book p.240)

Budget is the quantitative expression of a proposed plan of action by management for specified period and aid to co-ordinate what needs to be done to implement the plan. Budget generally includes financial and non- financial aspect of the plan .it serves as a blue print for the company to follow up the coming period. (Habtamu Getachew, 2014).Budget is a quantitative expression for a set of time period and proposed future plan of action by management and other concerned body who responsible for utilization and controlling of the public resources. (Niuman Mohammed, 2014, p.6). Budget is a predetermined statement of the management policy during a given period, which provides a standard for a comparison with results actually received. It is a formal expression of the plan and objectives of management to the organization which covers all phases of the operation for a specific period of time. It provides measures of financial results that a company expect from its planned activities to accomplish its objectives. (Habtamu Getachew, 2014, p.1).

2.2 Objectives of a government budget

The general objectives of the government budget are the following

- Economic growth: to promote rapid economic growth so as to improve the living standards of the people
 - Reduction of poverty and unemployment: to eradicate mass poverty and unemployment by creating maximum employment opportunities and providing maximum social benefits to the poor social welfare is the single most important objective of the government.
 - Re allocation of resources: to re allocate resources in line with social and economic objectives.
 - Reduction of inequalities: to reduce inequalities of income and wealth through levying taxes and granting subsidies. Equitable distribution of wealth and income is emphasized. Economic progress in itself is not a sufficient goal, but the goal must be equitable progress.
 - Price stability: to maintain price stability and correct business cycles involving depression characterized by falling output, falling prices, and increasing unemployment.
 - Management of public enterprises: to manage public enterprises which are of the nature of monopolies like railways, electricity, etc.

(Source: grade 11 economics student text, p.241)

2.3 Components of budget

Usually budget is composed of revenue and expenditure budget. Now let us see it one by one

2.3.1 Revenue budget

This forecasts the total revenue collection of the government from tax and non-tax sources. In our country, Ethiopia, it is classified into three parts. These are: -ordinary revenue, external assistance and capital revenue.

2.3.1.1 Ordinary revenue

The total ordinary revenue is made up by tax revenue and non-tax revenue (Grade 11 economics student text, p.242)

2.3.1.2 External assistance

Grants received in cash or some other form, from outside the country are known as external assistance. These receipts form an important source of financing the deficit budget of the government and play an active role in economic development of the country. External assistance received from friendly countries is called bilateral assistance; whereas assistance (grant) received from multilateral or international institutions are called multi-lateral assistance. (ibid, p.244)

2.3.1.3 Capital revenue:

Capital revenue is the third consistent of revenue budget. It comprises the money received by government from the sales of government asset, collection of loans counterpart fund and external loans. (ibid, p.244)

2.3.2 Expenditure budget.

Expenditure budget is a forecast of the total expenditures by the government, in a year. In our country, Ethiopia it is classified into two as follows: -recurrent and capital expenditures. (ibid, p.244)

2.4 Types of budget

As we know, a budget shows the receipts and expenditures of the government. It is not necessary that the receipts and expenditures should be equal. Usually, it is not being so. There may be a surplus or deficit in the budget. Accordingly, we have the following three types of budget. (ibid, p.241).

2.4.1 Surplus budget

If the receipts of the government are more than its expenditures, the governments said to have a surplus budget. A surplus budget implies that the government is pumping out more money from

the economic system than what it is pumping back in. When the government draws money from the economic system, it has a contractionary effect. The level of economic activity falls. The economy was tend to move back ward. (ibid, p.241).

2.4.2 Balanced budget

If the receipts of the government equal its expenditures, the government was said to have a balanced budget. a balanced budget was have a neutral effect on the level of the economic activity. This means, it was have neither expansionary effect nor a contractionary effect on the economy. (ibid .242).

2.4.3 Deficit budget

If the receipts of the government are less than its expenditure, the government is said to have a deficit budget. A deficit budget implies that the government is pumping more money into the economic system than it is pumping out.

When it puts in more money into the economy, the level of economic activity expands. This was move further on the growth path. Usually the governments of developing economies plan for a budget deficit. It is financed by domestic borrowing, external borrowing, and the printing of new money. (ibid, p.242).

2.5 Characteristics of the budget

2.5.1 Measuring effectiveness and control

Most government organization provides services rather than tangible products. This present both operation and measurement or control difficulties. In developing the budget, the government organization often has a usual difficulty in budget revenue. This is primarily because of the fact that much revenue does not result from the organization rendering the services for an individual. (Habtamu Getachew, 2014, p.7).

2.5.2 Expense budget

The problems of estimated expenses are more manageable than budgeted revenue .it is generally easier to record and classify when they are actually incurred. Many times, however, it is virtually impossible to match expense incurred in providing a program service, or operating department to any specific revenue sources. In this case, budget was serve as tool for controlling the program

expenditures, but not for evaluating their effectiveness in meeting needs of the member. (ibid, 2014, p.8)

2.5.3 Budget planning

Every government organization need to make plan about how was it allocate its resources. The mechanism of market, however, tends to simplify these tasks for profit-oriented organization than government organizations. Government organization budget often helps it to achieve its futures or predetermined goals. (ibid, 2014, p.8).

2.6 Characteristics of effective budget

Term	Characteristics
Accountability	Detailed control should be established which have the goal ensuring that policy detective is carried out by manager of contracts and all concerned parties.
Comprehensiveness	Includes all uses of governments financial resources
Constraint	Contains limitation on the amount of money that needs be dominant.
Co-operation	Budget should exist in harmony with the other decision process and should not be dominant.
Honesty	Contains unbiased projection
Judgment	Encourage participant to seek the most effective at the least cost.
Legitimacy	The budget process should reserve the important decision to legally appropriate authorities.
Perception	Budget should consider short and long term
Responsiveness	The budget must adopt policies that match public preferences
Timelines	A Budget should complete regular when expected
Transparency	he budgets and budget procedures should be understand by participant outside stock holders

(Source: ibid, 2014, p.9)

2.7 Purpose of the budget

The objective of budgeting and budget is to control the organization approved project and verify the annual budget to the extent of approval and to examine carefully the evaluation and utilization of budget. A properly prepared budget provides government and other with several benefits. The primary purpose of the budget is to present and describe the financial ramifications of a plan for the future. The budget process requires individuals to consider future course of action and the resources needed to accomplish various activities. It also promotes co-ordination and communication among divisions or departments within government function effectively and efficiently.

There should be an interaction between the departments and had better clearly define how each action affects the performance of the organization. Therefore, the manager must communicate their plan to the departments in order to co-ordinate the activities of the government as a whole. Moreover, budgeting also aids allocation of the limited resources by ensuring that information is valuable help managers determine each activity should receive the limited resources of the organization. Budget also serves as a useful benchmark or guidelines against which to evaluate and control actual performance results to the budget determine what area is deviated from planned activities and whether to take corrective actions. When actual budgeted result does not match, the financial and operating activity of the government needs to be adjusted.

The budget may need to be revised, or modified by the responsible authority. Thus, the evaluation process serves to control operation by determining when and where a company did not achieve the plan. (ibid, 2014, p.11)

2.8 Capital Vs Current budget

Capital budget is a plan of proposed capital outlays which includes the proposed expenditures for current operations and debt service as well as estimation of all financial resources expected to be available during the current period. (Niuman Mohammed, 2014, p.8)

2.9 Fixed vs Flexible budget

Fixed budget is a budget for a specified or fixed total amount that may not be exceeded due to changes in the demand for goods and services. Being prepared for a particular planned action, it is suitable for activities whose resource utilization does not materially vary in due course. It is the most appropriate when changes in the amount of goods and services obtainable directly affect availability of resources and expenditure needs. (Mohammed Woliye, 2014)

2.10 Advantage of budget

- Compares strategic planning and implementations of plan
- Provides a frame work for judging performance
- Motivate manager and employees
- Promote co-ordination and communication among sub units with
- Provides success of the company's goals of objective. (Niuman Mohammed,2014, p.10&11)

2.11 Budget preparation process

Budget and budgeting process are used to identify the most efficient allocation of the organization resources and to provide planning and control mechanism over fund flow. The modern organizations use several types of budget in planning and executing the organizations operation. The budget department performs the following functions.

- Publish the procedures and forms for the preparation of the budget
- Make sure that information is properly communicated between interrelated organization units.
- Provide assistance to budget in preparation of their budget
- Analyzed proposed budget and make recommendation first to the budget and subsequently to the senior management.
- Administer the process of making budget revision during the year

Source :(Habtamu Getachew, 2014, p.12)

2.12 Budget revision

One of the principal considerations in budget administration is revision of a budget after its preparation and been approved clearly. If it could be revised, there would be no point in re visiting and approving the budget in the first instance. (ibid, 2014, p.13)

2.13. Empirical literature

The empirical study concerns on previous academic studies on the assessment of budget preparation and utilization practice. In this study there are some researches stated which are done by different researchers as follows.

Doreen, D. (2014) determined the effectiveness of Budgeting process in achieving organizational goals in case of Tanzanian Electrical Mechanical and Electronics service Agency using a case study research design strategy with the objective of investigating how the Budgeting process helps organization in achieving its goals. It was concluded that the role of Budgeting process that make an organization attains its goals should be effective by having active support for Budgeting process from the top management

Elizabeth (2010) determined challenges of Budget implementation in public institutions by taking University of Nairobi as a case study to analyze whether budget implementation in public institution in Kenya served the multiple roles planning, controlling, communication and 28 decision making using descriptive research study design. The study established the challenges encountered in budget implementation.

According to Getachew (2006) conducted a study on the analysis of medium term expenditure planning and budget allocation in Ethiopia stated that, even though there have been several attempts to address the weakness of the Ethiopian budgetary system and try to resolve conflict between annual budget perspectives with medium term planning horizons, successful modern budgeting system remains a continuous problem of the country.

CHAPTER THREE

3. RESEARCH METHODOLOGIES

3.1 Introduction

This chapter discusses the methods and procedures were used in the research study. It outlines the methods that were used to obtain information with a view to addressing the research problem. This chapter describes the research methodology and design adopted by the study

3.2 Research design

The strategies and techniques that were employed in the research investigation are covered in this chapter. The information gathered in order to answer the research challenge is described, along with the techniques employed to do so. The research strategy and design used in the study are described in this chapter..

3.3 Sources of data and method of collection

In order to conduct this paper, the researcher used only primary sources data. It was collected from interview and questionnaires. The primary data was collected from individual who was relation with budget. The reason that need to collected select idea because each employee of organization was do the knowledge about budget preparation.

The reason that need to collected select idea because each employee of organization has done have the knowledge about budget preparation.

Secondary sources are recorded frame document and past data about budgetary performance. These types of sources of information recant search review of selected materials which are related to the assessment of budgetary performance and also preferable to checking. This effectives or implementation to standard.

3.4 Sampling size and Technique

To conduct this paper, Sample selections carried out by a researcher. So that was reliable as to the representation of the total population who are believed to be high civil servant to the finance organization. The researcher focus on specific target group by using random sampling technique method to acquire the necessary information the researcher selected 30 out of 52 employees of the organization. It constitutes 57.7% of the total employees. Therefore, it is a representative of the whole population since it constitutes greater than half percent. The researcher used non-

probability sampling technique; because, the researcher took respondents from the total employees whose profession was most probably related with budgeting in that particular area, wolkite town finance and economic development bureau.

By using Yamane formula

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

$$n = \frac{52}{1 + 52(0.11)^2} = 30 \text{ at } 89\% \text{ confidence interval.}$$

Where

n=sample size

N=total number of employees in budgetary performance office in wk.

3.5 Method of data analysis

The data analysis was carried out in a clear way to reach the objectives after relevant data was collected from primary data. The analysis was started by editing and classifying the collected data to more meaningful and relevant manner; and the data were analyzed using table and percentages based on the responses that were obtained from the respondents in order of their frequency.

CHAPTER FOUR

4 . DATA ANALYSIS AND INTERPRET

This chapter analyzed and interpreted the information that was obtained through questionnaires and interviews with a select number of the organization's staff members. The data was tallied, percentages were employed for analysis, and straightforward statements were given for each data analysis.

4.1 Results of the questionnaires

A total of 30 copies of questionnaires were distributed to the employees of the organization. Out of 30 copies, 20 questionnaires were filled and returned. The questionnaires were distributed to planning and evaluation, finance, & auditing department

The data obtained through questionnaires were tabulated, analyzed and interpreted by using tables and percentages as depicted below.

Table 4.1 description of respondent’s age, sex, and educational level

No	Items	Number of respondents	Percentages of respondents
1	Age		
	- (25-35)	9	45%
	- (36-45)	6	30%
	- Above 45	5	25%
	Total	20	100%
2	Sex		
	Male	9	45%
	Female	11	55%
	Total	20	100%
3	Educational level		
	MA and Above	-	-
	BA degree	16	80%
	Diploma	4	20%

	TTI	-	-
	12 complete	-	-
	Elementary	-	-
	Total	20	100%

Source: Own survey, 2015 E.C

As can be seen in the table (4.1) above, questions on the questionnaires indicated that out of 20 respondents, 9(45%) were placed in the age of (25-35), 6(30%) of the respondents were placed in the age range of (35-45); and 5(25%) of the respondents were placed in the age of above 45years.As shown in the above data analysis, near half of the workers were found between the age range of 25-35 and the rests were placed in the age range of 35-45 and above. From this data analysis, the researcher concluded that the majority of the work of the organizations was performed by those age groups (i.e. youngsters).With regards to sex of the workers, the data indicated that 11(55%) of the respondents were female and 9(45%) were male. As indicated in this data analysis, the numbers of female employee were greater than that of the male. From this data analysis, the researcher concluded that the works of the organization were mostly performed by female workers.Concerning the educational level, the data obtained from the respondents indicated that 16(80%) of the respondents were degree holders and, 4(20%) of the respondents were diploma holders. From this data analysis, the researcher concluded that, even if there are some diplomas holders, most of the works of the organization were performed by degree holders.

Table 4.2 assessment of participation of the employee in the budget utilization and control process.

No	Items	Number of respondents	Percentage of respondents
1	Do you participate in budget utilization and control process?		
	Yes	15	75%
	No	5	25%
	Total	20	100%
2	If your response for the foregoing question is 'yes' in which area		
	Administrative	9	60%
	Supervision	3	20%
	Both	3	20%
	Total	15	100%

Source: Own survey, 2015 E.C

As can be seen from the table 4.2 above, 15(75%) of the respondents replied that they were participate in budget utilization and control process of the organization. On the other hand 5(25%) of the respondents indicated that they don't participate in budget utilization and control process of the organization. As it was indicated in the above data analysis, the researcher concluded that more than half percent(75%) of the employee were participating in the organization's budget utilization and control process. This means that even though some of the employee's are excluded from participating in the organization budgetary utilization and control process, however, the majority of them were mainly participating in it. In the same table (table 4.2) above, 9(60%) of the respondents replied that they were participating in the administration of budget utilization and control process. On the other hand 3(20%) of the respondents revealed that they are participating in the supervision of the budget utilization and control process of the organization. Similarly, 3(20%) of the respondents indicated that they were participating in both administration and supervision of the budget utilization and control process. From the above data analysis, the researcher concluded that even if the organization assigned its workers in both administration and supervision area, it gives more emphasis on administration of budget utilization and control process than supervising it. Because, if budget utilization and control process is effectively and efficiently administrated, no more need to supervise it.

Table 4.3 Assessment of the types of budget controlling mechanism/s applicable in the organization.

No	Item	Number of respondents	Percentages of respondents
3	Which types of budget control mechanism/s is applicable in the organization?		
	Preventive control	3	15%
	In the process control	13	65%
	After process control	4	20%
	Total	20	100%

Source: Own survey, 2015 E.C

As can be seen from the table (table 4.3) above, 3(15%) of the respondents replied that preventive control mechanism is applicable for the organization; and 13(65%) of the respondents indicated that in the process control mechanism is applicable than the rests. On the other hand, 4(20%) of the respondents indicated that after control mechanism is applicable for the organization. From the above data analysis, the researcher concluded that in the process control is more applicable for the organization than the rests.

Table 4.4 Assessment of budget preparation report of the organization.

No	Item	Number of respondent	Percentage of respondent
4	Does the organization prepares budget utilization report?		
	Yes	19	95%
	No	1	5%
	Total	20	100%
5	If your answer for the question #4 is" yes" at what time interval?		
		3	15.79%
	Monthly	10	52.63%
	Quarterly	0	0%
	Semi- annually	6	31.58%
	Annually		
	Total		

Source: Own survey, 2015 E.C

As can be seen from the above data analysis, 19(95%) of the respondents indicated that the organization can prepares the budget utilization report; and 1(5%) of the respondents revealed that the organization cannot prepares the budget utilization report. From the above data analysis,

the researcher concluded that the organization prepares budget utilization report. In the same table above 3(15.79%) of the respondents revealed that the organization prepares budget report each month's; 10(52.63%) of the respondents indicated that the organization prepares budget utilization each three months; and 6(31.58%) of the respondents replied that the organization prepares budget utilization report annually. From the above data analysis, the researcher concluded that the organization mostly prepares its budget utilization report within three months.

No	Items	Number of respondents	Percentages of respondents
6	In the process of budget utilization is there over/under utilization		
	Yes	19	95%
	No	1	5%
	Total	20	100%
7	If your answer above is underutilized, why?		
	It is due to		
	- lack of skilled man power	1	5.26%
	- lack of proper control	0	0%
	- due to wrong staffing	0	0%
	- lack of proper management	0	0%
	- lack of job training	0	0%
	- shortage of budget	10	52.63%
	- lack of feeling about their responsibility	1	5.26%
	- abuse of power	7	36.84%
	All of the above		
	Total	19	100%

Source: Own survey, 2015 E.C

As can be seen from the above table,19(95%) of the respondents replied that there is under/over utilization in the process of budget utilization. This indicates that, the organization utilizes more/less than what they have allocated. On the other hand 1(5%) of the respondents replied that there is no any under/over utilization in the process of budget utilization. This reveals that the organization utilizes its budget effectively and efficiently. From the above data analysis, the researcher concluded that, even if there is some efficient and effective utilization of budget in the organization, as it was revealed by some of the respondents, there were high budget under or over utilization of the budget due to different problems.In the same table above for question #7, 1(5%)of the respondents replied that the reasons for this under utilization is due to lack of skilled man power in the work of specialization. On the other hand 10(52.63%) of the respondents replied that the reasons for the under utilization is due to shortage of the budget that occurs in the organization and 7(36.84%) of the respondents replied that the causes for the under utilization of the budget in the organization were all of the factors mentioned above.From the above data analysis the researcher concluded that, above all, the organization utilizes its budget under or over due to shortage of the budget that faces the organization.

No	Items	Number of respondents	Percentages of respondents
8	What do you think, should be done to solve these problems?		
	Training employee as possible	2	10%
	Compensating them as equal as their work	3	15%
	Giving the awareness concerning their responsibility		
	Hiring new experienced employees	-	
	Strengthening the management and coordination among them	-	
	Using clear polices and procedures	15	75%

	All of the above	-	
		-	
	Total	20	100%

Source: Own survey, 2015 E.C

As can be seen from the above table, concerning the solutions for the problems occurred in the organization, 2(10%) of the respondents replied that those problems can be reduced by training the employees. 3(15%) of the respondents replied that compensating the employees as equal as their work can be the solution for the problems risen in the organization. On the other hand 15(75%) of the respondents suggested that all factors mentioned above can be the solution for the problems. From the above data analysis, the researcher concluded that to handle the problems, the organization must/ should have to train the employees; specially by giving the awareness concerning their responsibility, hiring new experienced employees, compensating them as equal as their work, strengthening the management and coordination among the employees and use the clear polices and procedures. Otherwise the problem remains in the organization as it is.

No	Items	Number of respondents	Percentages of respondents
9	Budget utilization and control system is mostly performed by?		
	Finance departments	7	35%
	Budget committee	2	10%
	Both of them can perform	11	55%
	Total	20	100%

Source: Own survey, 2015 E.C

As can be seen clearly from the above table, 7(35%) of the respondents replied that the budget utilization and controlling of the organization is mostly performed by finance departments. And 2(10%) of the respondents replied that the work of budget utilization and controlling of the organization is mostly performed by budget committee and 11(55%) of the respondents replied

that the work of the organization were performed by both(finance departments and budget committee).From the above data analysis, the researcher concluded that even if both (finance department and budget committee) involves in the utilization of budget and its controls, budget utilization and controlling system were mostly performed by finance departments as it was indicated by the respondents.

No	Items	Number of respondents	Percentage of respondents
10	In what ways the budget is utilizing currently?		
	By recording the fund available and expense	8	40%
	By budget planned accordingly	12	60%
	Total	20	100%

Source: Own survey, 2015 E.C

As can clearly seen from the above table, 8(40%) of the respondents replied that currently budget is utilizing by way of recording the fund available and expenses. On the other hand 12(60%) of the respondents replied that currently budget is utilizing by way of budget planned accordingly.From the above data analysis, the researcher concluded that even if it follows both ways (recording the fund available and expense & budget planned accordingly) to utilize its budget currently, the organization is mostly following the second way i.e budget planned accordingly as was indicated by worker of the organization.

No	Items	Number of respondents	Percentage of respondents
11	What types of the procedures you are using to utilize and control your budget?		
	- Budget disbursement procedures	5	25%
	- Budget and payment procedures	3	15%
	- Reporting procedures	0	0%
	-Expendituresprocedures		30%
	- Auditing procedures	6	25%
	- All of the above	5	5%
		1	
	Total	20	100%

Source: Own survey, 2015 E.C

As can be seen clearly from the above table, 5(25%) of the respondents replied that the types of procedures that the organization is using to utilize and control is budget disbursement procedures and 3(15%) of the respondents replied that budget and payment procedure is using in the organization; 6(30%) of the respondents replied that the organization is using expenditure procedure to utilize and control the budget. Not only this 5(25%) of respondents replied that the auditing procedure is using in the organization to utilize and control the budget and 1(5%) of the respondents revealed that the organization is using all of the above procedures. On the other hand no one(0%) of respondents are replied that using reporting procedure is appropriate. This means that using reporting procedure to utilize and control budget is inappropriate. From the above data analysis, the researcher concluded that even if it is using all types of procedures, the organization is uses expenditure procedures which constitute 30% of the whole respondents.

CHAPTER FIVE

5.1 CONCLUSION AND RECOMMENDATION

5.1.1 CONCLUSION

From the above data analysis, the researcher concluded the followings.

- The majority the works of the organization were mostly performed by female workers who were placed in the age of (25-35). Even though some diploma holders are involved, most of the works of the organization were performed by degree holders. More than half percent (75%) of them were participating in the organization's budget utilization and control process. This means that even though some of the employee's are excluded from participating in the organization budgetary utilization and control process, however, the majority of them were mainly participating in it.
- The organization assigned its employees on both administration and supervision area. However it gives more emphasis on administration of budget utilization and control process than supervising it. Because, if budget utilization and control process is effectively and efficiently administrated, no more need to supervise it. The organization developed in the process controlling mechanisms for the budget utilization. It also prepares budget utilization report. The duration that the organization used to prepare the report is quarter(i.e. each three month).
- Because of different problems, the organization utilizes its budget below than the predetermined one. Shortage of budget, lack of skilled human power, lack of feeling of employees about their responsibilities and others are seen as the major problems for under utilization of the budget.

- The organization also assigned the departments to utilize and control the budget (finance department and budget committee). Even if both involve in the utilization of budget and its controls, budget utilization and controlling system were mostly performed by finance departments as it was done indicated by the respondents. The organization currently utilizes its budget by the way of budget planned accordingly. It also uses different types of procedures for utilizing and controlling its budget. Even though other procedures are involved, the organization used expenditure procedures to utilize and control its budget.

5.1.2 RECOMMENDATION

There were problems in the organization; therefore to reduce those problems the researcher recommended the followings.

- ❖ One reason for under utilization of the budget is shortage of budget. i.e the organization sets the minimum amounts of budget for their performance. Therefore ;sufficient budget should be budgeted in order to minimize the problem identified in the process of budget utilization. Furthermore, The organization must/ should have to train the employees; especially by giving the awareness concerning their responsibility, hiring new experienced employees, compensating them as equal as their work, strengthening the management and coordination among the employees and use of the clear policies and procedures was reduce the problem that faces the organization.
- ❖ The organization should participate all of its employees in the process of budget utilization and control of it. This is because of the fact that participating them in the process of budget utilization and control of it creates the awareness for the employee; therefore, they feel that they have shouldered the responsibility and hence accountable for it.
- ❖ Training the employee is also the other thing. This is very important for every organization (profit or non-profit organization). Because through training they learn more about the organization controls over asset, revenue and other crucial aspects of the organization such as keeping the confidential information of the organization. Furthermore, it makes them feel their responsibility.

- ❖ Paying sufficient salary for the employee as compensation to their work is also an other vital thing that should be considered by the organization. Any employee works well as per the policies and established procedures of any organization if and only if they are satisfied with the payments (salaries) made for them. They tries to engage on dishonest acts (fraud) by colluding among themselves
- ❖ Strengthening the management and coordination among the employee was also play a vital role at minimizing the problems of the organization. The employees should be coordinated in the work area. Hence, they was unified; unity is a strength. If the employee are not coordinated and their work is not evaluated they easily engage on dishonest acts. Even in case of improper coordination the management him/her self involve in fraudulent activities.

Reference

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Appendix

Wolkite University College of business and economics department of accounting

Questionnaires

The one who provided you this questionnaire is the Wolkite university student who is conducting the research on government budgetary utilization and control system in particular area of Wolkite town; so as to solve the problem faced regarding to budget utilization and its control system. Therefore, the researcher kindly requests any respondent to fill and return the questionnaires back honestly. Encircle your answer and write in the blank space as much as possible. Note that no need of writing your name.

Thank you

Age-----

Sex male----- female -----

Degree----- 12 complete-----

Diploma----- 10 complete-----

TTI----- Elementary -----

1 Do you participate in budget utilization and control system?

Yes No

2 If your answer for the foregoing question is "yes" in which area?

Administrative

Supervision

Both

3 Which budget control system/mechanism is/are applicable in the organization?

Preventive After process In the process

4 Does the organization prepare budget utilization report?

Yes No

5 If your answer for the question No 5 is “yes “at what time interval?

Monthly quarterly semi-annually annually

6 In the process of budget utilization is there over/under utilization of budget?

Yes No

7 If your answer above is underutilized, why? Is it due to?

Lack of skilled man power lack of job training

Lack of proper control shortage of budget

Due to wrong staffing lack of feeling about their responsibility

Lack of proper management abuse of power All of the above

8 What do you think, should be done to solve these problems?

Training employee as possible

Compensating them as equal as their work

Giving awareness concerning their responsibility

Hiring new Strengthening the management and coordination among them

Using clear policies and procedures

All of the above

9 Budget utilization and control system is mostly performed by

Finance department

Budget committee

Both of them can perform

10 In what way the budget is utilizing currently?

By recording fund available and expense

By budget planned accordingly

11 What types of procedures you are using to utilize and control your budget?

Budget disbursement procedure

Budget and payment procedures

Reporting procedures

Expenditure procedures

Auditing procedures

All of the above

12 If you have anything to add; please specify it-----
