



Addis Ababa University

College Of Business and Economics

Department of Public Administration and Development Management

**Assessment of Budget Management Practice: The Case of Major General
Hayalom Araya Military Academy**

By:

Jebril Geriso Sojeto

Advisor:

Jemal Abagissa (PhD)

A Thesis Submitted to Department of Public Administration And Development Management, College of Business and Economics, Addis Ababa University in Partial Fulfilment of the requirement for the degree of Master's in Public Management and Policy (MPMP)

**June 2017
Addis Ababa, Ethiopia**

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DECLARATION

I, the undersigned, declare that this paper is my original work and has not been presented for degree in any other university, and that all sources of materials used for this study have been duly acknowledged.

Declared by:

Name: Jebril Geriso Sojeto

Signature: _____

Date: _____

Confirmed by:

Name: Jemal Abagissa (PhD)

Signature: _____

Date: _____

STATEMENT OF CERTIFICATION

This is to certify that the thesis prepared by Jebril Geriso Sojeto entitled “*The Assessment Of Budget Management Practice: The Case Of Major General Hayalom Araya Military Academy*”, which is submitted in partial fulfilment of the requirement for the degree of master’s in Public Management and Policy (MPMP), complies with the regulations of the university and meets the accepted standards with respect to standards to originality and quality.

Approved By Board Of Examiners:

Jemal Abagissa (PhD)

Advisor

Signature

Date

Internal Examiner

Signature

Date

External Examiner

Signature

Date

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ACRONYMS AND ABBREVIATIONS

ABB	Activity Based Budgeting
ABC	Activity Based Costing
ABM	Activity Based Management
FDRE	The Federal Democratic Republic Of Ethiopia
G/L	General Ledger
IMF	International Monetary Fund
M&E	Monitoring and evaluation
MGHAMA	Major General Hayalom Araya Military Academy
MOFED	Ministry Of Finance and Economic Development
NGO	Non-Governmental Organization
OECD	The Organisation of Economic Co-operation and Development
SPSS	Statistical Package For Social Science
TQM	Total Quality Management
VBB	Value Based Budget
ZBB	Zero Based Budgeting

ABSTRACT

This study was conducted on assessment of budget management practice in the case of Major General Hayalom Araya Military Academy. The research considered the scant literature review on the theme and aims to present scholarly report on the cause of the budget scarcity in this military academy. As primary observer and insider, I am motivated to conduct this research. Thus, the general objective of the study is to assess the budget management practice in the Major General Hayalom Araya Military Academy and explain the causes of budget scarcity in the academy. Thirty percent of the total target population with 85 respondents were used to fill the both open and close-ended questionnaires. In addition, four commandants of the military academy were interviewed to collect primary data through semi-structured interview. The analysed data using table of frequency indicates that the annual plan is not depends on scientific studies and need assessment, the budget of the military academy is centralized and the utilization is not transparent. The Academy Lacks adequate and experienced plan and budget experts. There is no evidence based evaluation mechanisms in the budget utilization at each level of hierarchy. From this, the researcher concluded that unscientific annual plan preparation, non-transparent budget utilization, and centralized budget management results in budget scarcity at lower level of the hierarchy to carry out their duties and responsibilities. Therefore, in order to improve budget management process the leaders of the military academy should be committed enough to prepare annual plan and budget depending on scientific research and need assessment. They should be rational in allocating budget for departments and budget users.

Key words: Budget, Budget Management, plan, and budget, Major General Halom Araya Military Academy,

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

The process of budget formulation in defence is the same as other sectors of government. So it shares different characteristics with other sectors citizens of any country directly or indirectly benefit from military sector as it's subject to the same broad set of rules and procedures that are applied to other sectors, (Omitoogun and Hutchfrul,2006). They added that in that respect, military budgeting should be no different from budgeting for other governmental sectors. Even though the issue of budgeting in security sector is not transparent, they follow the stage in their budget formulation. In his work about militaries in Africa (Le Roux 2004), stated that:

The challenge to the defence establishments of Africa is to ensure maximum efficiency in the use of the resources allocated to them. This cannot be done if defence policy, planning, budgeting, and expenditure control processes are unclear and non-accountable (Le Roux, 2004). The writer further expressed that Africa's defence planning, budgeting and expenditure control processes and practices are poorly developed and non-transparent.

Off-budget military spending is widespread and a significant portion of military spending is concealed from public scrutiny. One of the main reasons why governments prefer not to reflect this information is that data is simply not available or accurate due to poor national and defence budgetary and fiscal control processes, procedures and practices.

The major deception used to disguise military expenditure in African countries are the misuse of contingency funds, top-up budgets not discussed in parliament, poor breakdowns of defence programmes and budgets that cause poor visibility on the intended use of funds and the budgeting for military expenditure under other national departments.

As the worldwide demand is for decreased defence spending and more spending on social and developmental priorities, the most efficient management of the scarce resources available for defence becomes increasingly important. (Le Roux, 2004).

Defence force is one of public organization that organized with the intention to safeguard constitution and maintain the sovereignty of the country. For the execution of its mission, and to support the National objectives, the national defence force financed from the federal government both for its recurrent and capital budget.

Ethiopia has a well-established legal framework governing its budget system that derives from the 1995 Constitution of the Federal Democratic Republic of Ethiopia. As per FDRE (1996) Article No. 23, one of the powers and duties of the Defence Minister is to submit budgetary requirements to the concerned government organ and supervise allocations thereof are put to work.

The parliament reviews the executive's budget proposal. Most parliaments have the power to make amendments to this proposal during the review. After the review, the budget is enacted into law. In most countries, the annual defence budget is a part of the overall state budget law, but sometimes it consists of a number of special laws, as for example in the United States (Law, 2006).

The budget is the financial mirror of government policies. According to Schiavo-Campo and Tommasi (1999) and Allen and Tommasi (2001), the main starting points for the preparation of the annual budget should be a clear definition of fiscal targets and a strategic framework consisting of a comprehensive set of objectives and priorities. Thereafter, budget preparation is an iterative process between the Ministry of finance and spending ministries. Therefore, it should comprise a combination of the following three approaches:

- **A top-down approach, consisting of:**
 - I. establishing initial sectoral spending ceilings that fit government priorities; and
 - II. Notifying these spending limits and guidelines for the preparation of the sectoral budgets to line ministries.
- **A bottom-up approach,** consisting of formulating and costing sectoral spending programmes, and preparing sectoral budgets within the sectoral spending limits (ceilings). This part is placed under the responsibility of line ministries.
- **Iteration and reconciliation mechanisms.** Although the process must be tailored to each country, it is generally desirable to start with the top-down approach, before moving to the second and third approaches later in the budget cycle.

However, according to various analysts, the spending trend cannot be deemed stable considering the critical state of the situation in the region, which is characterized by tensions with Eritrea and Somalia, the primary addressees of illegal arms trafficking.

The different ideological orientations of the Ethiopian governments, from the monarchical regime via the government of Dargue to the current government, suggests that there have been different conceptions of the military—its role, mission, size and strategic importance to the state.

The size of the country's military budget has been determined by these changes in ideology as much as by the perceived external and internal threats. (Omitoogun and Hutchful, 2006).

Ethiopian national Defence sector has undergone decentralization since 1995. However the administrative structure has been decentralized, in actual policy implementation, the defence's budget and activity plans are based on the country's strategic plan. Even though the ministry of defence is considered to be the program owner, it is given instructions on how to spend funds by MoFED. Both Recurrent and capital expenditure are directly funded from the Federal level (MoFED). In general, funds are released quarterly or as lump sum.

In light of this information, this paper, thus, has investigated, how the Ethiopian Ministry of national defence budget managed, by its units particularly as elaborated in the next problem statements in the case of Major General Hayalom Araya Military Academy (MGHAMA.)

1.2. Background of the study area

The history of officer training institutions in Ethiopia is relatively new. So, in fact, is the history of the professional Ethiopian army. Notwithstanding the rich ancient cultural and historical heritage of Ethiopia, its regular army, as such, was formally constituted just shortly before Fascist Italy's invasion of the country in 1935.

The army officers' military training school, as a formal institution, was formed just before the coronation of Emperor HaileSelassie I in 1925 when the Belgians trained and equipped a small Palace Guard. That force was later dramatically transformed into a well-equipped and staffed officer training school (Imperial Body Guard). The Swedes were the instructors. The Genet Military Training School was set up a few years before at Holeta, outside Addis Ababa, in 1934. The Genet Military Training and the Imperial Bodyguard Training Schools were the oldest army officer training schools of their kind in Ethiopia's history. Holeta Genet is best known as the location of the Holeta Military Academy. Opened in January 1935, and staffed by five Swedish officers, the first class of 120 cadets did not complete their studies due to the Second Italian-Abyssinian War. It was reopened once Emperor Haile Selassie returned to Ethiopia, and celebrated its 25th anniversary 20–30 April 1960. After the murder of Hadush Araya on 14 February 1996, the academy was renamed for him. Hadush Araya (Hayalom Araya) was one of the military leaders of the Tigray People's Liberation Front the later famous two star general in the recent Ethiopian national defence force.

The military academy has four missions, which are interdependent. The first one is generating qualified and capable small unit (platoon) and equivalent level commissioned line officer for all

units of the defence force by providing quality education and training. The second mission is maintaining sustainable improvement on its training quality and level. The third one is providing various short-term trainings and staff development programs and the fourth mission is actively involving in security and socio-economic activities by creating strong ties with the local authorities and the society.

Following the mission, the academy is also striving to realize its vision of being a strong base for all levels of military leadership and centre of excellence for training quality and research by rendering quality education and training.

Currently the military academy is providing education and training in degree, diploma, and certificate programs to produce tactical army leaders that will be the potential strategic leaders in the country's national defence force.

1.3. Statements of the Problem

An institution sustains for a lengthy period so long as it accomplishes its activities in accordance with stated missions. In order to achieve its missions and objectives, the organization must build a strategy according to the existing situations. It should also prepare annual plan and budget based on the strategic plan. One of the responsibilities of budget users is controlling costs and constantly improving the ways of doing things.

The bigger the budget, the more important it is that strict accounting discipline is adhered to. Otherwise, massive waste and fraud will be a likely outcome. Competent financial management practices do not ensure that everything is fine, just that the major flaws can be found (Chan,2008).

For effective use of resources and to gain an understanding of how public funds have been utilized, and how they contribute to government policies, it is important to monitor the results of expenditure. This has led to the establishment of government monitoring and evaluation (M&E) systems.

Contemporary studies show that governments, which have effective fiscal rules, have stronger budget discipline. These rules focus on formal and informal procedures for preparing and utilizing the budget (Schick, 2007).

In Ethiopian defence level, there are different budget manuals and rules that has been prepared and under operation for several years. Accordingly, step by step and year after year, different stages of activities have been improved and coordination has been enhanced in the defence force. Based on the defence strategic plan, the military academy prepares its annual plan that enables it to pursuit its mission and vision.

However, the researcher does not believe that the budget discipline is not ensured only by adopting effective fiscal rules and budget manuals. Budget users should take other factors in to consideration to utilize budget and other resources allotted to them effectively and efficiently.

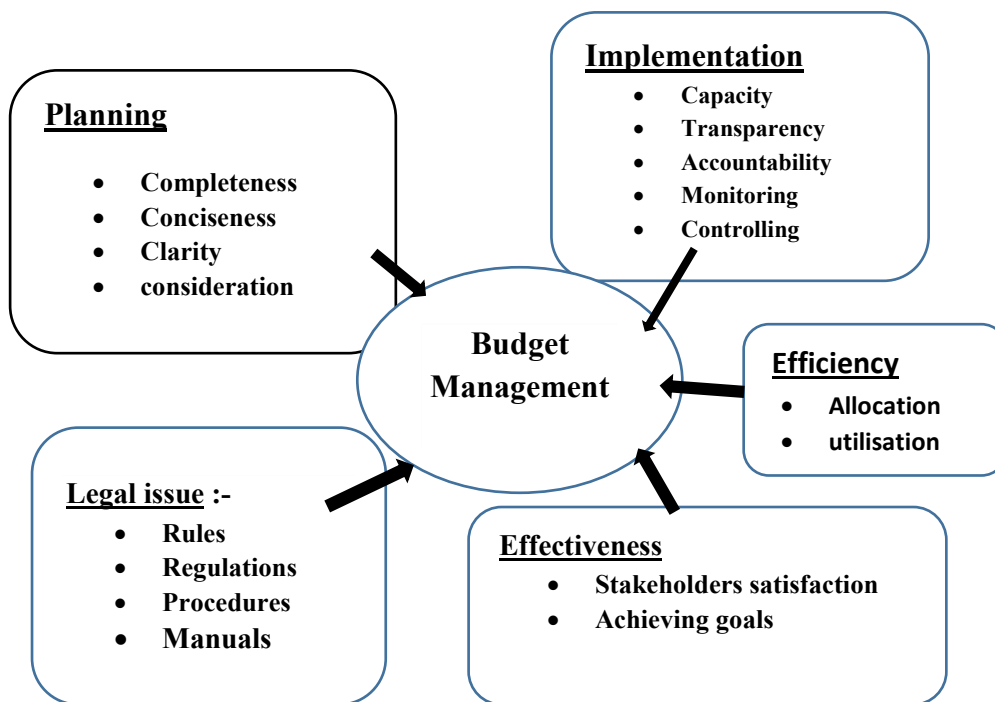
That is why though there are well-organized rules and budget manuals for Ethiopian defence force, there are several problems encountered by defence units while utilizing public budget allocated to them.

Accounting standards in the military sector should not deviate from those in non-security sectors and cash flow and expenditures should be monitored closely (Schick, 2007). He added, for instance, low follow up, and control by successive leaders; unable to report comparisons of spent and unspent budget including the reason why it is not consumed. Besides, accumulation of huge amount of cash, i.e. idle cash that can be used for other activities is observed.

In the MGHAMA, it is normal to ask supplementary budget, which is sometimes almost more than half of the total annual budget requested and approved to solve the budget shortage. In the military academy it's not uncommon to hear variations of the phrases ~~the~~ "the budget doesn't permit us to," or "it's not our budget." This pushes or motivates the research to conduct research on this issue to know the major cause of such repetitive problem.

In this research, the researcher tried to examine the opinion, believe, and knowledge of all the budget users in the military academy concerning the problem of budget scarcity they have been facing for several years while they have been implementing their annual plan.

Fig 1.1 Conceptual frame of the study



Source: literature review and from researcher's knowledge)

1.4. Basic Research Questions

The above statement of the problem and conceptual framework guided the researcher to build up research questions regarding the determinant factors that affect the budget management process. The study will try to answer the following main research questions

In brief, the paper has focused and tried to answer the following main research questions.

1. How does the military academy prepare its annual plans?
2. What is budget formulation process that is practiced in the military academy?
3. What are the causes for mismatch between plan and budget in the military academy?
4. What methods have been used in the military academy to ensure the effectiveness and efficiency of budget utilization?

Therefore, this paper tried to address the above critical issues to improve the military academy's budget management practice and to clearly indicate the principal source of budget scarcity to carryout activities stated in the quarter annual and annual plan.

1.5. Objectives of the Study

1.5.1. General objective

The general objective of the study is to obtain, assess, and analyse the budget management practice in the Major General Hayalom Araya Military Academy.

1.5.2. The specific objectives

The specific objectives of the study were

1. To assess how the military academy's annual plans are prepared.
2. To analyse the military academy's budget formulation process.
3. To identify the causes of mismatch between plan and budget in the military academy.
4. To review mechanisms used to ensure the effectiveness and efficiency of budget Utilization.

1.6. Significance of the study

This research aimed to assesses the budget management in the military academy. Thus, key stakeholders may benefit. The study may help as a source of reference and stepping-stone for those researchers who need to make further study on the area afterward.

It may also contribute for the existing knowledge about budget management and gap of theoretical and empirical evidence in the area of study. This study will provide empirical information to the commandants of military academy, programme and budget department about the cause of mismatch between plan and budget. This may consistently help the military units in formulating appropriate mentoring policies, making informed decisions and adopting strategies that will enhance the process of budget management and to ensure efficiency and effectiveness. In turn, it enables to save unnecessary expenditure and avert the loss of financial and material capital.

The study provides the researcher with the opportunity to gain deep knowledge on the concepts related to budget management and annual plan preparation. It will enhance the practical knowledge of the researcher through creating a link between the theoretical knowledge, and what is going on real life in the military academy.

1.7. Research Design and Methodology

1.7.1. Research Design

The research design helps the researcher to obtain relevant data to fulfil the objectives of the study (Churchill and Iacobucci, 2002). Research design is the blueprint for fulfilling research objectives and answering research questions According to John et al (2007). It ensures that the study would be relevant to the problem and that it uses economical procedures.

Descriptive research design was used to describe what causes mismatch between plan and expense and to know what are the reasons behind the misallocation of budget among departments by assessing budget documents and opinions, attitudes, and perceptions of people interest to the researcher. Furthermore, descriptive studies also aim at obtaining information from a representative selection of the population and from the same: the researcher is able to generalize the findings to a larger population.

1.7.2. Population of The Study

The population of the study are all the budget holders of the military academy. From the nature of the organization, the budget has six categories and there are twenty-seven budget items. Totally, there are **285** members in the military academy, which is the target population of the study.

1.7.3. Sampling and Sampling Technique

Stratified Sampling reduces random sampling errors, groups are adequately represented when strata are combined and sample ensures that the sample accurately reflect the population (Zimund et al (2010). Stratified random sampling involves process of stratification and a random sample is then drawn from each stratum (Sekaran and Bougie, 2010). To create a homogenous stratum the researcher had different strata that have made on the bases of different factors such as; military rank, management level, and functions.

From 285 members of the military academy, which is the accessible population, the researcher used 30% of each stratum as sample of the research once the sample population in every stratum is homogenous. The major strata for this research consists the Commandants, Military instructors, civil instructors, and supportive staff of the military academy. Because they have no role in budget

management, officer cadets were intentionally excluded from the study. Thus, the total sample size of each stratum is shown with their responsive population of the following types.

Table 1.1. Sample size taken from each stratum

Organization	Sub-group	Population	Sample
Major General Hayelom Araya military Academy (holeta; long-term program)	Commandants (exceptional)	4	2
	Military instructors	62	18
	civil lecturers	17	5
	Supportive staffs	201	60
	Total	285	85

Source: from data survey

1.7.4. Sources and Instruments of Data Collection

1.7.4.1. Sources of data

The primary data sources were supportive staffs, military instructors, and civil lecturers. In addition, the commandants of the military academy were also used.

The secondary data were collected from annual budget request, audited reports (annual, quarter annual, and semi-annual,), plans (annual, quarter annual and semi-annual), proclamations, and regulations.

1.7.4.2. Instruments Of Data Collection

The study employed questionnaires for budget users containing general information, questions related to planning, budget preparation, implementation, transparency, control and efficiency. among the questionnaires 34 were close ended and 5 five were open-ended. As Likert scale is commonly used to measure attitudes, knowledge, perceptions, values, and behavioural changes of respondents, the researcher used five-scale likert scale to measure these major domains from the perspective of budget management. The scale levelled as: “Strongly Agree”, “Agree”, “not decided”, “Disagree”, and “Strongly Disagree”. The instruments usually require respondents to give their level of agreement or disagreement, which can range from 1 to 5, to the statements/questions/items relating to the attribute/trait being measured. Moreover, the questionnaires were also included open-ended questions. Semi structured interview was also held with the commandants of the military academy.

1.7.5. Methods of Data Analysis and Interpretation

The type of data collection method is of great value to interpret them properly. The data that gathered from primary and secondary source were analysed using mixed data analysis methods. The data that were collected in the course of close ended questionnaire were coded and analysed by The Statistical Package For Social Science (SPSS) IBM 20 software and presented using simple statically method, percentage in the tabular and graphic form. Qualitative method of data analysis was also employed for feedbacks obtained using open-ended questionnaires and interviews.

1.8. Scope of the study and limitation of the study

1.8.1. Scope of The Study

In the Federal Democratic Republic of Ethiopia, Ministry of National Defence force, there are several army deployments, university collages, and training centres, which have been working for about the last two decades to achieve different mission by using public budget allotted to them. However, the study delimited to Major General Hayalom Araya Military Academy, due to forcing factors such as distance, limited time, and budget.

In this study, the researcher tried to look at budget management practice from 2006-2009 E.C for the fact that there is no change in higher management group.

The research was also conceptually delimited on planning, implementation, efficiency, and effectiveness, the legal environment, and issues related to budgeting management which are clearly indicated in the conceptual framework.

1.8.2. Limitation Of The Study

This study helps to recognize some of the possible causes of scarcity of budget to implement what has been planned in the military academy in Ethiopia. Owing to the nature of the study area i.e. serious confidentiality and security, it was not an easy thing to access all financial documents from respective offices, particularly from program and budget office. Besides, lack of recent studies and unavailability of literature on budget management in defence sector were some of the constraints.

Another limitation of this study is that it was carried out only in one military academy. Hence, this may limit the ability of the research to generalize the findings for other organizations within the Ethiopian ministry of the national defence force. Finally, this study mainly employed quantitative methods and thus it may suffer from the shortcomings of such a method. Possibly a combination of

both quantitative and qualitative methods could provide greater insights and provide different outcomes. However, the researcher hopes that the potential readers of this paper will get some valuable idea on the subject area.

1.9. Ethical consideration of confidentiality

The researcher properly addressed ethical consideration of confidentiality and privacy. The researcher used a careful and conscious effort at all times to sustain his promise. The researcher promised to all employees of the military academy those who were selected as respondents that their names should not be revealed in the questionnaire, interview, and analysis of data. In order to ensure the success of the research participants received a verbal and written description of the study and informed consent before the survey. Participation in the study was voluntary, and all participants' responses will be confidential.

1.10. Organization of the paper

This paper organized in to four chapters. Apart from this the first chapter is and introductory chapter, which contain background of the study, statement of the problems, objectives of the study, research design & methodology, significance, scope and limitation of the study. The second chapter contains revised literatures about budget management and related concept, theories, principles and others fundamentals which have relation to the topic under investigation. The data presentation, analysis, and interpretation presented in the third chapter. The last chapter provide summary of findings, conclusion, and recommendations.

1.11. Operational Definition Of Terms

Commandants: it is the chief officer in charge of military organization. (Ethiopian national defence force human resource field manual (2011).

Military academy: is a college or training centres for training potential military officers.(Ethiopian defence force company field manual(2011)

Platoon: a tactical and administrative infantry grouping of three or more sections or squads (i.e. about 30 men) usually commanded by army officer with the rank of lieutenant or second lieutenant. (Richard B.(2004), dictionary of military terms, third edt. MACMILLAN, Bloomsbury.

Officer Cadets: a rank held by a potential officer or a person who is in training to become an officer in the armed force. Richard B.(2004), dictionary of military terms, third edition, MACMILLAN, Bloomsbury.

Line officer – military rank that involve second lieutenant, lieutenant, and captain

Higher officer – military rank that involve major, lieutenant colonel, and colonel

Civil – civil servants working in the military academy

CHAPTER TWO

LITERATURE REVIEW

2.1. Definition of Concepts

2.1.1. Definitions of Budget

Management at all levels within the public, private and the third sector have used the budget as their shield or excuse when confronted or challenged about any decision. Over the past two decades, the word that has become the common currency in all managers' vocabulary is "budgets." Budget is perhaps the most chosen course of action or in action by the management and staff across all sectors. Furthermore, management in some sectors may be forgiven for believing their sole raison d'être has become budget preparation, budget compliance and budget monitoring. So, what do we understand by the term "budget"?

According to business, dictionary budget is an estimate of costs, revenues, and resources over a specified period, reflecting a reading of future financial conditions and goals.

The term budget is derived from the French word "*Budgette*" which means a "*leather bag*" or a "*wallet*". It is a statement of the financial plan of the government. It shows the income & expenditure of the government during a financial year.

Budget is most important information document of the government. One part of the government's budget is similar to company's annual report. This part presents the overall picture of the financial performance of the government. The second part of the budget presents government's financial plans for the period up to its next budget.

So, every citizen of a nation from the common man to the politician is eager to know about the budget as they would like to get an idea of the Financial performance of the government over the past one year, to know about the financial programmes & policies of the government for the next one year, to know how their standard of living will be affected by the financial policies of the government in the next one year.

According to Taylor, "Budget is a financial plan of government for a definite period". According to Rene Stourm, "A budget is a document containing a preliminary approved plan of public revenues and expenditure".

Budget is a plan that is measurable and timely (David Frederick,2001). Budget is financial plans that provide the basis for directing and evaluating the performance of individuals or segments of

organizations (Bruns and Waterhouse, 1975). For the purpose of our study, we define budget as a quantitative statement for a defined period of time, which may include planned revenues, expenses, assets, liabilities, and cash flows that provides a focus for an organization, as it aids the coordination of activities, allocation of resources, and direction of activity, and facilitates control.

Budgeting system as a combination of information flows and administrative processes and procedures that is usually an integral part of the short-range planning and control system of an organization (Merchant (1981). From the definition of budgets we distinguish three key components. Firstly, we recognize the planning aspect of budget. The plan is regarded as the statement of intent or goal of the organization. The second aspect is the measurability. This makes it possible to measure the plan. The third component is time. It gives the possibility to say if the plan is achieved. The sub-heading below explains problems and limitations faced with traditional budget since in our study we intend to show how well and better budget can be used as a tool for management control process. Therefore, the concept so called budget has specific definition.

2.2.Theoretical Framework

There are three theories that support budgetary control of firms namely the theory of budgeting, budgetary control model and accounting theory in budgetary control as discussed below:

2.1.1. The Theory of Budgeting

an effective budgetary control solves an organization's need to plan and consider how to confront future potential risks and opportunities by establishing an efficient system of control, and a detector of variances between organizational objectives and performance (Shields and Young, 1993). Budgets are considered to be the core element of an efficient control process, and consequently vital part to the umbrella concept of an effective budgetary control.

Budgets project future financial performance which enables evaluating the financial viability of a chosen strategy. In most organizations this process is formalized by preparing annual budgets and monitoring performance against budgets. Budgets are therefore merely a collection of plans and forecasts (Silva and Jayamaha, 2012).

They reflect the financial implication of business plans, identifying the amount, quantity and timing of resource needed (Shields and Young, 1993).The implementation of budgetary procedures. The establishment of short to medium-term objectives serves the purpose of providing estimates of future sales revenues and expenses, to provide short and long-term objectives for a coordinated management policy. Benchmarks for management and task controls are provided by comparing

actual results with budgeted plans and to take corrective actions if necessary (Sharma, 2012). Budgets can further influence the behavior and decisions of employees by translating business objectives, and providing a benchmark against which to assess performance. Hancock (2009) even considered such operational planning as the backbone of management.

During budget preparation procedures, consideration of alternative courses of action becomes an integral part and leads to increased rationality. A budget allows a goal, a standard of performance to be established with subsequent comparison of actual results with the created standard. It requires those involved to be forward looking rather than looking back (Scott, 2005). Budgets have therefore been identified as playing a number of roles which include making goals explicit, coding learning, facilitating control, and contracting with external parties (Selznick, 2008). Fisher exemplified this by “linking compensation to performance measures against the budget”, thereby making goals explicit, communicating goals and thereby coding learning and clarifying performance measures for individual employees of an organization (Goldstein, 2005).

2.1.2. Budgetary Control Model

In reference to Robinson and Last (2009), budgeting system is a tool used by the firm as a framework for their spending and revenue allocation. To ensure the firm’s resources are not wasted, the organization must be able to come out with an effective budgeting system. This is important as it ensure that the outputs produced and services delivered achieve the objectives. According to this theory, a good budgeting system must be able to addresses the efficiency and effectiveness of the organization’s expenditure. A good budget is determined by the level of income of the organization (Robinson, 2009).

The organization has to put proper controls that ensure that the budget is properly maintained and allocated. A firm that is able to run its operations efficiently is able to allocate more revenues for the organization. This is achieved through cutting costs in order to increase the quality and quality of goods and service offered by the firm. However, if an organization has lesser income they might have to find a way to fund their estimated budget by borrowing and tax restructuring (Robinson and Last, 2009).

That is why the budget is mostly regarded as the control of expenditure. As the total amount of the annual expenditure; the organization must not exceed the allocation of budget.

One of the models of budgeting system is Performance Based Budgeting System. According to Robinson and Last (2009), performance-based budgeting system (PBBS) aims to improve the efficiency and effectiveness of public expenditure. Unlike other budgeting system, PBBS use the resources to ensure that it can help in achieving the expected results and outcome based on the targeted area or planning. In simple words, the PBBS is seen as managing for results (Marc Robinson and Duncan Last, 2009).

Compared to the traditional budgeting system which focuses on the amount of inputs, performance based budgeting system focused more towards the outcome. As the organization spending stretches annually, it is important to understand the nature of spending of the organizations which is always being stated in the budget. It is therefore essential for the organization to understand its budgeting system and give priority to urgent matters that require attention. In order to find out the relationship between the budgeting system and the organizational performance, it is important for the firm to determine the patterns of the expenditure of the organization and its performance (Phyrr, 1970).

2.1.3. Accounting Theory in Budgetary Control

Kaplan and Norton (1996) ,accounting theory is aimed towards provision of a coherent set of logical principles that form the general frame of reference for the evaluation and development of sound accounting practices and policy development.

Accounting theory helps in explaining and guiding management actions in identifying and locating information necessary to be used in budget preparation. The money measurement concept in accounting has contributed to a greater extent in providing yardstick for quantifying, conversion and translating various inputs in relation to materials, and machines required in the preparation of budget (Horvath and Seiter, 2009).

Theory in accounting guide in the selection of principles and roles to be applied in particular circumstance. The accounting theory in budget control has come up with different models of analysis for example cost volume profit analysis and standard costing which serve as a standard setting in budgeting. Theory has an important normative role in the evaluation of budget and control procedures to be adopted. Theory has assisted in making predictions of the likely outcome of budget action in a given set of circumstance and effect of any change in circumstances. Horngren et al. (2002) argues that accounting theory view a firm as a separate entity in which its activities are

distinct from its owners. These principles serve as an impetus to the general philosophy of budget itself as a tool for effective management (Horngren, Forster and Dater, 1997).

Budget as a tool for standard setting and performance measurement utilize several accounting concept to a greater extent. Accounting theory has developed models in which standard can be set. Management accounting theory also provides several yardsticks to be used for control. That is variance analysis. Since budget is an instrument of plan. It provides a framework of given feed back to the management on the implementation of budget. When implementing the accounting theory historical data is instrumental since this data serve as an input for making forecast. The cost accounting theory developed by Wedgwood in early 20th century which stress on cost identification, allocation and revenue maximization has provide a basic insight and blue print in budget and control in organization. The matching concept in accounting also plays a role as reference issue in budget analysis (Hopwood, 1976).

2.3. Defence Budget Process

The identified short to medium term operational force employment tasks of the Armed Forces (Le Roux, 2002). As Law (2006) stated defence budgeting is the process of allocating financial resources for defence ministry equipment, personnel, infrastructure and programs. Its final product is the defence budget, which provides an itemized estimate of projected resources and operating expenses for the Ministry of defence and associated agencies over a set period of time. In some countries, foreign military and other security assistance is also included as part of the defence budget. Defence budgets help ensure that: public funds are earmarked for defined priorities; funds are spent accountably; and domestic constituencies, neighbouring states and other international actors are appropriately informed about the intentions of the government in defence matters.

The defence budget often includes activities like: personnel (all expenditures on current personnel, military and civil, retirement pensions of military officers, social services for personnel and their families, etc.); operations and maintenance; arms procurement; military research and development; military construction; and military aid (Born, 2008).

Gyimah-Brempong (1998) discovers that military budget allocations in African countries are, in part, determined by political economy considerations. Military budgets are protected during periods of austerity partly because of the fear that –excessive” cuts in Budget Management and Control: Special Emphasis on Ministry of National Defence Preparing a budget proposal that suggests a set

of recommended policies and stays within whatever financial limits are considered politically realistic has been a prominent issue in public budgeting (Bunch and Straussman, 1993). One approach is to set specific dollar ceilings on budget requests. This approach has the distinct advantage of making agencies prepare requests that include only financially feasible options (Lee, 1992). This method is often called fixed-ceiling budgeting. The opposite approach is to provide no ceilings of any sort, allowing agencies to recommend funding programs at levels they consider appropriate. Budget ceilings instruct agencies to request next year's budgets based on certain assumptions, such as their set of priorities regarding rankings. Another approach is for the governor to provide policy guidance in terms of overall priorities and/or guidance by major program.

Shah (2007) expressed some bad practices in budget preparation as the absence of a hard expenditure constraint at the start of the process, which forces early decisions, will invariably lead to one or more of a number of dysfunctional practices in budgeting.

According to Le Roux (2002), budgeting is done at unit level where all inputs that are required to execute the delegated activities must be accurately determined and cost from zero. These input costs (budget items) may include: personnel expenditure such as salaries, allowances, bonuses and gratuities, administrative expenses, stores including ammunition and explosives, spares and components for normal maintenance, construction and building material, office supplies, fuel and clothing; equipment such as vehicles, weapons, machinery and furniture; rental of land and buildings; and professional and specialist services such as consultation, outsourced services, and research and development.

2.4.Managing Defence Budget Execution

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

Good budget preparation comes first, logically as well as chronologically. However, budget execution requires more than simply assuring compliance with the initial budget. It must also adapt to intervening changes, and enable operational efficiency. Procedures for controls are needed, but should not hamper efficiency nor lead to altering the internal composition of the budget, and must focus on the essential while giving spending agencies flexibility to implement their programs.

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

As per Allen and Tommasi (2001), successful budget execution depends on numerous factors, such as the ability to deal with changes in the macroeconomic environment, and the implementation capacities of the agencies concerned. Budget execution involves a great number of players than budget preparation, and calls both for assuring that the “signals” given in the budget are correctly transmitted, and for taking into account feedback from actual experience in implementing the budget.

Budget execution system should ensure rigorous expenditure control, but also effective and efficient uses of resources in accordance with budget priorities. Keeping budget execution under control requires effective management control systems, not excessively detailed compliance controls. The budget system should assure effective expenditure control. In addition to a realistic budget to begin with, a good budget execution system should have complete budgetary/appropriation accounting system. It is necessary to track transactions at each stage of the expenditure cycle (commitment, verification, payment) and movements between appropriations or budget items. Effective controls are at each stage of the expenditure cycle (Schiavo-Campo and Tommasi, 1999).

Moreover, a budget implementation and a cash plan must be prepared, but should be based on budget estimates and take into account existing commitments. Internal controls are generally preferable and a strong monitoring and auditing system is mandatory. When payment processing and accounting controls are decentralized, a central control on cash is required. When payment processing and accounting controls are centralized, a system is needed to assure that payments are made in a timely manner and according to the budget and the cash plan, without superimposed prioritization by the central agencies. Notwithstanding those efforts, financial control of commitments is not sufficient to keep expenditures under control.

2.5.Types of budget

2.5.1. Traditional Budget

According to Gregory J Nolan (2005), the problem with traditional budgeting is that it is based on general ledger (G/L). The G/L is the store house for the basic financial information of the company. That basic information is specifically direct revenue, direct expense, and balance sheet amount by

centres. Many managers who get involved in the budget process generally only budget these amounts for the areas of their responsibility. Many of these managers have major profitability responsibility but never get to budget profitability. He further went to say that the internal accounting at most companies was based on expense allocations. This antiquated methodology is the underlying reason most management reporting systems are underutilized and one of the impediments to improving the budgeting process (Gregory J Nolan, 2005).

Fixed budget: Fixed Budgets are used often by firms which rely on their forecasts. G.H. Hofstede (1968) wrote that one discussed issue in the accounting literature is whether a budget should be fixed or variable with respect to volume or sales or other inputs. The fixed budget is therefore a budget which once made and accepted cannot be changed for whatever reason being that fixed cost are incurred and still persists irrespective of sales volume (Hofstede G.H., 1968).

Flexible Budget: Flexible budgets reflect the effects of changes in the budgeting environment which affect the performance of the budget Capital Budgeting: Pandey I.M, defines capital budgeting as “the firm’s decision” to invest its current funds most efficiently in long-term activities in anticipation of an expected flow of the future benefits over a series of years (Pandy,1999). Sales Budget: Stanton W. J (1971) said that “the cornerstone of successful marketing planning in a firm is the measurement and forecasting of market demand. The key figure needed is the sales forecasts because it is the basis for all budgeting and all operation in the firm” (Stanton, 1971). Radford and Richardson (1963) expressed the view that “effectiveness of budgetary control depends on the accuracy of sales estimates.”

from the Competitive Strategy points of view Budgets are rarely strategically focused and are often contradictory; Budgets concentrate on cost reduction and not on value creation; Budgets constrain responsiveness and flexibility, and are often a barrier to change; and Budgets add little value- they turn to be bureaucratic and discourage creative thinking.

Another limitation of traditional budget is from Business process involves budgets are time consuming and costly to put together; budgets are developed and updated too infrequently- usually annually; budgets are based on unsupported assumptions and guesswork; and Budgets encourage gaming and perverse (dysfunctional) behaviour.

From the Organizational capability, Budgets strengthen vertical command and control; Budgets do not reflect the emerging network structures that organizations are adopting; Budgets reinforce departmental barriers rather than encourage knowledge sharing; and Budgets make people feel undervalued.

What they were actually stressing is the fact that traditional planning and budgeting processes used in organizations are failing to deliver results. They are too time consuming to undertake, Encourage internal politics and gaming behaviour, too inward looking, short-termist culture that focuses on achieving a budget figure. The authors went further to argue for a better budgeting that will be discussed in the subsequent section.

2.5.2. Better Budgeting System

Activity based budgeting

According to C. Adams et al (2003) activity based budgeting (ABB) is similar to activity based costing (ABC) and activity based management (ABM). It actually involves planning and controlling along the lines of value adding activities and processes. Resource and capital allocation decisions are consistent with ABM analysis, which involves structuring the organization's activities and business processes so that they better meet customers and external need. ABB can be applied in all industries and functions, including service industries and overhead functions. It also can be used in manufacturing. It is really a management process, operating at the activity level, for continuous improvement on performance and costs (Wilhelmi and Kleiner,1995)

The key features of ABB includes:- a planning process linked to the organisation's strategic objectives, a use of well-proven activity analysis techniques--the heart of all activity based systems, identification of cost improvement opportunities, analysis of discretionary spending options and priority ranking, establishment of performance targets for control, integration with activity planning and accounting to provide effective control, a participative process to control and sustain continuous improvement.

The benefits of ABC are that it: highlights the cost of activities, puts resource allocation in the context of rising/falling activity levels, encourages new thinking; how can the activity be carried out more effectively (process improvement)?, links to TQM (total quality management) programmes, as the activity cost can be related to the service level achieved. facilitates cost cutting by taking the activity level into account, thus making cost targets more realistic to achieve, enables trend analysis and benchmarking of costs to take place, can be used for day-to-day operational control.

Zero based budgeting

C. Adams et al (2003) stated that under Zero based budgeting (ZBB), expenditures must be re-justified during each budgeting cycle rather than basing budgets on previous years or periods. ZBB is not built on inefficiencies and inaccuracies of previous history. The author also noted that the value of this approach depends on the stability of operating environment.

Value based Budgeting

This is a formal and systematic approach for managing the creation of shareholders value over time. All expenditure plans are evaluated as project appraisals and assessed in terms of the shareholder value they will create. This helps to link strategy and shareholder value to planning and budgeting

Profit planning

It is about planning the future financial cash flows of profit centers (profit wheel).it gives the possibility to assess whether an organization or unit generates sufficient cash flows, creates economic value and attracts sufficient financial resources for investment. It also ensures consideration of an organization's short- and long-term prospects when preparing its financial plans.

Rolling budgets and forecast

It appears to have the most potential as the better regular budgeting approach. It enables firm improve their forecast accuracy and overcome the traditional budgeting time lag problem. This by: solving the problems associated with infrequent budgeting, being more responsive to changing circumstances, but requiring permanent resource to administer, and overcoming problems linked to budgeting to a fixed point in time - i.e. the year end and the often dubious practices that such cut-offs encourage.

2.6.Purposes of budgets

Budgets have always played a key role in managing an institution, both private and public, being an important control system in many companies (Ekholm and Wallin, 2000), Merchant and Van der Stede, 2003). Otley sees the budget as the central stage of most organizations' systems of management control (Otley, 1978). The overall objective of the budget is to keep control of the activity done in the company by providing a roadmap for future activities and to set a series of goals to be achieved and the means by which to achieve those goals (Achim, 2009). Therefore the management efficiency can be appreciated by the achievement of predefined objectives and the means used to their achievement. There are several empirical studies that demonstrate that budgets are one of the most used planning and control tool for companies (Abdel-Kader and Luther, 2006, Uyar, 2009).

Managers are responsible for the realization of the indicators within their budgets and for any variance from the estimated values, cases in which they are required to take remedial action. Budgets are used by management for different uses (Riley, 2012). it helps to control income and

expenditure (the traditional use) and supports to establish priorities and set targets in numerical terms. plus to these it provide direction and co-ordination, so that business objectives can be turned into practical reality; to assign responsibilities to budget holders (managers) and allocate resources; to communicate targets from management to employees; to motivate staff; to Improve efficiency; and to Monitor performance.

According to Romanian authors (Achim, 2009), budgeting purposes (budget functions) are Planning operations that ensure the companies' strategic objectives realization. it also supports Coordinating various activities of different types of subdivisions, Stimulation of managers from all business levels to achieve predetermined goals of each responsibility center, Control of current activity, ensuring discipline according to the business plan, Evaluation of plans fulfilment by each responsibility center and their managers.

2.7.Role And Importance Budget

In the studies conducted by Jones G. (2008). the results obtained showed that there are three major reasons for which companies use budgets: evaluate performance, aid control and planning (Joshi et al., 2003). Other authors evidence others benefits of budgeting such as preventing information asymmetry between top managers and lower-level managers, enhancing employees' work attitudes, providing motivation to department and committee heads and resulting in a greater level of goal commitment by lower-level managers (Oak and Schmidgall, 2009, Joshi and Com, 1997).

According to Turkish authors Ali Uyar and Necdet Bilgin, the reasons for budgeting, in the order of their importance are: control expenses, profitability, aid long-term planning, co-ordinate the operation, aid short-term planning, evaluate performance, motivate managers, motivate employees and communicate plans with employees (Uyar and Bilgin, 2011).

Shields and Young consider that budgets contribute in creating a culture of democracy within a company (Shields and Young, 1993) or at least an appearance of democracy that brings the legitimization of a company (Covaleski et al., 2003). All the mentioned objectives and functions of budgets are achievable due to budgetary control. Budget execution control is the process of determining and analysing the deviations of effective values of indicators from the predetermined values (Achim, 2009).

According to him the most important advantages of budget execution control are useful to managers at different hierarchical levels because it is a daily guide for their activity; allows senior management to achieve a synthesis analysis of the business' activity which allows it to objectively assess low-level managers work; allows the knowledge of the meaning and importance of

deviations in comparison with forecasts, that leads to increased efficiency in key areas of economic management of the entity; Enhances coordination of activities carried out in different functions of the company, allowing decentralization of responsibilities; Leads to technical and economical updating where necessary. However, we should also consider the criticism mentioned by different authors regarding the process of budgeting.

Some authors consider as a problem for budgeting the way budgets are used (while others sustain the idea that budgeting processes are fundamentally flawed (Hope and Fraser, 2003). To sustain all this, there are authors that named budgets as being an “unnecessary evil” (Wijewardena and Zoysa, 1999), “a thing of the past” or even “broken” (Jones, 2008). All the criticism brought to the use of budgets is called the “beyond budgeting” approach. With all this criticism the majority of economic entities continue to use budgets in order to control the realization of establish objectives. This means that budgets, if they are used appropriately and adapted to a company’s needs can be a tool for obtaining value-added. The key for this is to implement practices that generate commitment to budgets, adopting clear procedures to prepare budgets, creating linkages to connect the budget with the company’s strategy and analyzing budget variances and taking corrective action (Uyar and Bilgin, 2011). To this we can add the clear definition of managerial responsibilities, drawing up a plan of action for each individual budget and continuous monitoring of performance.

There are different reasons for which companies use budgets. The key purposes of budgets can be translated into planning the use of resource, forecasting the future, assistance in performance evaluation and maximization, assuring the means of communication for the management, controlling the activities of various groups within the firm. It is also the means for motivating employees to achieve performance, controlling performance by investigating variances, resolving conflicts of interest between groups with the organization, pricing decisions and control (Riley, 2012)

2.8. Monitoring and Control of Budget Process

Monitoring and control of budget process is a determinant of effectiveness, once the budgets have been implemented they need to be monitored and controlled to ensure effectiveness in aligning budgets over a defined period of time (Horngren et al., 1997).

A professional and transparent approach to budget planning will help convince investors, development banks and national or international donors to make financial resources available if the organisation implements proper monitoring and control of budget process. This is achieved through

ensuring that the estimated budget does not deviate from the actual outcome in order to take appropriate actions where necessary (Otley and Van der Stede, 2003).

2.9.The Functions of Budgets

The Functions Of Budgets Includes means of forecasting and planning, channel of communication and co-ordination, motivational device, means of evaluation and control, and source of information for decision-making (Herath and Indriani 2007). He mentioned that the major functions of budget are; A means of forecasting and planning, a channel of communication and co-ordination, a motivational device, and a means of evaluation and control.

2.10. Budget Preparation

As cited by Ketema, M. (2015), Maitland (2001) mentions that the process of preparing and agreeing on a budget is a means of translating the overall objectives of the organization into detailed, feasible plan of action. Public budget preparation is one of the tedious tasks that any country should look upon. The preparation process for the annual budget involves a great deal of energy, time, and expense.

Hence, it is important that a country and organizations must be able to follow accurately all the methods of preparing an annual budget. In budgeting, the focus is not only to prepare the budget, but more importantly to have a follow-up operation for budgeting and to act according to known data.

As cited by Ketema, M. (2015), Falk (1994) stated that budgets are financial expressions of a country's plan for a period of time. It tells where and how the organization will spend money and where the money will come from to pay these expenses. He adds that budgets set limits.

Besides setting limits, Andrews and Hill (2003) say that budgets also provides the assurance that the most important needs of a country are met first and less important needs are deferred until there are sufficient funds in which to pay for them. Even though budget preparation is not the sole thing that needs consideration in budgeting, the basis of it is still needed in order to have at least close estimation.

Preparing a budget proposal that suggests a set of recommended policies and stays within whatever financial limits are considered politically realistic has been a prominent issue in public budgeting Bunch and Straussman (1993).

One approach is to set specific dollar ceilings on budget requests. This approach has the distinct advantage of making agencies prepare requests that include only financially feasible options Lee (1992). This method is often called fixed ceiling budgeting. Budget ceilings instruct agencies to request next year's budgets based on certain assumptions, such as their set of priorities regarding rankings. Another approach is for the governor to provide policy guidance in terms of overall priorities and/or guidance by major program.

According to Schiavo-Campo and Tommasi (1999) and Allen and Tommasi (2001), the main starting points for the preparation of the annual budget should be a clear definition of fiscal targets and a strategic framework consisting of a comprehensive set of objectives and priorities.

2.11. Budget transparency

This definition of transparency largely corresponds with the IMF Code on Fiscal Transparency (1999, revised 2007). The IMF defines fiscal transparency as being open to the public about the government's past, present and future fiscal activities, and about the structure and functions of government that determine fiscal policies and outcomes.

The code translates this definition into four areas of good (or fiscally transparent) practices: these of Clarity of roles and responsibilities; Open budget processes; Public availability of information; and Assurances concerning the integrity of the information, including the requirement that fiscal information should be externally scrutinised.

The Organisation of Economic Co-operation and Development (OECD) Best Practices in Fiscal Transparency (2001) describes fiscal transparency more narrowly. In the OECD document, it is defined as 'openness about policy intentions, formulation and implementation', extending this characteristic to the reports required in the budget process and their general content; Specific disclosures to be contained in the reports; and The practices required to ensure the integrity and quality of the information in the reports.

In short, the OECD focuses on the information that should be available to the public, timeliness and standards of quality.

Among the key perspectives on budget and fiscal transparency: transparency on government's financial position, assets and liabilities and financial flows; off-budget revenue and expenditure; revenue forecasting and revenue administration; ex ante and ex post budget transparency.

In other words, transparency of the proposed budget, of processes to prepare, of budget enactment, of budget execution, of financial and budget reporting and of audit, audit reports and follow-up on

audit recommendations; Transparency of processes connected to budget process. For example, policy processes and service delivery.

Effective transparency and oversight of governments' actions in all these areas are crucial to healthy public finances, effective service delivery, and good governance.

2.12. Budget Implementation and responsiveness

Yilmaz and Beris (2008) make a useful and relevant distinction, which we adjust here for specific application to the budget arena. Responsiveness is the willingness of governments to allocate resources to citizen preferences, and accountability is answerability for resource use decisions. In budgeting, responsiveness is closely linked to accountability to citizens for ex ante budget decisions. A budget process in which citizens and their associations make their preferences clear will be more transparent and accountable than a budget process that is entirely closed and opaque, although such communications in and of themselves will not necessarily achieve transparency or accountability.

Budgets are only effective as tools of public sector financial management;

- i. if they are implemented as planned;
- ii. if spending is carefully controlled and delivers value-for-money; and
- iii. If budget performance is tracked, reported on, accounted for, and audited in a timely manner.

2.13. Determinants of budget Effectiveness

There are several determinants to effective budget implementation of budgets among organizations. These included;

Adequate Availability of Financial Resources

Adequate availability of financial resources is one of the determinants of effectiveness. To achieve an effective budget, the organization must ensure that it have adequate access to financial resources in order to finance its projects and to carry out its activities. The management team should plan and come up with a budget before implementing projects (Dunk, 2001).

Competence of Human Resource

Competence of human resource is another determinant of effectiveness. To successfully execute its activities the organization should ensure that it has competent human resource with knowledge and

skills on efficient and effective means of budgetary control processes and procedures (Horngren, 2002).

Participation of both Staff and other Stakeholders

All individuals responsible for achieving results should be consulted in the formulation of budgets. No system of budgetary control can succeed without the mutual understanding of superiors and subordinates. The organisation should communicate the outcome of budget decisions to all the relevant staff. Budgets have an important part to play in the communication of objectives, targets and responsibilities throughout the organization. Carried out properly, this can have considerable benefits in promoting co-operation at all levels (Callahan and Waymire, 2007). Participation assures full co-operation and commitment for making budgets successful. Participation also makes budgets realistic and workable (Simiyu, 2008).

To ensure that the process of implementing the budget is successful, the management and the employees should work together to ensure that the interests of all stakeholders are fully represented when making key decisions involving budgetary allocations in key projects.

Proper Planning

In order to carry out budgetary control, it is necessary to formulate a fully co-ordinated detailed plan in both financial and quantitative terms for a forthcoming period. The duration of the period is usually one year. The plan needs to be in line with the long term development strategy of the organization, although in the shorter term of a budget year, conditions may prevail which could dilute this aim. Therefore, before formulating the budgets, the policy to be pursued during the forthcoming trading period needs to be established (Dunk, et al, 2001).

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

To facilitate proper planning, the management team should define the patterns of expenditure and revenue over the life of the project or the activity that the organization is undertaking. A predetermined budget of possible costs that was incurred carrying out the activities planned in a

project should be made. Realistic planning of finances is key to the implementation of a project or programme (Joshi and Abdulla, 1996).

2.14. Budget Utilization

According to Schiavo-Campo and Tommasi (1999) budget utilization is the phase where resources are used to implement policies incorporated in the budget. As they argued, it is possible to utilize badly a well-prepared budget; it is not possible to utilize well a badly prepared budget.

As per Allen and Tommasi (2001), successful budget utilization depends on numerous factors, such as the ability to deal with changes in the macroeconomic environment, and the implementation capacities of the agencies concerned. Besides to this, the budget system should assure effective expenditure control. In addition to a realistic budget to begin with, a good budget utilization system should have complete budgetary/appropriation accounting system. It is necessary to track transactions at each stage of the expenditure cycle (commitment, verification, payment) and movements between appropriations or budget items Schiavo-Campo and Tommasi (1999).

2.15. Concepts of under and over utilization of Budget

Allen and Tommasi (2001) stated that over utilizations are sometimes caused by non-compliance of budget managers with the spending limits defined in the budget, when committing expenditures. Since cash allocated to spending units for appropriated expenditures is generally controlled, these overruns generate spending arrears. Overruns are often the result of off-budget spending mechanisms (payment from special accounts, etc.).

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

On the other hand, Allen and that Tommasi (2001) expressed in a number of countries, the official budget is under spent, particularly its non-wages expenditure items. This does not necessarily mean that there is good fiscal discipline in these countries. In some countries with poor governance, under spending of the official budget may coexist with large amounts of off budget spending.

On the whole, in most cases, underutilization as well as over utilization is related to insufficiencies in budget preparation and program preparation. An overestimated budget and unrealistic projections

of revenues may lead to budget revisions during budget utilization and to a practice known as “repetitive budgeting”. Peters (1998) identified the following weaknesses in resource allocation and use: poor planning; no links between policy making, poor planning and budgeting; poor expenditure control; inadequate funding of operations and maintenance; little relationship between budget as formulated and budget as utilized; inadequate accounting systems; unreliability in the flow of budgeted funds to agencies and to lower levels of government; and poor cash management.

2.16. Reason for Variations between Budgeted and Actual Expenditure

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

2.17. Internal control

As explained by Rebecca, Natasha & Imran (2011) internal control systems are the policies and procedures put in place by the management of a government agency in order to ensure the agency achieves its objectives and complies with external laws and regulations. Such policies and procedures tend to cover financial accounting and reporting, performance monitoring, asset management and procurement. Large agencies will have an internal audit unit comprising internal auditors that independently review and report on the implementation of management policies to the head of the agency.

2.18. Managing and Monitoring Budget Utilization

As indicated by Tommasi (2007) there should be distribution of responsibilities for budget utilization, budget appropriation management rules and budget revisions, various special issues related to budget utilization, and the monitoring of budget execution. At the same time budget execution covers both activities related to the implementation of policies and tasks related to the administration of the budget. Both the central agencies (the ministry of finance, the ministry of planning in a dual budgeting system, and the prime minister’s office) and the spending agencies are involved in these tasks. The distribution of responsibilities in budget management should be organized according to the agencies’ respective areas of responsibility and accountability.

2.19. Budget Evaluation

Evaluation is a key determinant for effectiveness, through an evaluation plan, the firm can clarify what direction the evaluation should take based on priorities, resources, time, and skills needed to accomplish the evaluation. To enhance effectiveness and transparency the management team should be actively involved in the process of monitoring and evaluation of budgetary control processes and procedures (Hancock, 2009).

The process of developing an evaluation plan in cooperation with an evaluation workgroup of stakeholders will foster collaboration and a sense of shared purpose this highly contributes towards achieving an effective budgetary control (Simiyu, 2008).

2.20. Empirical literature (studies)

Mwaura (2010) conducted an investigation into the participatory budget setting and budget commitment as a factor that affects performance of the NSE listed companies. This study used a causal research design to identify cause and effect relationship. The population of interest in this study comprised 55 companies listed where it considered only 53 still operating ones. Data for this study was both quantitative and qualitative hence both descriptive and content analysis techniques was employed. The descriptive statistical tools helped the researcher to describe the data and determine the extent used. In addition, to quantify the strength of the relationship between the variables, the researcher used a multiple regression. The study concluded that budgetary participation affects return on capital employed and return on assets to a great extent. It was further found that budgetary participation affects return on investment and budget commitment to moderate extents.

Badu (2011) conducted an investigation of budgeting and budgetary Control at Ernest Chemist Laurea. The aim of this study was to conduct research concerning the budgeting practice in Ernest Chemist, a pharmaceutical company based in Ghana, and identify the perception of the budgeting experts in the company and assess their views towards the current status of the company. This research was necessary in order to assess the possibility of solving any problem this organization may face in designing an effective budgeting and budgetary control system. A self-designed interview questionnaire was sent to a member of staff in the company to seek his views on the problems and concerns regarding budgeting and budgetary control in the organization. The results of the study indicated that the appropriate system of budgeting and budgetary control had been

adopted and used to prepare the pharmacy's budgets but there were a few problems associated with ethical issues which were also revealed.

Marcormick and Hardcastle (2011) carried out a study on budgetary control and organizational performance in government parastatals in Europe. A sample of 40 government parastatals were used for establishing the relationship between budgetary control and organizational performance, secondary data was used and a period of ten years was reviewed. A regression model was used for data analysis and the results of data analysis revealed a positive relationship between budgetary control and organizational performance of government parastatals.

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

A study by Serem (2013) examined the budgetary control in Non-Governmental Organizations and its effects on their performance. The research target population consisted of 7,127 Non-Governmental Organizations as provided in the Non-Governmental Organization Board of Kenya. 30 NGO's were selected using convenience judgmental sampling technique for this study, both local and international organizations with headquarters in Nairobi and its environs. The study findings established that a weak positive effect of budgetary control on performance of NGO's in Kenya and suggested the need of sensitizing employees on budgetary controls so as to improve its consequent effect of performance.

2.21. Budget Process Overview in the case of Ethiopia

Currently, the annual budget formulation process has two dimensions: the identification of priorities and goals, and allocation and management of funds. The budget formulation process has four stages: the planning stage, the budget preparation stage, the budget legislation and budget implementation and control stages. Several stakeholders are involved at each step of the budget cycle, with some contributing exceedingly more than others. The executive body has considerable power in the budgetary process with Ministries playing important roles in planning, budget

formulation, and implementation. Ethiopia has a dual budgeting system in which recurrent and capital expenditure are considered separately (MOFED, 2009).

MOFED is the major clearing house for the preparation of the federal budget in Ethiopia, although this is done in consultation with the various ministries that are the beneficiaries of the budget. The responsibilities of the Minister of Finance and Economic Development, as stipulated in the Council of Ministers Financial Regulations No 17/1997, consist of formulating and issuing directives that detail government financial policies in all areas of government finances; developing and maintaining appropriate standards of work and conduct for application throughout all public bodies; internal auditing functions; and preparing a financial plan for the country. Each public body needs to take the initiative to commence budget preparations before they receive the budget call letter from Ministry of finance and economic development (MOFED) with their budget ceilings, such as development of unit costs (where appropriate), a midyear program review, and the preparation of work plans.

Various steps are involved in the process of budgeting in Ethiopia. The first step in the process is the sending of Budget Calls and ceiling notifications to line ministries by the MOFED. The various line ministries submit their budget request as per the established regulations. After the budget hearing and defense process at the MOFED, the final budget will be submitted to Parliament by the Prime Minister for approval.

It is important to distinguish between the approved budget and the annual appropriations. The budget that is approved by the Council of Peoples Representatives is a detailed budget, i.e., by public body, sub-agency, project, expenditure item, etc. However, the appropriations are at a more aggregate level. An appropriation is a legal mandate to spend money out of the consolidated fund. After the Council of Peoples Representatives has approved the budget, it is the responsibility of the civil service to implement that budget.

Implementation of the approved budget is also known as budget execution MOFED (2006). The implementation phase of the budgetary process covers not only measures for disbursing funds already allocated but also the monitoring of how funds are spent to ensure that they are used judiciously and for the intended purposes. It is the responsibility of Ministry of finance and economic development to inform all public bodies of their approved budget. It uses forms to notify each public body of their approved recurrent and capital budget respectively; and between July 8 and 15 (MOFED, 2006).

Funds are dispersed to ministries each month on the basis of the allotted budget. Every Ministry is required to submit a monthly disbursement request in which it reports the previous month's expenditure, detailing what was spent and how it was used, and makes a request for the next month's allocation through a work plan.

The Ministry's Fund Disbursement Department handles the process of fund disbursement for the ministries and keeps records of all transactions. The budget registrar in the Disbursement

Authorization Department records the original budget, all transfers and supplementary budgets, the disbursements made and any undisbursed allocation.

Each public body is required to enter details of its approved budget onto their budget expenditure subsidiary ledger cards for each budget institution, sub-agency, or project. The cards are used to keep track of approved budget, budget adjustments/transfers, supplements, and commitments.

Although planning and budget processes should be thorough and attempt to anticipate needs of the next year, not all future circumstances can be foreseen with accuracy. When the situation demands, the approved budget can be legally adjusted during the year to adapt to unforeseen circumstances. Budget adjustments are not desirable and can be avoided by proper planning and budgeting. There are two types of budget adjustment permitted by law: budget transfer and budget supplement.

2.21.1. Budget Transfer

It is Possible to move budgeted funds between public bodies, budget institutions, projects or items of expenditure, without changing the total approved budget. Budget transfers between public bodies, budget institutions, projects or items of expenditure are authorized by the Financial Administration Proclamation No. 648/2009 and the Financial Regulations No.17/1997, subject to certain restrictions and the required level of approval or authorization. These include:

- No transfers are permitted from other recurrent expenditure to salaries, wages or allowances;
- No transfers are permitted from the capital budget to the recurrent budget;
- All other transfers must be approved by the authority specified in Part Four of the Financial Administration Proclamation No. 648/2009 and the Financial Regulations No. 17/1997.

On the other hand, MOFED is empowered to transfer funds within items of expenditure of the recurrent budget; and budget from one capital project to another within a public body FDRE (2009).

2.21.2. Budget Supplement

The total approved budget can be increased with the approval of the Council of Peoples Representatives on recommendation of the Council of Ministers. It is additional authority to spend beyond the original approved budget. During a budget year, while an approved budget is in the process of being implemented, it is possible that an unforeseen or urgent need for increased expenditures arises, (e.g. a natural disaster) or a new project, not included in the original approved budget, is approved for commencement during the budget year; Additional resources become available (e.g. from external assistance or loans) that can fund increased total expenditures, including any new projects. Any of these circumstances may require additional expenditures during the budget year by a public body beyond those in the approved budget. In these situations a supplementary budget and appropriation are required. These are also authorized by Part Four of the Financial Administration Proclamation No. 648/2009 and the Financial Regulations No. 17/1997.

Supplementary budgets are coordinated and prepared by MOFED, based on requests or proposals received from public bodies. Public bodies are required to prepare their supplementary budget requests in writing and submit to MOFED Budget Department. Then, MOFED notifies public bodies of their approved supplementary budget. Subsidiary ledger card must be kept up to date by public bodies so as to show the correct adjusted budget and to prevent any overspending or over commitment of funds available.

MOFED coordinates the management and control of public funds in Ethiopia. It is this Ministry that keeps the accounts of the federal budget and prescribes regulations on financial management and control for ministries and government agencies. In addition, ministries are required to manage and control funds allotted to them following the central regulations and directives on financial management set out by MOFED. The regulatory mechanisms of the budget include requirements that are Budgetary receipts be recorded in the appropriate budgetary account as prescribed. in the financial regulations and in a timely manner, Collected revenue be recorded under the appropriate revenue account, Expenditure only be made in compliance with the financial regulations. All books of accounts are closed each month and a monthly receipt and disbursement be prepared and submitted to MOFED at the centre and regional finance bureau in the regions. Periodic financial statements are prepared and submitted to the Council of Ministers and regional executive committees by MOFED at the centre and regional finance bureau in the regions.

As stated by Alemayehu Geda and Dawit Birhanu (2011) the new fiscal year budget implementation begins with the issuance of budget notification from MOFED to budgetary

institutions. Institutions are expected to submit action plans (financial and physical) for the budget year based on the approved budget spending. Budget utilization is implemented using a three month rolling disbursement request to MOFED by the budgetary institutions. MOFED in turn releases funds according to their request. Previously institutions were obliged to submit their requirement monthly. When we see the annual budget cycle, it is devoted to budget implementation and control. This stage focuses on Notification of the approved and allocated budget to the budgetary institutions by MOFED; Submission of annual and sub-annual cash flow need planning by the budgetary institutions and release of fund by MOFED through zero-balance cash flow management system, Evaluation and monitoring of implementation of projects. Comprehensive auditing of Federal Government accounts by the Office of the Federal General Auditor and submission of the audit report to the Parliament; and approval of the report by Parliament; and Take corrective actions based on the audit findings and recommendations by MOFED.

2.22. Budget Utilizing Bodies in Major General Hayalom Araya Military Academy.

According to the budget guide, the military academy has identified the following budget executing bodies. They include;

I. Non capital goods

1. Uniform and sport materials
2. Offices materials
3. Printing materials
4. Clinic materials
5. Teaching aid material
6. Flied nourishment
7. Fuel, oil, lubricants
8. Materials for sanitation

II. Materials that cost (birr less 200)

9. Animal medication
10. Transportation and reception
11. allowance

- 12. Transport
- 13. In Office service
- III. Maintenance and service**
 - 15. Vehicles maintenance
 - 16. Office machinery maintenance
 - 17. Camp and house maintenance
- IV. Contract base procurements**
 - 18. Rent
 - 19. Advertisement
 - 20. Freight (load and unload)
 - 21. Banking service
 - 22. Electric fee
 - 23. Telecom service
 - 24. Water, postal, others
- V. Training**
 - 25. Capacity building training
- VI. Office machine and furniture**
 - 26. Office machinery
 - 27. Office furniture and equipment
- VII. Miscellaneous**
 - 28. Gift materials

These budget utilizing bodies are regarded as the major users that hold the direction of the military academy in terms of activities and programs based on the strategy of defence sector needs to achieve within five years. These activities are expected to implement the defence programs that are particularly related to the military academy.

CHAPTER THREE

DATA ANALYSIS AND INTERPRETATION

In the chapter the data collected from various sources related to annual planning, budget preparation, and utilization, the relationship between budget and plan, and efficiency and effectiveness in budget management of Major General Hayalom Araya Military Academy has been discussed. The data were presented and analysed according to the flow of budgetary process. This includes annual plan preparation, budget preparation, budget implementation, and budget utilization, which is all about efficiency and effectiveness.

As indicated in the first chapter one of this paper, statistical package for social science software application was applied to analyse the data. The descriptive analyses were also supported by the open-ended responses given during the collection of data, interview responses, reports, and literature reviews.

3.1.Characteristics of the Respondents

The respondents used in this paper are classified into four categories namely: commandants of the military academy, military instructors, academic lecturers, and supportive staffs.

Structured questionnaires (attached in Appendix 1) were distributed to 85(100%) sample respondents among which 83(97.65%) of the respondents filled and returned the questionnaires properly. The remaining 2(2.35%) sample respondents' data were intentionally discarded by the researcher because of their irresponsible response which is uniformly 5(strongly agree) for all questions asked so as to minimize the risk of committing error during data analysis and interpretation. the interview questionnaires were distributed to the four members of commandants and two budget expertise. To easily demonstrate the result on the analysis part, the data collected by five level likert scale it is presented here on the three base likert scale.

The characteristics of the respondents are presented below as follows in terms of education level, service year, and rank.

Table:3.1. Presents demographic information of sample respondents in terms of level of education, work experience as well as the rank that the respondents possess.

Table 3.1. Demographic information of sample respondents.

No	Item	Frequency	percentage	Cumulative Percentage
1	Education background			
	12 and less	14	16.9	16.9
	Certificate	5	6.0	22.9
	Diploma	19	22.9	45.8
	First degree	31	37.3	83.1
	Second degree	14	16.9	100.0
	Total	83	100.0	
2	Service year			
	less than 5 years	8	9.6	9.6
	6-10 years	29	34.9	44.6
	11-16 years	23	27.7	72.3
	greater than 16 years	23	27.7	100.0
	Total	83	100.0	
3	Rank			
	Non-commissioned officer	8	9.6	9.6
	Line officer	53	63.9	73.5
	Higher officer	12	14.5	88.0
	Civil	10	12.0	100.0
	Total	83	100.0	

Source: Own Field Work (2017)

Table: 3.1. Above demonstrates that out of 83 sample respondents, **31(37.3%)** have first-degree, **19(22.95%)** have diploma, **14 (16.9%)** of the sample respondents have the level education that is grade 12 and less. The remaining **14(16.9%)** and **5 (6.0%)** have second degree and certificate in different field of studies respectively. In terms of work experience, **46 (55.7%)** of them worked for more than 11 years in the military academy. Whereas **29 (34.9%)** have worked 6-10 years. The remaining **8 (9.6%)** have worked for less than five years in their current position in the military academy. Table 1 also depicts the rank of the sample respondents. Accordingly, **53 (63.9%)** have the military rank so-called line officer and **12 (14.5%)** of the respondents were higher officers.

This is followed by **10 (12.0%)** of Civilian sample respondents and **8 (9.6%)** of sample respondents were Non-commissioned officer.

In terms of all mix (i.e. educational background, experience, and rank), also they have worked for significant number of years in their positions in the military academy with an officer rank and have graduated from universities with first and second degrees so that responses are reliable because they know the budget management practice in the military academy.

3.2. Analysis Of The Close Ended Questions

3.2.1. Annual plan preparation practice in the Major General Hayalom Araya Military Academy

Six questions were forwarded to assess the planning practice in the military academy. The responses of budget users are depicted as follows in relation to annual planning. The summary of the response presented in table 2 below.

Table: 3.2. Sample respondents' response rate on Annual Plan preparation in the military academy

No.	Questions	Measurement	Frequency	Percentage	Cumulative Percentage
1.	The military academy has adequate number of professionals who prepare annual plan.	Strongly disagree	10	12.0	12.0
		Disagree	36	43.4	55.4
		Agree	23	27.7	27.7
		Strongly agree	14	16.9	100.0
		Total	83	100.0	
2.	Departments in the military academy prepare their annual plan based on the strategic document of the military academy.	Strongly disagree	18	21.7	21.7
		Disagree	32	38.6	60.2
		Agree	22	26.5	86.7
		Strongly agree	11	13.3	100.0
		Total	83	100.0	
3.	There is detail plan for each job in the military academy.	Strongly disagree	32	38.6	38.6
		Disagree	34	41.0	79.5
		Not decided	1	1.2	80.7
		Agree	15	18.1	98.8
		Strongly agree	1	1.2	100.0
		Total	83	100.0	

4.	The annual planning process of the military academy is participatory.	Strongly disagree	13	15.7	15.7
		Disagree	21	25.3	41.0
		Not decided	7	8.4	49.4
		Agree	26	31.3	80.7
		Strongly agree	16	19.3	100.0
		Total	83	100.0	
5.	The annual plan of the military academy takes in to consideration the resources available.	Strongly disagree	24	28.9	28.9
		Disagree	35	42.2	71.1
		Not decided	6	7.2	78.3
		Agree	15	18.1	96.4
		Strongly agree	3	3.6	100.0
		Total	83	100.0	
6.	The desired Goals of the military academy's annual plan are realistic.	Strongly disagree	21	25.3	25.3
		Disagree	30	36.1	61.4
		Not decided	1	1.2	62.7
		Agree	23	27.7	90.4
		Strongly agree	8	9.6	100.0
		Total	83	100.0	

Source: Own Field Work (2017)

As it is represented on the Table: 3.2. As it is clearly indicated in the table above the majority of the sample respondents which is about **46%** of the sample respondents, believe that there is no enough number of professionals to prepare the annual plan of the military academy. Thus, from this analysis, we could deduce that, non-professional personnels in most departments and budget-using sections prepare the annual plan for the military academy.

From the data analysed about **50(60.2%)** of the respondents which are the majority of the sample respondents felt that the departments did not take in to consideration the strategic document of the military academy while they were preparing their annual plan. From this analysis, we can infer that some departments prepare their annual plan simply depending on other facts rather than referring at the strategic document.

From the analysed data, we can observe that majority of the respondents, which are about 66 (79.5%), believe that there is no detail plan for each job in the military academy. Thus, from this we can deduce that the annual plan that is prepared in the military academy is not specific rather it is general by its nature.

Concerning participation during the annual plan preparation, as it is shown in table 2 above, the majority of the respondents have positive feeling and they believe that the planning process is participatory. Contrary to this, remarkable number of respondents which accounts about 34 (41.0%) of the sample respondents have negative feeling about the planning process. From this, we can conclude that either there is no consistency in the process of planning in the military academy at large or the process of planning is participatory in some departments and it is not in others.

Concerning the relationship between the annual plan preparation and the resource, about 59(71.1%) of the respondents which stands for the majority of the sample have negative view about annual plan preparation by considering resources in hand. Only 18(21.7%) of the respondents felt that the annual plan of the military academy take in to consideration the resource available. From this analysis, we can deduce that the annual plan of the military academy is not taking available resource in to consideration to execute its plan

Regarding the reliability of objectives of the military academy's annual plan, the majority of the respondents (i.e. 51(61.4%)) have negative response about the reliability of goal of the annual plan though there is remarkable number of respondents who believe the annual plan of the military academy has realistic goal to be achieved at the end of the year.

Regarding the annual preparation process in the military academy, the data analysed from open-ended question indicates that every department and the military academy prepare their annual plan for each budget year regularly. However, majority of the respondents replied that there is knowledge gap to prepare plan. Consequently, all the plans in the military academy do not depend on the scientific studies and need analysis. Though there are meetings concerning annual plan, all concerning bodies are not invited, the comments of those who invited to participate in the planning process are not accepted by the leaders. They simply call for meeting to impose their own interest and they are not happy to include ideas that are raised by others. The plan of the military academy gives better attention to jobs and functions that are part of academy's core function, which is teaching and learning process. They added that most of the departments' annual plans are below standard in terms of contents and they do not have goals to be achieved. They are directly copied from the strategic plan of the military academy.

In comparison with the conceptual framework, the result from this table indicates that though there is participation in annual plan preparation if the plan is not complete, concise, clear, and do not consider the resources in hand and the strategic document of the organization. Thus, the budget management practice is easily affected despite the existence of strong financial rules and budget manuals.

3.2.2. Analysis And Interpretation Of Budget Preparation Data

According to C. Drury (2006) increasing individual's active participation in budget preparation and using budget as a tool to assist managers in managing their department can be a strong motivational device by providing a challenge.

Table: 3.3. Analysis and interpretation of budget preparation data

No.	Questions	Measurement	Frequency	Percentage	Cumulative Percentage
1.	Budget is prepared based on reliable data and estimates.	Strongly disagree	22	26.5	26.5
		Disagree	42	50.6	77.1
		Not decided	5	6.0	83.1
		Agree	12	14.5	97.6
		Strongly agree	2	2.4	100.0
		Total	83	100.0	
2.	There is budget for each jobs.	Strongly disagree	25	30.1	30.1
		Disagree	42	50.6	80.7
		Not decided	3	3.6	84.3
		Agree	10	12.0	96.4
		Strongly agree	3	3.6	100.0
		Total	83	100.0	
3.	The amount of budget prepared for each activity is over estimated.	Strongly disagree	1	1.2	1.2
		Disagree	8	9.6	10.8
		Not decided	4	4.8	15.7
		Agree	33	39.8	55.4
		Strongly agree	37	44.6	100.0
		Total	83	100.0	
4.	The budget preparation process is participatory.	Strongly disagree	26	31.3	31.3
		Disagree	36	43.4	74.7
		Not decided	5	6.0	80.7
		Agree	15	18.1	98.8
		Strongly agree	1	1.2	100.0
		Total	83	100.0	
5.	There is qualified staffs to prepare and implement the budget.	Strongly disagree	3	3.6	3.6
		Disagree	18	21.7	25.3
		Not decided	20	24.1	49.4
		Agree	23	27.7	77.1
		Strongly agree	19	22.9	100.0
		Total	83	100.0	
6.	There is budget ceiling for departments to prepare budget.	Strongly disagree	25	30.1	30.1
		Disagree	37	44.6	74.7

		Not decided	1	1.2	75.9
		Agree	17	20.5	96.4
		Strongly agree	3	3.6	100.0
		Total	83	100.0	
7.	The military academy has adequate access to financial resources in order to finance its projects.	Strongly disagree	15	18.1	18.1
		Disagree	13	15.7	33.7
		Not decided	19	22.9	56.6
		Agree	24	28.9	85.5
		Strongly agree	12	14.5	100.0
		Total	83	100.0	

Source: Own Field Work (2017)

Table: 3.3. above is all about budget preparation practice in the military academy. As it clearly presented in the analysis above majority of the respondents, which account about 64 (77.1%), of the sample respondents have negative feeling about budget preparation depending on the reliable data and estimate. From this analysis, we can deduce that in most of the departments (budget utilizing sections) budget has not been prepared based on reliable data and reliable estimation. Still in few departments, there is an effort to prepare budget based on reliable data and estimation. Even in some departments, individuals have no participation in budget preparation.

In Table 3 above there is also data presented regarding the availability of budget for each job that have been planned to be performed in the military academy. From the analysed data we can generalize that majority of the respondents 67(80.7%) disagreed with the availability of budget for each job assigned for departments in the military academy. Therefore, we can deduce that though there are jobs assigned to individuals and departments there is no allotted budget for every job.

In the table 3 above, there is also an item related to the amount of budget prepared for each activity. In relation to this question, majority of the respondents replied that the amount of budget prepared is over estimated thus we can conclude that there is no reliable budget preparation practice. Still few departments or individuals are preparing real budget and few others have no any role or knowledge about the prepared budget.

Table: 3.3. Above also contains data that related to the nature of budget preparation process in the Major General Hayalom Araya Military Academy. From the analysed data, we can say that majority of the respondents, which accounts about 62% of the respondents know or believe that the budget preparation process in the military academy is not participatory. From this detail data

analysis, we can conclude that the budget preparation process in the military academy is not participatory.

Regarding the human resource aspect there is a question presented in the table above to ask whether there are qualified staffs in the military academy to prepare and implement the budget. According the collected data 23(27.7%) of the respondents agreed that there is qualified staff to prepare and implement the budget. Even about 19(22.9%) of the sample respondents strongly agreed that there is qualified staffs. Contrary to those who have positive views, 18(21.7%) and 3(3.6%) of the respondents disagreed and strongly disagreed respectively and they know that there is no qualified staff to prepare and implement budget. Surprisingly, of the total sample respondents 20(24.1%) of them have no confidences or knowledge to take either position.

Based on this analysis 42(50.6%) of the respondents that take the largest proportion of the sample believe that staffs are qualified to prepare and implement budget properly. The remaining 21(25.3%) are not agreed that the staffs are qualified. Almost equal portion of the sample respondents which accounts about 20(24.1%) could not decide either there is qualified staffs or not in the military academy.

From this analysis, we can easily deduce that even if there is a qualified staffs to some extent still there is remarkable problem that comes from the absence of qualified staffs that can prepare budget.

In Table 3 above the issue of budget ceiling is also assessed. thus, From the above analysis about 62(74.7%) of the respondents which takes the major portion of the sample disagreed that there is no budget ceiling provided for the department to prepare their budget. From this analysis we can conclude that departments have no limitation to prepare their budget and this can result in exaggerated amount of budget that may result in underutilization of budget which is wastage of resource.

Regarding the availability of financial resource to finance projects From the data presented in the table above we can see that the military academy has no problem to get finance to fund it projects in hand.

Majority of the respondents also provided their comment for open-ended questions asked to assess the budget practice in the military academy. Among the comments given by the larger proportion of the sample respondents, the common one is absence of transparent budget classification and implementation. They added that most of the budget is spent for activities that do not support the

education and training system. In the plan there are jobs that have great importance to accomplish the mission of the military academy, but there is no budget for such important jobs.

According to the response given by the majority of the sample respondents, the most critical problem is that activities, duties, and responsibilities are decentralized whereas budget is highly centralized. Consequently, most departments do not know the total budget given to the military academy and they do not know what amount many spent for what kind of jobs. Only few individuals particularly, those who are at the top of the hierarchy know all about the budget. Majority of the departments have no budget that is governed by them. That is why departments are forced to depend on the military academy for every piece of work.

The sum result concerning budget preparation and implementation indicates that having access to financial resource and strong financial rules and regulations alone could not bring good practice in managing defence budget unless there is capacity to implement what is planned and transparency in defence budget allocation and utilization. In addition to this, it requires accountability to decentralize budget, monitoring, and proper control in defence budget implementation.

Table:3.4. Data Presentation and Analysis for Annual Budget 2006 E.C – 2009 E.C

No	Item	Budget year				Total
		2006	2007	2008	2009	
I.	Non capital goods					
1.	Uniform and sport materials	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
2.	Offices materials	200,000	220,000	220,000	220,000	860,000
3.	Printing materials	150,000	150,000	150,000	150,000	600,000
4.	Clinic materials	5,000	5,000	5,000	5,000	20,000
5.	Teaching aid material	700,000	700,000	700,000	700,000	2,800,000
6.	Flined nourishment	46,028	46,028	–	–	92,056
7.	Fuel, oil, lubricants	1,500,000	1,200,000	1,000,000	1,000,000	3,500,000
8.	Materials for sanitation	1,003,012	1,003,012	1,003,000	1,003,000	4,012,024
9.	Office materials (birr less 200)	120,000	120,000	120,000	120,000	480,000
10.	Animal medication	15,000	15,000	15,000	15,000	60,000
	Total	4,739,040	3,259,040	4,213,000	4,213,000	16, 424,080

II.	Transportation and reception					
11.	allowance	910,000	910,000	1,137,500	1,137,500	4,095,000
12.	Transport	90,000	99,000	118,000	118,000	425,000
13.	In Office service	120,000	126,000	157,500	157,500	561,000
	Total	1,120,000	1,135,000	1,413,000	1,413,000	5,081,000
II.	Maintenance service					
14.	Vehicles maintenance	250,000	275,000	270,000	225,000	1,020,000
15.	Office machinery maintenance	70,000	70,000	70,000	70,000	280,000
16.	Camp and house maintenance	500,000	650,000	900,000	900,000	2,950,000
	Total	820,000	995,000	1,240,000	1,195,000	4,250,000
IV.	Contract base procurements					
17.	Rent	3,850,000	2,850,000	2,600,000	2,100,000	11,400,000
18.	Advertisement	10,000	10,000	10,000	10,000	40,000
19.	Freight (load and unload)	60,000	60,000	60,000	60,000	240,000
20.	Banking service	25,000	25,000	25,000	25,000	100,000
21.	Electric fee	300,000	300,000	520,000	520,000	1,640,000
22.	Telecom service	70,000	70,000	150,000	150,000	440,000
23.	Water, postal, others	2,000	2,000	2,000	2,000	8,000
	Total	4,317,000	3,317,000	3,367,000	2,867,000	13,868,000
V.	Training					
24.	Capacity building training	650,000	650,000	650,000	650,000	2,600,000
	Total	650,000	650,000	650,000	650,000	2,600,000
VI.	Office machine and furniture					
25.	Office machinery	380,000	380,000	580,000	680,000	2,020,000
26.	Office furniture and equipment	150,000	280,000	330,000	430,000	1,190,000
	Total	530,000	660,000	910,000	1,110,000	3,210,000
VII.	Miscellaneous					
27.	Gift materials	20,000	40,000	40,000	40,000	140,000
	Total	20,000	40,000	40,000	40,000	140,000
	Sum Total	12,196,040	10,056,040	11,833,000	11,488,000	45,573,080

Source: Own Field Work (2017)

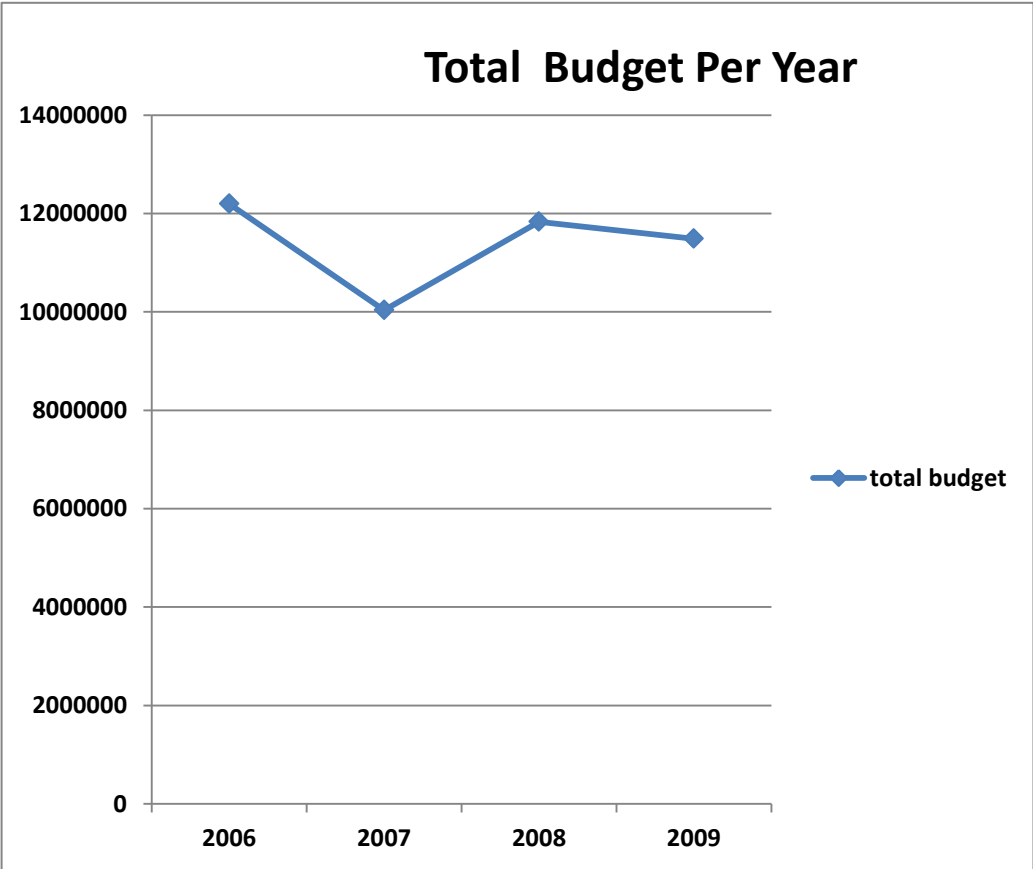
The above table: 3.5. Shows that, in the last four years the military academy planned to use about birr 45,573,080.00 to accomplish its mission. From the total amount of planned budget 26.76% comes from 2006 E.C, 25.97% of it contributed by the year 2008 E.C, 25.21% of the total budget is contributed by the year 2009 E.C, the remaining 25.97% of the total four years budget comes from

the annual budget of 2007 E.C, and the remaining percentage that accounts about 22.10% of the total budget.

From the analysed data in the table 6 above, we can conclude that the budgeting practiced in terms of the total annual budget is almost constant. As it is shown above, the plan for 12 items is the same for the four years above. In addition to this the same amounts of budget was planned for three successive years for two items. Plus to this, the plan prepared for 10 items, is the same for two budget years. Only the plan for the rest three items perfectly changed for the four years under consideration.

The following chart also demonstrates the nature of annual budgeting practiced in the military academy 2006-2009 E.C.

Chart:3.1. Total Annual Budget Proportion.

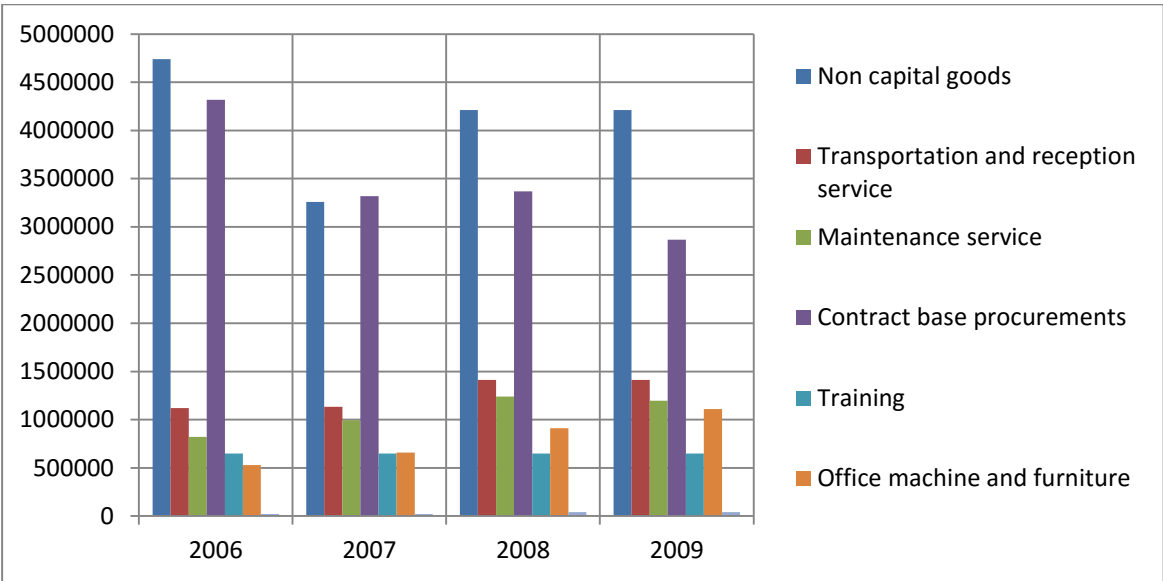


Source: Survey from Secondary Data Source

As it is shown in chart above, the least amount of budget was planned in the year 2007, on the other hand, the year 2006 is marked by the height amount of budget planned to be used. The remaining two-budget years take somewhere between the lowest and the heights years. However, in the year 2008 the military academy planned to use the amount of resource larger than the year 2007 and 2009 and less resource by the year 2006.

Thus, we can deduce that the military academy have the power to change its annual plan from time to time.

Chart: 3.2. Budget Item and Rate of Proportion per Year



Source: Survey from Secondary Data Source

Looking more in detail, as it is depicted on the chart above, we can see that the change in total amount of the budget is caused only by certain category of budget. For instance, the budget for training or capacity building is uniform throughout the period under consideration.

When we look at the kind of budget that create variation from year to year for the last four years, As it is indicated both in the chart and table above, in all years the larger portion of the budget is taken by budgets for Non capital goods. This include materials such as Uniform and sport materials, Printing materials, Clinic materials, Teaching aid material, Flied nourishment, Fuel, oil, lubricants, Materials for sanitation, Office materials (birr less 200), Animal medication and budget for Offices materials. This is followed by the budget for transportation and reception service and maintenance service. In the four years above the least amount of budget was intended for miscellaneous and

capacity building activities. From this, we can deduce that, the issue of capacity building and enhancing employee's competence by filling skill and knowledge gap. In addition, we can conclude that the change in the amount of budget for each year is made simply without scientific reasoning.

3.2.3. Analysis and interpretation of data about cause of mismatch between plan and budget

Table 3.5. The Response Rate of the Sample Respondents about the Relationship between Annual and Budgeting In the Military Academy.

No.	Questions	Measurement	Frequency	Percentage	Cumulative Percentage
1.	Your department prepare its budget in relation to its annual plan.	Strongly disagree	28	33.7	33.7
		Disagree	26	31.3	65.1
		Agree	20	24.1	89.2
		Strongly agree	9	10.8	100.0
		Total	83	100.0	
2.	Your department revises its plan frequently in relation to budget.	Strongly disagree	29	34.9	34.9
		Disagree	35	42.2	77.1
		Not decided	2	2.4	79.5
		Agree	17	20.5	100.0
		Total	83	100.0	
3.	In the military academy, there is a tendency to request budget without plan.	Strongly disagree	11	13.3	13.3
		Disagree	22	26.5	39.8
		Not decided	19	22.9	62.7
		Agree	21	25.3	88.0
		Strongly agree	10	12.0	100.0
4.	There is problem of matching plan with budget in your office.	Strongly disagree	4	4.8	4.8
		Disagree	8	9.6	14.5
		Not decided	3	3.6	18.1
		Agree	40	48.2	66.3
		Strongly agree	28	33.7	100.0
5.	The military academy take in to consideration quarter annual and semi-annual plan to prepare its annual budget.	Strongly disagree	3	3.6	3.6
		Disagree	9	10.8	14.5
		Not decided	11	13.3	27.7
		Agree	40	48.2	75.9
		Strongly agree	20	24.1	100.0
6.	Budgeting in the military academy is related to Planning operations that ensure The Military Academy's strategic objectives realization.	Strongly disagree	5	6.0	6.0
		Disagree	2	2.4	8.4
		Not decided	15	18.1	26.5
		Agree	34	41.0	67.5
		Strongly agree	27	32.5	100.0
7.	Budgeting in the military academy take in to consideration every potential challenges.	Strongly disagree	20	24.1	24.1
		Disagree	36	43.4	67.5
		Not decided	2	2.4	69.9
		Agree	21	25.3	95.2
		Strongly agree	4	4.8	100.0
Total	83	100.0			

Source: data survey

As it is shown in table 4 above there are seven questions asked to assess the opinion of sample respondents about the cause of mismatch between plan and budget. In table 4 above, From the analysed data, we can see that around 54(65.1% of the respondents are sure that budget is prepared without referring to the annual plan. Contrary to this, significant numbers of respondents that account about 34.9% of the sample respondents are sure that in their department prepares the annual budget depending on the annual plan in hand.

From this analysis, we can deduce that in the military academy most of departments prepare their annual budget without looking at activates in the annual plan that are base for other functions. Still few departments are trying to match their budget with the plan in hand that are going to be implemented in the coming period of a year.

Concerning revision of plan in relation to the budget in hand, about 77.1% of the respondents believed that in their department, there is no practice of revising the annual plan under certain period with the actual budget in hand; the possibility for the occurrence of mismatch between plan and budget is there. Even if the number is relatively few, still there is an attempt to revise plan frequently to adjust it with plan in some department as the analysed data indicates.

Regarding the procedure of budget request, as it is shown on the table 4 above, 22(26.5%) of the sample respondents are disagreed and responded that in the military academy there is no a tendency to request budget without having plan. On the same way about 11(13.3%) of the respondents are strongly disagreed. Contrary to this, 21(25.3%) of sample respondents are agreed that there is tendency to request budget without plan. Moreover, 10(12.0%) of them strongly agreed that there is a tendency to request budget without having plan. The remaining 19(22.9%) of the respondents which is significant portion of the sample respondents not decided whether there is such tendency or not.

From the analysed data since majority of the respondents disagreed that we can conclude that in the military academy budget is requested based on some sort of plan in most cases. Still there is a problem of asking budget without having some kind of plan. Since around 22.9% of the respondents could not be one of the two positions, we can deduce that there are certain problems of participation in the process of planning and budgeting.

In attempt to assess whether there is the problem of matching plan with budget in their office or not, as it's indicated in the table 4 above, about 81.9% agreed that there is mismatch between plan and

budget that intended to implement the annual plan in most of office or department that found in the military academy. Insignificant numbers of offices are attempting to match their plan with the annual budget.

In table 4 above another issue that assessed is the relationship between the annual plan and semi-annual and quarter annual plan, about 72.3% of the respondents which stands for the majority of sample respondents agreed the annual plan of the military academy is based on the quarter and semi-annual plan.

Concerning question that asked to assess the relationship between budgeting, planning, and achieving the strategic objective of the military academy, about 73.5% of the respondents agreed that the military academy level budgeting is related to planning operation that enables to achieve the strategic objectives of the military academy.

The table 4 above also presented the data about the process of budgeting and potential challenges that the military academy that could face while implementing plan and utilizing budget. Regarding this point 36(43.4%) of the respondents disagreed and responded that the budgeting process in the military academy do not take in to consideration every potential challenges that may face during utilizing budget and about 20(24.1%) of them even strongly agreed on the same issue. On the other hand 21(25.3%) of the respondents agreed and 4(4.8%) of them are disagreed. The remaining 2(2.4%) of the sample respondents have no any idea whether the budgeting process consider all potential challenges to utilize the budget or not.

From the analysed data, we can conclude that budgeting practice in the military academy did not consider all possible challenges that the budget users could face at implementation phase.

Comments summarized from the open ended shows that according to the major sample respondents the major cause for the mismatch between annual plan and the budget is unrealistic and exaggerated plan prepared by the departments due to the assumption that if they ask for accurate amount of budget or material their immediate leaders would immediately give them half of what they asked. Due to this trend, they always ask budget or materials that are greater than the real amount they need. Another problem stated that, since budget is in the hand of the top management and planned activities are in the hands of departments and all budget users, so they cannot adjust their plan with budget.

3.2.4. Analysis and interpretation of data about efficiency and effectiveness in budget utilization

Table: 3.6. The sample respondents response rate about the efficiency and effectiveness of budget management practice in the military academy.

No.	Questionnaires	Scale	Frequen cy	Percentage	Cumulative Percentage
1.	The military academy criticized or accumulation of Unutilized resources.	Strongly disagree	10	12.0	12.0
		Disagree	29	34.9	47.0
		Not decided	24	28.9	75.9
		Agree	12	14.5	90.4
		Strongly agree	8	9.6	100.0
		Total	83	100.0	
2.	There is a means to measure performance based on budget utilization.	Strongly disagree	29	34.9	34.9
		Disagree	35	42.2	77.1
		Not decided	2	2.4	79.5
		Agree	17	20.5	100.0
		Total	83	100.0	
3.	Your department faces budget shortage during the budget year to carry out its tasks.	Strongly disagree	6	7.2	7.2
		Disagree	16	19.3	26.5
		Not decided	1	1.2	27.7
		Agree	37	44.6	72.3
		Strongly agree	23	27.7	100.0
		Total	83	100.0	
4.	Budget is reasonably distributed to all departments.	Strongly disagree	22	26.5	26.5
		Disagree	30	36.1	62.7
		Not decided	2	2.4	65.1
		Agree	27	32.5	97.6
		Strongly agree	2	2.4	100.0
		Total	83	100.0	
5.	Allowances are paid according to defence financial rules and regulation.	Strongly disagree	11	13.3	13.3
		Disagree	7	8.4	21.7
		Not decided	16	19.3	41.0
		Agree	29	34.9	75.9
		Strongly agree	20	24.1	100.0
		Total	83	100.0	
6.	Budgets utilization concentrate on cost reduction and not on value creation.	Strongly disagree	4	4.8	4.8
		Disagree	16	19.3	24.1
		Not decided	22	26.5	50.6
		Agree	25	30.1	80.7
		Strongly agree	16	19.3	100.0
		Total	83	100.0	
7.	Priority ranking is used in the military academy to utilize budget efficiently.	Strongly disagree	6	7.2	7.2
		Disagree	18	21.7	28.9
		Not decided	16	19.3	48.2

		Agree	29	34.9	83.1
		Strongly agree	14	16.9	100.0
		Total	83	100.0	
8.	Budgeting in the military academy depends on the success of the previous budget.	Strongly disagree	2	2.4	2.4
		Disagree	11	13.3	15.7
		Not decided	16	19.3	34.9
		Agree	35	42.2	77.1
		Strongly agree	19	22.9	100.0
		Total	83	100.0	
9.	The Management body in the military academy compare budget utilization with the goals expected to be achieved.	Strongly disagree	6	7.2	7.2
		Disagree	11	13.3	20.5
		Not decided	21	25.3	45.8
		Agree	31	37.3	83.1
		Strongly agree	14	16.9	100.0
		Total	83	100.0	
10.	The budget in the military academy gives senior management a means of judging the performance of their teams.	Strongly disagree	8	9.6	9.6
		Disagree	19	22.9	32.5
		Not decided	23	27.7	60.2
		Agree	25	30.1	90.4
		Strongly agree	8	9.6	100.0
		Total	83	100.0	
11.	There is clear distribution of responsibilities for budget utilization in the military academy.	Strongly disagree	13	15.7	15.7
		Disagree	11	13.3	28.9
		Not decided	20	24.1	53.0
		Agree	28	33.7	86.7
		Strongly agree	11	13.3	100.0
		Total	83	100.0	

Source: Own Field Work (2017)

Table 5 above contains questions related to efficiency and effectiveness of budget utilization in the Major General Hayalom Araya Military Academy. From the analysed data above, majority of the respondents know that the military academy is not criticized for accumulating unutilized resources. But significant number of respondents could not take either position. Only few respondents that there is idle resource that is not properly utilized. A part from this we can conclude that though there is efficient utilization of resource in the military academy though there is some problem in utilizing resources in hand on time.

Concerning the question requested to assess whether there is a means to measure performance based on budget utilization in the military academy about 77.1% of the respondents which stands for the majority of the respondents in the military academy there is no a practice of measuring job performance using the way budget implemented as one criteria. Thus, we can conclude that

departments do not have serious budget implementation and there is no competitive working environment in utilizing budget allotted for users efficiently and effectively.

From the analysed data in the table above, it is obvious that about 72.3% of the respondents agreed that there is budget constraint to carry out the tasks assigned to them. Therefore, we can deduce that enough amount of budget is not reasonably allotted to accomplish their duties and responsibilities.

Concerning sharing budget among department about, 62.7% of the respondents disagreed and responded that budget is not reasonably allotted to all departments. Therefore, we can conclude that there is no equitable distribution of financial resource for budget users. However, the allowances paid according to financial rules and regulation there are problems and confusion concerning the system of payment.

The analysed data in the table 5 above we can see that budget utilization practice in the military academy seems more of efficiency oriented than achieving predetermined goal or value creation, in most of the departments and budget users in the military academy were attempting to prioritize tasks to utilize budget efficiently, most of the budget users use as a reference previous year's budget management practice Whereas, some budget users never used past budget management experiences to prepare the new one. Whereas, some budget users were not following such approach. There are also budget users those do not know whether the budget is utilized on the priority base or not.

Regarding the role of the management body, in comparing utilized budget with the goals desired to be achieved in the military academy, though there are some budget users that attempt to ensure effectiveness by comparing the utilized budget with Intended result, there are several budget users in the academy that have no any idea and practice of measuring effectiveness through such method.

The table 5 above also presented that most of the budget users believe that in the military academy budget utilization is used as a means to judge or measure the performance of their team. The remaining few proportion of the respondents hardly believes that there is a means to measure performance of teams depending on their efficiency and effectiveness in budget utilization. Still there are remarkable numbers of respondents that have no either the knowledge or information whether the budget efficiency and effectiveness is used as a means to measure the performance of their team.

Concerning the distribution of responsibility for all budget users, 28(33.7%) of the respondents agreed and 11(33.3%) of them strongly agreed that there is no clear distribution of responsibility and budget in the military academy. On the other hand 11(13.3%) and 13(15.7%) of the respondents agreed and disagreed respectively. The remaining 20(24.1%) of the sample respondents could not take on of the two positions.

Since 24.1% of the respondents could not say something about it and 67% of the respondents have negative feeling we can conclude that there is no clear allotment of budget and assignment of responsibility regarding budget utilization in the military academy.

As data summarized from the responses provide by the majority of the respondents for open ended questions indicates that the annual and quarter annual plans have no clear objectives and goal; thus the resource is utilized unwisely. They added there is no fair distribution of budget and other resources as a result departments that deserve more budget and resources have no access to it for effectively to achieve their predetermined goals. In addition, they believe that, the military academy allocate larger proportion of its budget to activities that do not directly support the learning teaching process.

From this we can deduce that, since the plans are not realistic and have no specific goals and objectives, if there is no fair distribution of resources and budget among department, and larger amount of budget is allocated budget is used in an inefficient and ineffective way.

Therefore, as it is indicted in the conceptual framework of this study if there is no reasonable allocation of budget for all concerning body and no means to measure the utilization process it difficult to think of efficiency in public budget utilization. In the conceptual frame work effectiveness in budget utilization is measured from the two dimensions; one stakeholder's satisfaction and the other one is achieving the predetermined organizational goals.

thus we can prove that have effective financial rules and budget manuals do not necessarily ensure effective use of military budget in the absence of proper allocation and wise way of utilizing budget. In addition, it is not guarantee in the organization where there is no stakeholder's satisfaction and difficulty In achieving goals.

CHAPTER FOUR

MAJOR FINDINGS, RECOMMENDATIONS, AND CONCLUSION

4.1. Summary of findings

To achieve both general and the specific objectives of this paper that stated in chapter one, different methods and data sources were used. The collected data were properly analysed and it shows that there are several problems with different degree. The samples respondents used in this study responded both the close ended and the open ended questions using their knowledge, understanding, and believe. The questions raised were categorised in to four to enable the researcher provide response for the four research questions that have asked in chapter one. Thus, the major findings related to the military academy's annual preparation include:

- ❖ Though it is participatory, the plan of the military academy has no detail plan for each job, and the annual plan of the military academy is not taking in to consideration resource available to execute its plan. There is also Shortage of professionals and knowledge to prepare the annual plan of the military academy. The departments did not take the strategic document of the military academy in to consideration while preparing their annual plan. The annual plan of the military academy has no realistic goal to be achieved at the end of the year.

- ❖ As is indicated in the data analysed from open-ended question indicates that every department and the military academy prepare their annual plan for each budget year regularly. But there is knowledge gap to prepare plan, consequently all the plans in the military academy do not depend on the scientific studies and need analysis. Though there is meeting regarding annual plan, all concerning bodies are not invited, the comments of those who are invited to participate in the planning process are not accept by the leaders. The plan of the military academy gives due attention to jobs and functions that are part of core function, which is teaching and learning process. In addition, the plans are copied directly from the strategic plan of the military academy, rather than contextualized at all level of hierarchy. In the military academy, Budget is not prepared based on reliable data and accurate estimation. Even though, there are jobs and activities assigned to individuals and departments there is no budget allotted to them to carry out their jobs accordingly. There is no budget ceiling provided to the department to prepare their annual budget, and the departments criticized for preparing exaggerated amount of budget. The military academy is also, criticized for Absence of transparent classification, distribution, and utilization of budget. The Larger proportion of the annual budget is spending for activities that

do not support the education and training, research and development activities. In the annual plan, there are jobs that have great importance to accomplish the mission of the military academy, but there is no budget for such important jobs during implementation. In the military academy activities, duties, and responsibilities are clearly decentralized, but budget is highly centralized, Majority of the departments have no budget that is governed by them, and the Departments are dependent on the military academy for every piece of work. Most departments do not know the total budget given to the military academy, and they do not know the share of their department from the sum total and they do not know what amount of many spent for what kind of jobs. Only few individuals particularly, those who are at top of the hierarchy know all about the budget.

Here are Major findings about the cause of mismatch between plan and budget, as responded by the sample respondents used in this study.

- ❖ One of the major problems is preparing annual budget without referring to the annual plans or activities in hand. There is no practice of revising the annual plan under certain period with the actual budget in hand. The budgeting process in the military academy has the limitation to consider all possible challenges that the budget users could face at implementation phase. There is a problem of matching plan with budget almost in all the departments that are found in the military academy as it is demonstrated by the analysed data. Another problem stated is that, since budget is in the hand of the top management and planned activities are in the hands of departments and all budget users, so they cannot adjust their plan with budget.

According to the analysed data from different sources the major findings about efficiency and effectiveness in budget management are:

- ❖ In the Military Academy, there is no a practice of measuring job performance using the way budget implemented or utilized as criteria, and budget is not reasonably allotted to all departments and they have budget constraint to carry out the tasks assigned to them. Several budget users in the academy have no idea and practice of measuring effectiveness of the budget utilization, and There is no clear allotment of budget and assignment of responsibility regarding budget utilization in the military academy. The annual and quarter annual plans have no clear objectives and goal, and the military academy allocate larger proportion of its budget to activities that do not directly support the learning-teaching process.

4.2.CONCLUSION

As it is the one of the formal public organization, the military academy has several rules and regulations that govern all its activities including its internal legislation. One of its major functions is planning and budgeting to accomplish the mission vested on it. It is known that this study has tried to identify the cause of budget scarcity that has been occurring for several years in the military academy to accomplish duties and responsibilities. To know the main cause of such problem data were gathered both from primary and secondary sources. These data were presented, analysed, and interpreted systematically. From the major findings of the analysed data, the researcher concluded that in the military academy all the budget users prepare both their annual plan and budget. Thus, there is no problem of participation in annual preparation. From this we can conclude that participation alone is not a guarantee for matching plan and expenditure. On the other hand the issue of matching plan and budget in defence is not simply ensured by having strong financial rules and smart budget manuals. To have good defence budget management practice even though there is security issues in defence sector this research enables us to conclude that non-realistic plan, vague objectives assigned for every job, exaggerated department's budget, centralized budget and decentralized duties responsibilities are among the causes for budget scarcity. In addition, in the system where there is more attention for activities those do not have strategic importance, it is normal to conclude that there is problem of efficiency in utilizing defence budget. In the military academy since the budget is centralized, the department or all budget users have no an access and freedom to manage their budget. Consequently, we can conclude that the top managers have no trust on the budget users at relatively lower level of hierarchy in the military academy to give their budget as they assigned duties and responsibilities. Otherwise, the top managers are not ready to take accountability that may come following decentralizing budget. To sum up, the budget management practice in the Major General Hayalom Araya Military Academy is characterised by the existence of interdependent and complicated problems that arise from the unscientific planning, exaggerated budget preparation, unfair allocation of budget, and lack of open system of budget utilization and evaluation process. Thus, we can conclude that in the organization where there is good financial rules and budget manuals like defence sector there is a possibility to face budget scarcity and mismatch between plan and budget because of poor planning, weak capacity and lack of transparency to implement budget, and under consideration of efficiency and effectiveness in defence budget utilization.

4.3.RECOMMENDATIONS

One of the significance of this study mentioned in the chapter one of this paper is to forward valid and scientific recommendation to the military academy depending up on the major findings of this study to solve the problems that indicated by the analysis of the data about budget management practiced in the Major General Hayalom Araya Military Academy. A part from this the researcher has suggested the following recommendations to minimize the limitations pointed out by this study and to aid the effort of creating better budget management process. Here are some them,

- ❖ To resolve the problems related to annual plan preparation and budgeting process in the military academy it should depend on; the scientific studies and need assessment, depend on the strategic document, provide on job training for staffs or it should ask from the defence education and training head quarter for the placement of the new professionals.
- ❖ To enhance the quality of the annual plan leaders at top level should welcome comments and critics from all the concerning stakeholders.
- ❖ The plan of the military academy should give better attention to jobs and functions that are part of academy's core function, which is teaching-learning process, research and development and realization of its vision, accomplishment of its missions, and attainment of its the strategic objectives and goals.
- ❖ The process of budget preparation, classification, distribution, and utilization should be transparent, fair and depend on the strategic importance of the jobs or activities.
- ❖ Then, the military academy should avoid unlawful transfer of budget form one category of budget to another.
- ❖ As they decentralized Activities, duties, and responsibilities the commandants of the military should announce the total budget given to the military academy in general and the share of every department in particular at the beginning of the budget year, In addition, they should inform what amount of many and resources spent for what kind of jobs and it should consider all possible challenges that the budget users could face at implementation phase
- ❖ To minimize the mismatch between plan and budget departments should prepare budget by referring to the annual plan and revise their annual plan in certain period of time with the actual budget in hand to reduce or if possible to avoid the risk of mismatch between plan and budget. They should be free from an attempt to prepare exaggerated budget and prepare the actual amount of budget that they need to carry out their responsibilities.

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Appendix

Appendix A

Addis Ababa University School of Business and Economics Department Of Public Administration and Development Management

The purpose of this questionnaire is to collect the information from your organization regarding to budget management practice. The collected data will be used for the thesis that I am going to do for the partial fulfilment of master's degree in public management and policy. Thus, You are kindly requested to cooperate by filling the questionnaire. Because your frank, genuine, and on time response is vital for the success of my study. Besides, the data gathered by this Questionnaire is purely for academic purpose and your response will be secured anonymously.

Thus, the researcher thoughtfully requests you to respond each item carefully. No need to write your name and any other informations except those asked by the researcher.

for further information please use the following personal contact.

Tel. +251911065427

Email: jebrilfire@yahoo.com

Thank you for your cooperation!!

Questionnaires that will distributed to MGHAMA budget users

General Instructions:

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

PART I- Demographic Information

1. **sex:** Male Female
2. **Level of Education:** 12th Grade Certificate Diploma
Bachelor Degree Master's Degree
3. **your Service Year:** ≤ 5 years 6 to 10 years 11 to 15 years
Above 16 years

1. How does the military academy prepare its annual plans?

S.N	Questions	Scale				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
1.	The military academy has adequate number of professionals who prepare annual plan.					
2.	Departments in the military academy prepare their annual plan based on the strategic document of the military academy.					
3.	There is detail plan for each job in the military academy.					
4.	The annual planning process of the military academy is participatory.					
5.	The annual plan of the military academy takes in to consideration the resources available.					
6.	The desired Goals of the military academy's annual plan are realistic.					

7. in your opinion what are the limitation that prevail in the military academy in relation to annual plan preparation.

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2. What is budget formulation process that is practiced in the military academy?

S.N	Questions	Scale				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
1.	Budget is prepared based on reliable data and estimates.					
2.	There is budget for each jobs.					
3.	The amount of budget prepared for each activity is over estimated.					
4.	The budget preparation process is participatory.					
5.	There is qualified staffs to prepare and implement the budget.					
6.	There is budget ceiling for departments to prepare budget.					
7.	The military academy has adequate access to financial resources in order to finance its projects.					

8. In your opinion what are the limitation that seen in the military academy regarding budget preparation?

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3. What are the causes for mismatch between plan and budget in this military academy?

S.N	Questions	Scale				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
1.	Your department prepare its budget in relation to its annual plan.					
2.	Your department revises its plan frequently in relation to budget.					
3.	In the military academy there is a tendency to request budget without plan.					
4.	There is problem of matching plan with budget in your office.					
5.	The military academy take in to consideration quarter annual and semi-annual plan to prepare its annual budget.					
6.	Budgeting in the military academy is related to Planning operations that ensure The Military Academy's strategic objectives realization.					
7.	Budgeting in the military academy take in to consideration every potential challenges.					

8. Is there mismatch between plan and budget in the military academy?

Yes x No x

if your response is yes please mention the major causes of the problem.

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4. What methods have been used in the military academy to ensure the effectiveness and efficiency of budget Utilization?

S.N	Questions	Scale				
		Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
1.	The military academy criticized or accumulation of Unutilized resources.					
2.	There is a means to measure performance based on budget utilization.					
3.	Your department faces budget shortage during the budget year to carry out its tasks.					
4.	Budget is reasonably distributed to all departments.					
5.	Allowances are paid according to defence financial rules and regulation.					

6.	Budgets utilization concentrate on cost reduction and not on value creation.					
7.	Priority ranking is used in the military academy to utilize budget efficiently.					
8.	Budgeting in the military academy depends on the success of the previous budget.					
9.	The Management body in the military academy compare budget utilization with the goals expected to be achieved.					
10.	The budget in the military academy gives senior management a means of judging the performance of their teams.					
11.	There is clear distribution of responsibilities for budget utilization in the military academy.					

12. In your opinion what are the hindering factors in the military academy to use budget efficiently and effectively?

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Thank you for your time!!

Appendix B (Amharic): Questionnaires Distributed To Budget Users

አዲስ አበባ ዩኒቨርሲቲ

የቢዝነስና ኢኮኖሚክስ ኮሌጅ የሕዝብ አስተዳደርና የልማት ሥራ አመራር ዲፓርትመንት

በወተዳራዊ አካዳሚያዊ በጀት ተጠቃሚ ማህበረሰብ የሚሞላ መጠይቅ

የተከበራችሁ የመጠይቁ ተሳታፊዎች፤ ይህ መጠይቅ የተዘጋጀው በሀገር መከላከያ የትምህርትና ስልጠና ዋና መምሪያ በሜ/ጀ/ኃ/አ/ወታ አካዳሚ ያለውን የበጀት አስተዳደር ሁኔታ ለማጥናት የሚያስችል መረጃ ለመሰብሰብ ነው። የሚሰበሰበው መረጃ በልማት ሥራ አመራርና ፖሊሲ ሁለተኛ ዲግሪ /ማስተርስ/ ለማግኘት የሚያስፈልገውን መመዘኛ ለማሟላት ለምሳሌው ጥናት የሚያስፈልግ ነው።

እርስዎ የሚሰጡት መረጃ የምሰራውን ጥናት በተሳካ ሁኔታ ለማጠናቀቅ በእጅግ አስፈላጊ ነው። በመሆኑም እባክዎን የቀረቡትን የጥያቄዎች ዝርዝር በትክክል፤ ሚዛናዊ በሆነ መንገድ ሙሉ ሙሉ ይመልሱ። የጥናቱ ባለቤትም የሚሰጡትን መረጃ ለትምህርቱ/ለጥናቱ/ ዓለማ ብቻ የሚያውለውና ምስጢራዊነቱን የሚጠበቅ መሆኑን ያረጋግጥልዎታል።

ማስታወሻ:- በመጠይቁ ላይ ስም መጻፍ አያስፈልግም፤ በቀረበው ጥያቄ /ሃሳብ/ ላይ ያለዎትን የስምምነት ደረጃ በተዘረዘሩት አማራጮች ባላው ሳጥን ውስጥ የ (✓) ምልክት እንዲያስቀምጡ በትኩረትና እጠይቃለሁ። ምንም ዓይነት ጥያቄ ቢኖርዎት በሞባይል ስልክ ቁጥር 0911065427 ወይም በኢ-ሜይል አድራሻ jebrielfire@yahoo.com ለመጠየቅ ወደኋላ አይበሉ።

መጠየቁን ለመሙላት ፍቃደኛ በመሆንዎ አመሰግናለሁ!

ክፍል አንድ የዙሪያ ገብ/ዳራ/ ጥቂዎች

1. የትምህርት ደረጃ : 12ኛ ክፍልና በታች ስር-ቴሬኬት ዲፕሎማ
 የመጀመሪያ ዲግሪ የማስተርስ ዲግሪ
2. በወተዳራዊ አካዳሚያዊ ሥራ ላይ የቆዩበት ጊዜ : ከ5 ዓመት በታች ከ6-10 ዓመት
 ከ11-15 ዓመት ከ16 ዓመት በላይ
3. ማዕረግ : ባ/ማ መስመራዊ መኮንን ከፍተኛ መኮንን ሲቪል ሠራተኛ

ክፍል ሁለት

ከዚህ በታች ለተዘረዘሩት ጥናታዊ መጠይቆች ከተሰጡት አማራጮች ውስጥ የክፍልዎ የበጀት አዘገጃጀት እና አጠቃቀም እንቅስቃሴ በሚመለከት ገላጭ ነው ብለው የሚያስቡትን መልስ አንዱን በመምረጥ ከሣጥኑ ውስጥ የ(X) ምልክት እንዲያደርጉ በአክብሮት እጠይቃለሁ። እንዲሁም በተሰጡት ክፍት ቦታዎች የግልዎን አስተያየት እንዲሰጡ በታላቅ አክብሮት እጠይቃለሁ። በዚህ መጠይቅ ውስጥ በጣም እስማማለሁ (5); እስማማለሁ (4); አልወሰንኩም (3); አልስማማም (2) እና በጣም አልስማማም (1)

1. ወታደራዊ አካዳሚያዊ የዓመት ዕቅዱን እንዴት ያዘጋጃል ?

	የወታደራዊ አካዳሚያዊ ከአመታዊ እቅድ ዝግጅት ጋር የተያያዘ መጠየቆች	5	4	3	2	1
1.1.	ወታደራዊ አካዳሚያዊ የአመት እቅዱን ማዘጋጀት የሚችሉ ባለሙያዎች አሉት					
1.2.	ወታደራዊ አካዳሚያዊ ውስጥ ያሉት ዲፓርትመንቶች የአመት እቅዳቸውን በወታደራዊ አካዳሚያዊ መሪ እቅድ መሰረት ያዘጋጃሉ					
1.3.	ክፍሎች ለእያንዳንዱ ስራ ዝርዝር እቅድ ያዘጋጃሉ					
1.4.	የወታደራዊ አካዳሚያዊ የአመት እቅድ ዝግጅቱ አሳታፊ ነው					
1.5.	የወታደራዊ አካዳሚያዊ የአመት እቅድ በተጨማሪም ያለውን ሪሶርስ ከግምት ያስገባ ነው					
1.6.	የወታደራዊ አካዳሚያዊ የአመት እቅድ ግቦች ግልፅ ነው					

1.7. በእርስዎ እይታ ከአመታዊ እቅድ ጋር ተያይዞ በወታደራዊ አካዳሚ የሚስተዋሉ እጥረቶች ምንድን ናቸው?

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2. የወታደራዊ አካዳሚ የበጀት ዝግጅት ስርዓቱ ምን ይመስላል ?

	የወታደራዊ አካዳሚያዊ በጀት አዘገጃጀት ጋር የተያያዙ መጠየቆች	5	4	3	2	1
2.1.	በጀት የሚዘጋጀው በትክክለኛ መረጃና ግምት ላይ ተመስርቶ ነው					
2.2.	ለእያንዳንዱ ስራ የራሱ የተመደበለት በጀት አለው					
2.3.	ለእያንዳንዱ ስራ የሚዘጋጀው የበጀት መጠን የተጋነነ ነው					
2.4.	የበጀት አዘገጃጀት ሂደቱ አሳታፊ ነው					
2.5.	በጀት ለማዘጋጀት እና ለመጠቀም የሚችል ብቃት ያለው ስታፍ አለ					
2.6.	ለዲፓርትመንቶች የተቀመጠ ግልፅ የበጀት ጣሪያ አለ					
2.7.	ወታደራዊ አካዳሚያዊ ያቀዳቸውን ፕሮጀክቶች ለማከናወን የሚያስችል በቂ የሆነ የገንዘብ ምንጭ አለው					

2.8. በእርስዎ እይታ ከበጀት ዝግጅት ጋር ተያይዞ በወታደራዊ አካዳሚ የሚስተዋሉ እጥረቶች ምንድን ናቸው?

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3. በወታደራዊ አካዳሚያዊ ለዕቅድና በጀት አለመጣጣም መንስኤዎ ምንድን ነው?

	የወታደራዊ አካዳሚያዊ ከአመታዊ እቅድ እና በጀት ያለመጣጣም ጋር የተያያዘ መጠየቆች	5	4	3	2	1
3.1.	የእርሶ ዲፓርትመንት (ክፍል) በጀት የሚያዘጋጀው ከአመት እቅድ አንፃር ነው					
3.2.	የእርሶ ዲፓርትመንት የአመት እቅዱን ካለው በጀት አንፃር ዘወትር ይከልሳል					
3.3.	በወታደራዊ አካዳሚያዊ እቅድ ሳያዘጋጁ በጀት የመጠየቅ አዝማሚያ አለ					
3.4.	በእርሶ ክፍል የተዘጋጀው እቅድና የበጀት አለመጣጣም አለ					
3.5.	ወታደራዊ አካዳሚያዊ የአመት በጀት ሲያዘጋጁ የሩብ እና የግማሽ ዓመት ስራዎችን ከግምት ያስገባል					
3.6.	የወታደራዊ አካዳሚያዊ የበጀት ዝግጅት ስራ የተቋሙን ቁልፍ ግቦች እውን ለማድረግ ያለመ ነው					
3.7.	የወታደራዊ አካዳሚያዊ የበጀትና የእቅድ ዝግጅት ወደፊት ሊያጋጥሙ የሚችሉ ችግሮችን ከግምት ያስገባ ነው					

3.8. በወታደራዊ አካዳሚ የእቅድና በጀት ያለመጣጣም ችግር አለ?

አለ የለም

መልስዎት አለ ከሆነ እስከዎትን በእርስዎ ግምት ዋና ዋና የችግሩ መንስኤ ናቸው የሚሉትን ይጥቀሱ

4. ወታደራዊ አካዳሚያዊ የተመደበለትን በጀት ዉጤታማና ተገቢ በሆኑ መንገድ ለመጠቀም ምን ዓይነት ዘዴዎችን ይጠቀሙል?

	ከበጀት አጠቃቀምና ውጤታማነት ጋር የተሰጡ መጠየቆች	5	4	3	2	1
4.1.	ወታደራዊ አካዳሚያዊ ጥቅም ላይ ያልዋሉ ሪሶርሶችን በማከማቸት ይተቻል					
4.2.	የስራ አፈፃፀም ብቃትና ከበጀት አጠቃቀም አንጻር የሚለካ አካሄድ አለ					
4.3.	ክፍለዎ በበጀት ዓመቱ የታቀዱትን ስራዎች ለመስራት የበጀት እጥረት ያጋጥመዋል					
4.4.	በሁሉም ዲፓርትመንቶች በጀት ምክንያታዊ በሆነ መንገድ ይከፋፈላል					
4.5.	የስራ ማስኬጃ አበል በመከላከያ የፋይናንስ ህግና አሰራር መሰረት ይከናወናል					
4.6.	የበጀት አጠቃቀም ትኩረት ወጪ ለመቀነስ እንጂ እሴት ለመጨመር አይደለም					
4.7.	በጀትን በአግባቡ ለመጠቀም የስራዎች ቅደም ተከተል የጠበቀ ነው					
4.8.	የወታደራዊ አካዳሚያዊ የበጀት ዝግጅት ያለፈውን የበጀት አጠቃቀም መነሻ ያደረገ ነው					
4.9.	የወታደራዊ አካዳሚያዊ የአመራር አካላት የተጠቀሙትን በጀት ከመጣው ውጤትና ግብ አንጻር ይመዘኑታል					
4.10.	በወታደራዊ አካዳሚያዊ ያለው የበጀት አጠቃቀም ለአመራሮች የሚመሩዎቻቸውን አባላት(ቡድን) የስራ አፈፃፀም ብቃት ለመገምገም ለመነሻነት ይጠቀሙበታል					
4.11.	በወታደራዊ አካዳሚያዊ የበጀት አጠቃቀም በተመለከተ ግልፅ የሆነ የሃላፊነት ክፍፍል አለ					

4.12. በእርስዎ እይታ ወታደራዊ አካዳሚያዊ የተመደበለትን በጀት ዉጤታማና ተገቢ በሆኑ መንገድ እንዳይጠቀም እንቅፋት ሊሆኑ የምችሉ ነገሮች ምንድን ናቸው ?

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4.13. በአጠቃላይ በወታደራዊ አካዳሚያዊ የሚሰተዋለውን ከዓመታዊ አዘገጃጀት፣ ከበጀት ዝግጅት፣ እና ከበጀት አጠቃቀም ጋር ተያይዘው የሚታዩትን ችግሮች ለመቅረፍ ምን መደረግ አለበት ይላሉ?

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ዉድ ጊዜዎትን ሰውተው መጠይቁን ስለ ሞሉልላኝ ከልብ አማሰግናለሁ!!

Appendix C: Interview Questions Distributed to the Commandants (English)

INTERVIEW QUESTIONS

1. In your suggestion, what weaknesses do your military academy has with regard to preparing its annual plan?
2. In your suggestion, what weaknesses do your military academy has with regard to budget preparation?
3. Would you please mention some of the main problems in your organization related to budget utilization?
4. In general, what should be done to improve the military academy's annual plan, budget preparation and utilization process? Any other comment
5. Is there mismatch between plan and annual budget in the military academy?
Yes No
If your answer is YES, please mention what are the major causes?
6. If there is mismatch between plan and annual budget in the military academy? What are the solutions you recommend?
7. Any other comments about budget management practices in the military academy?

