Addis Ababa University
School of Business and Economics
Department of Accounting and Finance

Assessment of Budget Control: The Case of African Medical and Research Foundation (AMREF) Ethiopia

A Thesis Submitted to the Department of Accounting and Finance of Addis Ababa University in Partial Fulfillment of the Requirements for the Degree of Master of Science in Accounting and Finance

By:

Selamawit Melaku

Advisor: Tekalign Nega(PhD)

December 2020
Addis Ababa
Ethiopia

Addis Ababa University

College of Business & Economics

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Statement of Declaration

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

Declared by:	Confirmed by:
Name: Selamawit Melaku	Name: Dr. Tekalegn Nega
Signature———————————	Signature—————————
Date—————————————	Date——————————

Place and date of submission: Addis Ababa University, December 2020

Abstract

Effective utilization of funds can be expressed in terms of compliance to the approved limit, purpose, and time frame. This can be attended by applying proper budget control mechanisms. This study was conducted to assess the budget control practices in NGOs by taking in AMREF Ethiopia as a case. The study applied qualitative research approaches, with the intention to understand deeply the budget control procedures. 30 AMREF Ethiopia staffs who are directly working in budget and finance management area were selected. Primary data were collected through observation, discussion with 3 focus groups, and in-depth interview with 6 staffs. Secondary Data were collected by reviewing organizational manuals and reports. The findings of qualitative analysis demonstrate that, the budget development process lacks participation of concerned staffs and the budget monitoring process lucks accountability for variances. To improve compliance spending it is suggested that NGOs need to enhance the participation of employees who are engaged in budget implementation, increase their motivation to attend the target, provide capacity building trainings in the area of budget and financial management, give attention for the overall budget process specially in budget formulation and performance review meetings to maintain efficiency in using common resources, and to increase coordination and communication with in departments and units.

Keywords: *Budget control, Fund Utilization and Variance*

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Acronyms and abbreviations

Acronyms	**Definitions**
AMREF	African Medical and Research Foundation
BOFED	Burro of Finance and Economic Development
CD	Country Director
ChSA	Charity and Society Agency
CSO	Charity and Society Organizations
FGD	Focus Group Discussion
FM	Finance Manager
INGOs	International Non-Governmental Organizations
NGOs	Non-Governmental Organizations
NPOs	Non-Profit Organizations
PA	Program Account
PM	Program Manager
PO	Program Officer

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Non-governmental or not for profit organizations are established by volunteer citizens to serve the community without the intent of profit in different humanitarian and developmental activities. In developing countries like Ethiopia, where the government has a capacity gap to respond to the diversified needs of the wide community respectively, the existence of NGOs is a relief. As this organizations established for the welfare of a society, the role and participation of NGOs are crucial in extensively covering and delivering quality services. NGOs, whose only source of income is donation, are considered for this study.

According to Lewis (2015, p.9) these organizations have common features, i.e., they are governed by committee of volunteers, which are neither dependent to the state nor have commercial or profit-making intentions. They have many stakeholders who mainly are donors, government, and beneficiaries. They are value led and play a significant role in developmental and humanitarian works like education, health, poverty reduction, food and emergency responses which the community needs.

According to Charity and society agency (ChSA) user guide manual for the charity and societies law, (Charities and Societies Proclamation (No. 621/2009), 2011) CSO's are classified in to three groups based on their source of income as; An Ethiopian charity/Society, one that gets all its income from local sources and only to the extent of 10% of its funds is raised from foreign sources which is formed under Ethiopian laws and all its members are Ethiopians; [Article 2(2)]. The second type is an Ethiopian resident charity, which gets more than 10% of its income or funds from foreign sources, is formed under the Ethiopian law and consist of members who live in Ethiopia [Article 2(3)]. The third foreign charities/society is a charity which gets all its income from abroad. It is formed under the laws of foreign countries, which consist of members who are foreigners or controlled by foreign nationals. [Art 2(4)]. The charities which this study conducted on focus on category ‘c’ foreign (International) NGOs, which are grants and Foreign aids are the source of their funds.

Due to the scarcity nature of resources (donor funds) and demurring demands the executives of NGOs must decide up on, it led to challenges in making decisions on how to allocate resources among many competing priorities. Colby & Rubin, (2003) argue that deciding on how resources shall be allocated and designing strategies on how to execute and control how effectively and efficiently allocated scared resources (funds) properly being utilized, is the main role of leaders in NGO’s. Hence, financial management for NGO’s are described as a process through which financial resources are being planned, organized, controlled, and monitored to achieve objectives of the organizations.

Budgets are used by many organizations as a tool for managerial control. Similarly, in NGOs budgets are expected to play central roles in management and control of operation it expects to serve. It has a role of planning, communication, coordination, control, and evaluation (Horngren, 2002). Through this all functions, budget is expected to control the overall flows of funds and assist in performing well. Several authors define budget control as a manager’s tool of control. It involves establishing budget and continuous comparison of actual expenditure with planned expense to take remedial action timely if spending pattern don’t align with plan. (Dunk, 2009; Coates, 2005). A budget provides a detailed plan of action for an organization over a specified period. By planning, problems are anticipated, and solutions are thought. This helps organizations to reduce on costs and achievement of goals is enhanced (Mathis, 1996). By budgeting, managers coordinate their efforts so that objectives of the organization harmonize with the objectives of its parts. It is through budgeting that the success of the organization to be gauged. The plan, which is the basis for budget, serves as a reference to evaluate the actual performance.

An internal control mechanism used to review whether the organization's actual performance aligned with the plan is called budget control. This tool of control should be done periodically to take corrective actions timely. According to Pajas (2004), It is recommendable to use periodic reports to compare budgeted and actual revenues and expenses.

From several functions of financial management, financial utilization needs special attention because the organization's objective can be attained through effective and efficient utilization of available funds. When financial resources are optimally utilized, it will enhance the growth, viability, and sustainability of the organization. Under or over utilization of financial resources or funds implies that there is mismanagement of financial resources. Financial management is vital for the success of any organizations. To manage their finance and accounts, NGOs need to have proper planning, controlling mechanism with well-established financial policies, procedures, competent financial staffs, and adequate financial systems etc.

1.2. Statement of the problem

Financial management is vital for the success of any organizations. To manage their finance and accounts, organizations need to have proper planning, controlling mechanism with well-established financial policies, procedures, competent financial staffs, and adequate financial systems etc.

Similar with other organization, NGOs should implement proper financial management procedures as it plays significant role in establishing trustworthy relationship with their stockholders. According to Lewis (2015), financial management for NGO's is not just about keeping accounting records. In fact, it is an important part of program management and must not be seen as a separate activity left to finance staff. Financial management involves close attention to project and organization objectives. The financial management process mirrors the project management cycle plan, do, review, a continuous cycle.

When an organization starts up, it sets its objectives and planned activities. The next step is to prepare a financial plan or budget for the costs involved in undertaking the activities. Budgets are used by many organizations as a tool for managerial control. Similarly, in NGOs budgets are expected to play central roles in management and control of operation it expects to serve .It has a role of planning, communication, coordination, control, and evaluation (Horngren, 2002). Through this all functions, budget is expected to control the overall flows of funds and assist in performing well. Several authors define budget control as a manager's tool of control. It involves establishing budget and continuous comparison of actual expenditure with planned expense to take remedial action timely if spending pattern don't align with plan. (Dunk, 2009; Coates, 2005).

NGO's are highly relay on budget once proposal budget is approved, donors expect the implementing partner to spend accordingly. That is why budget control is an area of concern by NGOs and depending on the contract agreement most donors allow a variation of 5 to 10 % between the budgeted and actual performance. (Lewis,2015). In case of over and underutilization of budget, funds may need to return to donors or donors may be asked to cover additional costs and this might be the cause for disagreement, and it may risk sustainability of the organizations.

Effective utilization of funds may be described by timely utilization of approved budget, spending of funds as per the approved limit, and use of funds specifically for the approved purposes. There may be various internal and external factors that would be the reason not to utilize funds as it is intended to.

Since NGOs massively relay on budgeting, the researcher interested to study the impact it has on fund utilization. Effective financial utilization is expected in a situation where proper budget control is implemented. Whereas based on the researcher prior observation in these organizations, there are under and over utilization of funds which utterly convinced the researcher to study deeply into the reason why and how this variance is happened, where the gaps are. And it led to the study to what extent budget control would assist the proper utilization of funds if it is implemented properly.

The overall concern of this study is how budget as a control device assists managers in utilizing scarce resources in an effective and efficient manner which result in a targeted financial performance to be attained. Financial performance of NGOs can be measured through three core criteria; Fundraising efficiency, the extent to which the organizations financial system is transparent, and whether the organization has an effective budget utilization or not. (Niven,2008; McCarthy,2007; Barman,2007). Implementing budget as a control mechanism can be used to monitor the budget statements of the projects and programs to ensure that the expenditures are in line with budgets.

Assessing budget in relation to financial utilization is crucial on many grounds; First, the case of some foreign NGOs might face cost rejection by donors because of the purpose of spending may not align with the approved one. Second, spending as per the approved limit or underutilization of funds during the budget period activities and procurement of capital assets might be canceled due to the utilization of budget lines. Excess of the allowed percentage deviation may result in lead to difficulties of justifying the variance and arguing to refund extra expenditures. Thirdly, the result of underutilization may lead funds not to be utilized at all and the aftermath could be refund of approved budget and bad image (inefficiency).

The choice of AMREF in Ethiopia as a case emanates from the fact that it exhibits budget related problems. In the year 2017/18, there was a huge amount of disallowable cost that was rejected by donors. This is mainly because the organization did not comply or adhere to donor's requirements and its exaggerated variance with budgets. This kind of incidents made the organization eligible for an in-depth study. Thus, the overall motivation of the research is to study the extent to which budget control is used as a tool of management control to facilitate the financial utilization and performance of NGOs.

Thought, the existence of NGO's is highly valued in developing countries, it is exhibited that a very limited studies have been conducted in the area of financial management for these organizations. The researcher had been going through various readings in developing empirical evidence. In Ethiopia there is a few sorts of related studies found in an area of NGOs. (Abebe,2018 & Shume,2015). partially touch budget and fund utilization. Most studies relate to budget and financial permeance were made in banking and other profit-making sectors i.e.: (Assefa,2015; Mengesha,2016; Abebe,2016; Demera,2017; Amenu,2016; Bessie,2016). Therefore, there is no similar research that was documented under this topic, i.e., Assessment of budget control and utilization of NGOs.

In different African countries, there are some studies touching the areas (Kimunguyi, 2015; Fonjong, 2007; K.Goni, 2015; Adongo, 2013; Kimani, 2014).But still involves on budget process and organizational overall performance. In addition to this we cannot generalize specific study, result from one country study differ from another country result due to institutional difference, level of economic, social, political, cultural and other differences.

Hence, this research is done to fill a little bit of this gap at least in Ethiopia.

1.3. Research Questions

The study tried to address the following questions by making a critical evaluation and analysis.

1. How do NGOs design and use their budget as a control mechanism?
2. Why do NGOs face budget variance?
3. What are the financial management policies and procedures implemented by NGOs?
4. How can organization financial/fund utilization performance can be improved using budget control system?

1.4. Objective of the study

The main objective of the study is to assess budget control practice in NGOs. The specific objectives of the study are:

1. To assess budgetary control techniques in AMREF in Ethiopia
2. To identify challenges associated with budget control in the organization.
3. To assess possible reasons why budget variance happened in the organization
4. To assess ways in which the financial utilization procedures and policies in the organization can improve through budget control measures.

1.5. Significance of the study

The main contribution of this study is expected to emphasize on the assessment of budget control and fund/financial utilization of NGOs. So, the findings of this study would benefit ultimately the management of AMREF in Ethiopia to identify where their gaps are in financial utilization procedure, in performing well in relation to budget, and help better understand how or why it happened. And the recommendations in the study may guide the management body; especially the budget holders and finance department on how best budget might be used to control measures in improving financial utilization and performance. Also, it would help organizations in similar scenario to be more informed on what practices are most effective to improve their financial utilization and performance through budget control. Also, may enable policy makers of NGOs to best understand and use budget control as a mechanism to improve their financial utilization and performance. Secondly, this study would contribute to the existing body of knowledge on the effect of budget control on financial utilization and performance. It will also help future scholars who will endeavor to undertake a study on similar titles in NGOs. Finally, the accomplishment of this research will be helpful for the researcher to fulfill the requirement Research Methodology in Accounting & Finance courses.

1.6. Scope and Limitation of the Study

The primary focus of this research is to assess the budget control mechanisms and financial/fund utilization of NGOs. Qualitative approach was implemented. The research populations were employees working as full-time staff in AMREF in Ethiopia, whom program staffs and Finance staffs work is directly related to budgeting and finance. The total number of 30, of which four are program managers, six are project managers, another six are project officers, four are program accountants, six are finance officers, one is senior finance manager, two finance managers (accounts and grant sections), and one is program coordinator.

Sample size was determined when the researcher reaches a point where no new information is obtained from further data at saturation point or when adequate data collected for a detailed analysis. A case study research method is adopted. In-depth investigation, through the investigation of day-to-day activities of participants, the researcher tried to understand practices and trends involved in the organizations. Data was gathered from various sources. Semi structured in-depth interviews were conducted with key informants and focused group discussions have been conducted. Policies, procedures, rules, and regulations have also been assessed from organizations manual to confirm the interview data, observation, and a survey of financial reports was implemented

The study delimited to AMREF in Ethiopia (a case study). The main limitation of using a case study research design is its inability to scientifically generalize findings (Yin,2009). Therefore, the focus of the thesis is not to produce a theory that is statistically generalizable to all populations but rather it is to study deeply and understand what factors needed to consider to take budget control as a proper means of internal control to utilize financial resources effectively. As per the argument by Yin (2009), case studies are considered to take too long and results in massive and unreadable documents. But I tried to make this thesis a concise, precise, and clear to make this argument would not be an issue.

1.7. Organization of the paper

This paper composed of six chapters; the first chapter gives an overview of the study i.e. Introduction stated the objective, significance, and research problems. And chapter two deals with the review of related literatures which contains theoretical as well empirical evidence, summery, and research gaps. Chapter three discusses about the research methodology which deals with the data collection and analysis procedure that the researcher used. While Chapter four contains data presentation and discussion. And finally, chapter five comprises conclusions and recommendations

CHAPTER TWO

LETRATURE REVIEW

2.1. Essence of Managerial control

Planning and controlling operations of organizations are the major functions of all managers despite the nature of the organizations. Planning involves establishment of the objectives, goals, policies, and standards of an organizations. Mainly three types of plans are prepared: namely, strategic, tactical, and operational plans. Strategic plans are designed by top-level managers having the entire organization in mind and begin with an organization's mission and its long-term plan. Tactical plans support strategic plans by converting them into specific plans relevant to a distinct area of the organization and are prepared by middle level managers. Operational plans are made by low-level managers, focused on the specific procedures and processes that occur within the lowest levels of the organization i.e. detail routine tasks of the department. (Bedeian, 1985, p. 6).

Managerial controlling process is essential for measuring and evaluating actual performance, through alternative control approaches. This helps to ensure accomplishment of enterprise objectives. Preliminary controls or feed forward approach are used prior to the activity to ensure availability of right resources. Concurrent controls (periodic performance report) monitor by using personal observations and reports of current activities to ensure policies and procedures being followed during actions. Feedback control (post action) is used past results to control future. (Welsch,1998, p.16)

Bedeian (1985,p.15) stated that, most organizations use a control process designed to help and monitor the periodic activities. They follow several phases like: Compare actual performance for the period with the planned goals, prepare a performance report that shows actual result, planned result, and variance between the two. And determine the cause of the variance by analyzing the variance and related operations. The processes would also help identify where and how the variance happened and help in indicating the gap for the next time plus to take corrective actions .It will also serve as alternative corrective action for deficiencies and learn from the success story on the go and seek corrective actions-from the alternatives from which the list of corrective actions select the best and implement to correct it. Follow ups, whether the applied corrective action is workable or not should be followed. According to The Controller's report (2001) on a strategic level, budgeting clarifies organization competitive priorities, advantages, and strategies for the future.

2.2. Budget as a Tool of Control

Continuous controlling of costs through budget is known as budgetary control. Budget control system started by establishing a detailed budget. Suberu (2010), stated that budget and budgeting facilitate effective utilization of available funds, improve decision making, provide a benchmark to measure, control performance, increase general communication, analysis within the organization, and establish understanding between managers about goals and objectives. And this all maintain credibility of an organization.

In budgeting, the focus is not only about budget preparation, but also the follow ups and monitoring of operations (Kipemboi,2013). Establishing budgetary control involves budget establishment, continuous comparison of actual plan with the budgets for achievement of targets, fixing the responsibility for failure to achieve the budget figures, and revision of budgets in the light of changed circumstance (Gopal,2009).

2.2.1. Establishment of budgets

Budget formation involves making decisions on the allocation, use and administration of funds to achieve the organization's objectives. It also involves setting targeted revenue and expense for a specified period. In non-governmental organizations financial management and budgeting is a fundamental event. It facilitates effective utilization of available funds, improve decision making, provide a benchmark to measure and control performance, increase general communication and analysis within the organization, and establish understanding between managers about goals and objectives.

In multiple donors funded programs, implementing partners should establish a system which keeps accounts income and expenditures from different sources separately. Keeping separately the budgets of different funders help to control and monitor the status of activities or programs separately. Concept of Cost centers or activity or budget center is applied in this situation.

According to (Lewis, 2015), cost centers help to further classify financial transactions as per the budget, activity, department or donor that they belong to so that we can then report and monitor income and expenditure by activity. We use it to separately identify these transactions in the accounting records. Each cost center is given a unique reference or code. In designing cost center structure, we should base on the organization chart and donor funding agreements. There is no common limit as to how. So, the code or the cost center represents a given project in budgeting, entering budgets data in the accounting system, and in monitoring related expenses.

Although the lay out and the guideline to prepare each budget varies from project to project, commonly there are factors which all agreed up on about the content of a good budget. These are clarities where anyone who has a budget management responsibility can understand it easily. A good budget should possess the right level of detail for user, that includes all relevant income and expenditure items. Costs should be clear, justified, and accurate and calculations should be clear so as to provide explanatory notes where it is needed most (Lewis,2015).

2.2.1.1. Role of Budget in NGOs

Budgeting has several purposes or functions, and these roles has summarized by different authors. Merchant (2007) stated that, budget has four main purposes: Planning, Coordination, Top management oversight, and motivation. Also Emmanuel (1990), said that a budget used as a system of authorization means of forecasting and planning; Channel of communication and coordination, motivational device, means of performance evaluation and control, as well as providing a basis for decision making can be taken as a role of budget. Gopal (2009) stressed that budgetary control has objectives of planning, co-ordination, communication, and control. Shume (2015), also said budget plays the role of planning, communication, coordination, control, and evaluation.

Planning: Budget serve as a decision-making tool. Hence, it serves as an action control for managers to think the future ahead and make decision in advance. NGOs' budgets anticipate operational expenses and identify income to pay for such expenses,

Coordination: Brings different parts (departments of an organization) of the budget together so that common plan be developed. As per Gregory, comprehensiveness is one of the qualities of good budget. Budgeting should serve as a tool to collect all departments or parts together and settle in a common plan and goal which can resolve any discrepancy and conflicts between them. Without any guidance, managers may each make their own decisions, believing that they are working in the best interests of the organization (Gregory,2005).

Communication: Lewis (2015), argued that all parties involved in the budgeting must be aware of their input to the success of the entity's financial plan. It helps in integrating administrative staff and operating activities as a means of communication and coordination, maintain collaboration with different parts of the organization.

Motivation: A participatory budget can be a motivating mechanism, as employee will motivate to attain the objective that they planned. Involving all persons, even in the lower level in budget framing and implementation, may help to motivate them in attaining organizational objective as they feel belongingness. Thought budget preparation and control are done at the top level. As per (Mufti, 1997), the degree of participation in budgeting increases acceptance and motivation as well as it makes the budget to exceed a greater extent and feel responsible for the organizational goals.

Control and monitor: By comparing the planned activities with actual, the management body may find variance while investigating as they will identify the exact reason and will take a corrective action. Budgets are tools for controlling spending and avoiding deficits. Spending should be aligned with budget so that under or over utilization will be minimized.

Performance evaluation: Budget must be used as a reference or a means to evaluate actual performance at the end of operating period. A manager 's performance is often evaluated by measuring his or her success in meeting the budgets. Not only by other parties but also the manager him/herself may wish to evaluate his or her own performance. That's why scholars argued that the use of budgets as a method of performance evaluation also influences human behavior (Drury, 2012).

Despite of stated general purposes that budget has for all types of organizations, it serves additional functions for well-managed nonprofits. Fundraising: the budget is a critical part of any negotiation with donors. The budget sets out in detail what the NGO will do with a grant, including what the money will be spent on, and what results will be achieved. (Lewis, 2015).It serves as financial and operational guidance: management and staff need to implement board policies and directives. And the budget narrative can guide the staffs and managements on how and when resources to spend.

Budget allows management to measure and guide current and long-term financial health and operational effectiveness. By budgeting, the future will be anticipated, and actions will be taken to protect the organization from financial risks. Budgets guide the acquisition and use of resources: authorization for acquisition and use of resources because budgeted amounts, sometimes referred to as appropriations, which often serve both as approval of activities and as a ceiling for expenditures. (Gopal, 2009).

Budgets also allow management to monitor actual income and expenditures, comparing them to the amount budgeted, assessing the nonprofit 's overall financial situation, and altering plans as needed. This helps to maintain accountability and responsibility for variance and to take corrective action timely which also used for learning for the future. Finally, it serves as the basis for performance reviews. This is done by using budget as a benchmark, actual performance will be evaluated. (Dropkin, 2007)

2.2.1.2. Good Practices in Budget Development

Prior to starting the process of budget formulation, several factors need to be considered and decisions should be made.

Budget participants need to understand the overall objective: Budgeting clarifies organizations competitive priorities, advantages, and strategies in the future. Budget control process is not possible without planning. Good understanding of plan, what the intended objective, and how to attain it, is the important part of making effective budget. (Lewis, 1996). The first thing to be done is understanding the overall objective and plan of the organization.

Forecasting a wide range: According to Brookson (2000), forecasting a wide range of factors is an essential part to develop a realistic budget. It is impossible to start a financial forecast without a clear idea about what it is you want to do and how you intend to do it.

Budget headings: When setting a budget, it is important to align with the organization chart of accounts. The account codes and descriptions are identical to those used in milestone's chart of accounts and this makes it easy to compare the budget to actual performance when the program is up and running. (Dropkin,2007).

Budget for contingency: Lewis (2015) argued, containing an extra amount in the budget worksheet for contingencies is a good practice in budgeting. There would be unforeseen expenses or for items that we think we might need. So, it is sensible to add an amount 'just in case'. However, before including contingencies in a budget, we must be sure to ensure that the donor regulations permit it (in their budgeting guidelines).

Unit cost and price inflation: Lewis (2009), also stated that when preparing a budget for a project that is going to start in a near future, it is important to include a unit price in the budget worksheet which include allowance for price inflation. This is because it will have enough money in our budget to cover actual costs during implementation.

Budget assumptions: It is a good practice to also keep a separate note of key budget assumptions such as the inflation rate, salary, benefits rates, and standard unit costs. This is especially important when we are preparing a budget to accompany a funding proposal and the donor requires a budget narrative. We should also need to be deciding which currency to use. The currency that we choose to use for budgeting depends on several factors, where our main sources of income come from and the stability of our home economy. In deciding the currency type, we need to decide wisely by considering several factors. (Lewis, 2015)

Central support budgets: We need to consider a budget for the central support costs, so they do not get overlooked and the costs are clear. Charging a project projects in a fair, consistent, and justifiable way that benefit from the support that is provided by using different ways.

Proper Delegation of Authority and Responsibility: According to Gopal (2009), a clear organization chart explaining the authority and responsibility of each executive individuals helps in successful budgetary control.

Participation of all Employees: Even though Budget preparation and control are done at the top-level, budgets are executed at the lower level. So, participating those who implement will help them to work on achievement of it. In NGOs, several people with specific roles involve in budgeting process. The board of director may come in by discussing and approving annual budget while chief executives can be expected to oversee the annual budget process and some decisions like delegating someone to coordinate the budget process.

Senior managers Set budget guidelines and assumptions. They need to give clear direction and advice to those who are developing budgets to ensure consistency and timely completion. Program teams Produce detailed budgets for their activities/projects and finance team support the budgeting process. The finance team provides important technical support and information for the budgeting process. i.e. provide data on previous activities, advise on pricing, summaries, and consolidate budgets. (Lewis, 2015) . Participation also helped to motivate staffs; when a person set some goal or objective, he/she should be motivated to improve their working to achieve the goals set in the budgets.

2.2.1.3. Budgeting Techniques

According to C. Adams et al (2003), a budgetary technique as the budgeting methods that have been adopted by different organizations to achieve various goals. In NGOs, mainly there are several types of budgeting approaches: Incremental, zero-base budget, Activity based, Bottom-up and Top-down.

Lewis, (2012, p. 72) argued that, the first two approaches are mainly used to creating budgets in NGOs.

Incremental budgeting approach: This budgeting approach is most appropriate for Projects where activity and resource levels change little from year to year. It is a very simple and quick to create but it has its own drawbacks like risk of repeated errors and difficulty to justify the figures because of the original calculations that may no longer be available.

Zero base Budgeting approach: This budgeting techniques uses for new and one-off projects, or those that for Projects where activity and resource levels change a lot from year to year. It is more accurate, and costs are easy to justify though it is time taking.

Activity Based: Is the form of zero-based budget where the budget is built up from a detailed activity plan.

Bottom up approach: Is a budgeting approach where the budget is established by team members who have responsibility for using the budget during implementation of the activities.

Top Down approach: A budgeting technique where the budgets are developed by senior managers, without involving the staff who will implement the activities.

2.3.2. Budget Monitoring- Continuous Comparison of Actual Costs with Budget

Continuous comparison of actual with the budgets for achievement of targets and fixing the responsibility for failure to achieve the budget figures is vital and monitoring of expenditure takes place after budget has been approved and allowed for use (Blazek J. , 2008, p. 86).Analyzing budget variance means comparing actual performance with the budget periodically in order to take corrective action. The main purpose of variance analysis is to facilitate the management control process, because if any significant differences arise, the NPO's will be able to identify potential problems and make the necessary adjustments (Anthony, 1999, p. 630). Also, Pajas and Vilain (2004: 352). recommend using periodic reports to compare budgeted and actual revenues and expenses.

There are factors to be considered in budget variance analysis (Lewis, 2012). These are accountability for variances understanding and explaining why the variances have occurred and what has been done to manage them is the first stage. It also includes evaluation of original planning assumptions. This facilitates the management to take the required corrective action by the people who have been made responsible but contributed for the failure. (Gopal, 2009).

Management of variances is about taking appropriate management action on reasons for the variances to solve for future discrepancies is another target and its continuous improvement in budgeting, Continuous improvement in outcome, output, and program delivery. Utilizing variance information can help the managers to assess the efficiency and effectiveness of current service delivery mechanisms and Improve current budgeting practices. Taking formal reviews of consolidated variance information on a regular basis enables budget holders to understand and improve underlying budget assumptions and estimation techniques.

2.3.3. Budget Revision - Taking Corrective Actions

Revision of budgets in light of changed circumstances once an organization developed a detailed revenue and expenditure budget due to several uncontrollable external or internal factors, it needs revision so that businesses utilize a budget revision process to trim excess spending, re-allocate revenues, and make allowances for unexpected or uncommon expense. One of the characteristics of budget is its flexibility due to the uncertain nature of business environment while the future is unknown. Regardless of the best planning and foresight, still there may be occurrences that may require adjustments. Budgets needs to work in the changed circumstances.

There are several factors which hinder us not to align to the budget set like inflation, deflation, activities that have been changed or canceled etc. This situation may make it necessary to revise the budget. According to Blocher (2010), revisions procedures may vary among organizations. Strictly implementing a budget as prescribed, even when the actual events differ significantly from those expected, certainly is not a desirable behavior. In such cases, managers should be encouraged not to rely on the budget as the absolute guideline in operations. This organizations should provide justification to pursue sponsoring agencies (donors) about the revision and permission to go on.

2.4. Financial utilization and Management in NGOs

For any organizations, financial management is a vital activity. To achieve organizational goals, financial management plays several roles in relating to scared financial resources like; planning, organizing, controlling, and monitoring. In profit making organizations the purpose of financial management is maximizing shareholders wealth through profitable management of resources. As per Zietlow (2007), financial management for profit-oriented entities involves maximizing risk adjusted profits through increasing revenues or reducing costs, or both. It is not just about keeping accounting records.

Financial management is an important part of program management and must not be a separate activity left to finance staff. Financial management entails planning, organizing, controlling, and monitoring the financial resources of an organization to achieve objectives.

In practice, financial management is about acting to look after the financial health of an organization which involves: Managing scares resources, managing risk, managing strategically, and managing by objective means that financial management process plan, do, review takes place on a continuous basis. Although the scope and purpose differ in financial management, it must also maintain in NGOs integrity. It is obvious that the primary task of NGO is to work towards social service and financial management must attain the overall objective and goals these organizations should maintain in financial management and planning.

Strydom (2014), on their study examined whether NPOs employed sound financial management practices and whether the use of financial management practices has affected non-profit organizations ability to survive the difficult economic climate and found that having enough reserves and the existence of a separate finance committee were significant aspects related to the absence of financial distress.

Although financial management has several functions, fund utilization (financial utilization) needs special attention since the organization’s objective can be attained through effective and efficient utilization of available funds. When financial resources are optimally utilized, it will enhance the growth and sustainability of the organization. If funds are under or over utilized, it will be detrimental to the sustainability and viability of the organization, as most international donors are very strict on these issues which may even permanently damage the reputation.

Under or over utilization of financial resources (funds) implies that there is improper or mismanagement of financial resources. Financial management is vital for the success of any organization, be it private, government or non-government. Successful enterprises watch their finances very closely and therefore take the right decisions at the right time so that they would be successful. NPOs maintain sound cash flow management that need to attain an "approximate liquidation target" over time as a primary goal. (Zietlow J. T., 2007, p. 13).

According to Tommasi (2007), budget utilization is the phase where resources are used to implement policies incorporated in the budget. As he noted, 'a well-formulated budget can be poorly implemented, but a badly formulated budget cannot be implemented well. Good budget preparation comes first'.

Successful budget utilization depends on factors, such as the ability to deal with changes in the macroeconomic environment, the implementation capacities of the organization's concern, assurance of effective expenditure control, resolving problems arising during implementation, and managing the purchase and use of resources efficiently (Allen and Tommasi, 2001).

Budget utilization system should ensure not only accurate aggregate expenditure control, but also effective and efficient uses of resource in accordance with budget priorities. Its procedure should be appropriately balanced to avoid conflicts between these objectives (Allen and Tommasi, 2001).

Therefore, effective budget/fund utilization can be explained by spending that aligns with the approved limit, purpose, and within approved time frame.

2.3.1. Effective Fund Utilization practices

Financial management is not just about keeping accounting records. It is an important part of program management and must not be a separate activity left to finance staff. Financial management entails planning, organizing, controlling, and monitoring the financial resources of an organization to achieve objectives. In practice, financial management is about acting to look

after the financial health of an organization which involves: Managing scare resources, managing risk, managing strategically, and managing by objectives means that financial management process plan, do, review takes place on a continuous basis.

In the view of Lewis (2015), in managing donor funds, we need to make sure that the following factors are taken into consideration:

Financial manual: All financial policies and procedures are found in the organizations financial manual. The manual used by the finance team for day-to-day operations can also serve as a reference for other departments too. It helps to maintain consistency in operations, Consistent use of financial policies, and procedures that are important for efficient operations. Also, Fowler (1995) said NGOs need guidelines to increase trust and awareness about their organizations.

Capacity of Finance staff: Good financial management is dependent on staff with the right skills, support, and attitude to carry out their responsibilities. All staff have a role to play in financial management. The accounting staff are part of a wider team including the executive director, program managers, and (where applicable) the board. Integrating good financial management into programs involves budget holders and finance staff working hand in hand through all the stages of the financial cycle. The number of finance staff and the assigned roles and responsibilities should reflect the value of the overall operating budget, internal control needs, and segregation of duties.

Hence, it may be difficult to assess the technical competence of accounting staff. Good indicators are the timeliness of reports, the neatness of files and records in the account's office, and auditor's comments or recommendations.

Accounting systems: An accounting system is an organized collection of computerized and manual accounting processes, procedures and controls created to collect, record, classify, summarize, and interpret accurate and reliable financial data for decision making by management. The main purposes of an accounting system are to prevent and detect fraud, waste, and theft, and to generate financial statements for managers, creditors, and lenders.

Financial reporting: The monthly financial reports should include an income and expenditure report showing money coming into the organization, how it was spent, and spending compared to approved budgets. Project managers should use financial reports to help make decisions so that the money is used efficiently and effectively to achieve desired outcomes. Reports should also have the right format for their use, e.g. donor formats as per grant agreements, standard formats for annual audited accounts, accessible formats for beneficiaries, user friendly formats for managers.

Internal controls: Strong internal control including with respect to cash count, reconciliation, and the process of checking, reviewing and auditing, the transactions and the process must surely help an organization safeguard its assets, manage internal risks, and ensure accurate and reliable financial accounting and reporting.

Audit: External audits are an important validation source and express a professional opinion of the reliability of financial and programmatic reporting, sufficiency of internal controls, and compliance with donor and organizational policies and procedures. Typically, an organization should undertake an annual audit linked to the release of financial statements and conduct project-specific audits as per donor requirements. The governance of an organization should review audit reports and hold management accountable to undertake necessary corrective action.

Shared project costs and indirect cost sharing core program costs: - Common administrative costs should be shared by each cost centers in order to efficiently allocate it proportionally. Every organization needs a clearly stated policy on how it will share common costs. From the very beginning of proposal development or proposed budget, the organizations should reflect those costs as percentage overheads or as some specific indirect costs. And negotiation with donors is a common experience unless the donor strictly set the limit on the award document (Lewis,2015).

2.3.2. Aids of Effective Fund Utilization

The primary objective of NGOs that are donor funded is ensuring the resources provided by the donor are utilized in the most efficient manner possible (Copeland, 1978). Therefore, to be accountable for donors and other stakeholders, having proper accounting system is helpful to keep track of expenditures and remittance. Submitting timely reports to donors will enhance good relationship between donor agencies and the organizations to easily manage all funds in a proper manner and to maintain financial reports and show their entire spending to the regulatory bodies as per the agreed terms.

Implementing proper control mechanisms via complete financial planning, coordination, and control also help to eliminate and prevent misuse of resources. By framing well defined financial plans and policies, NGOs also earn good reputation within its community. They can also improve their current status and look forward to gain trust, faith, and reliability. This will enhance their credibility.

As a stakeholder government implementing country, it has some requirement on how program costs and administrative costs should be and NGOs need to comply that. In Ethiopia, Article 90 of the CSP provides for the regulation of administrative and operational costs. This provision reads, "Any charity or society shall allocate not less than 70 percent of the expenses in the budget year for the implementation of its purposes and an amount not exceeding 30 percent for its administrative activities". When spending aligned with budget, the budgeted limit would be the celling for the expenditures.

As Blazek (2008), stated the possibility to improve NPO's economic sustainability, the organization should rely on budgeting means properly planning and execution of resources. As any organizations do, NGOs should also operate for sustainable use of finance and have to see over the horizon and become well secured as well as future-ready is a must.

Optimal and efficient utilization of funds need sound financial management system so that with it financial management, decisions concerning resource allocation, fund raising, and fund mobilizing undertaken precisely. Organized financial resources help in strengthening fundraising efforts by giving an overall idea about available finance and the amount of finance that needs to be accumulated.

Well organized finance system also helps to achieve organizational objectives: For NGOs who set their objectives and goals from the very beginning and without organizing finance, it will be difficult to attain organizational goals.

2.3.3. Causes of Variance

Over utilization of budget could be caused by non-compliance of budget managers with the spending limits defined in the budget when committing expenditures blundered and by deficiencies in budget preparation (Allen and Tommasi, 2001). As they stated, 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, reporting system, and ensuring the effectiveness of the basic budget utilization controls. Sound budget preparation processes and adequate institutional arrangements are a prerequisite to avoid over utilization caused by deficiencies in budget preparation.

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

Based on the conclusion given by Allen and Tommasi; in most cases, underutilization and over utilization are related to insufficiencies in budget preparation and program preparation. An overestimated budget and unrealistic projections of revenues may lead to budget revisions during budget execution and may led to a practice known as “repetitive budgeting”. Poor planning and budgeting, no links between policy making, poor expenditure control, 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 are some of the factors that affect resource allocation and use (Peters, 1998).

According to Omitoogun and Hutchful (2006), there are several 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, programs, and projects; and a lack of financial discipline.

Ketema (2015), stated the causes for deviation between budgeted and actual expenditure are mainly due to lack of coordinated effort in purchasing, lack of consistency, delay in purchase processes, incapacitated budget staffs in terms of skill and knowledge in each respective budget offices, and lack of information by management at each level to evaluate the budget utilization status. Lewis (2015) summarizes the result of variance is due to a change in one or more of the timing of the activity, the actual price achieved, or the actual quantity of goods or services taken.

2.4. Empirical Review

There have been research conducted about budgeting process and implementation by different researchers in different countries. Similar in some way to this study, there are also some studies conducted in the area. Mainly those studies were focused on identifying factors that are mainly affecting fund utilization of NGOs.

Yusuf (2015), on his study on Budgeting and budget monitoring practice in NGOs operating in Ethiopia, focused on evaluating the effect of budgeting and budget monitoring practice of NGOs. Twenty charity organizations were selected by using convenient sampling as Primary data was collected by using questionnaire which was distributed to 81 staffs from Program, Finance and support service departments of the organizations who were recommended by the organization's managers. Secondary data was also collected from reports and manuals.

The finding of the study showed that there is a lack of concerned staffs' participation in budget preparation. Also, during budget implementation, there were poor coordination, communications, late start of projects, and other external factors that have massively affected implementation of projects. To improve budgeting and budget monitoring practice in the NGOs, the study recommended that staffs responsible for budget monitoring and project implementation should participate in budget preparation as it increases accuracy forecast and motivate them to feel belongingness. Variance to be done on regular bases mainly in a monthly close of financial system is needed so action will be taken to under or overspending.

Daniel (2015) conducted a study aiming to examine the determinants of donor funds utilization specifically public sector capacity building programs (PSCBP) fund in implementing Sector of Oromia National Regional State in Ethiopia. The study adopted a descriptive research design. From the target population of 127 employees of Procurement, Finance and property administration and internal audit departments of all the five implementing sectors, the study used 50% of the target population as a sample which is a total of 64 by using stratified sampling techniques. Both primary and secondary methods of data collection were applied. Primary data was collected by using structured questionary and secondary data was obtained from documents. Descriptive and inferential statics were used for analysis of the data. The study focused on three key factors: first, financial management which are explained by four variables accounting systems, accounting practices, budgets, and donor regulations. Then, technical factors which includes appropriate technology, adequate infrastructure, and equipment to support new technologies, skilled personnel in ICT, adequate coordination at different levels in making effective use of the technology, quality data systems, and lack of compatibility. And managerial factors which are described by managerial capacity of the human resources of the implementing agencies, Formal training in foreign aid management, budgeting and accounting by donor funds projects officers, Quality and timeliness of the liquidation documents complicate the donor fund release, Supportive leadership styles, and culture.

The findings of the study established that there is positive and significant relationship between utilization of PSCAP fund and financial management. And managerial factors, technical factors had negative, weak, and insignificant relationship with PSCAP fund utilization. Finally, the study concludes that among the independent variables, financial management is the best predictor of fund utilization and recommended that for PSCAP implementing sectors to give due attention on the stated factors. Specially in financial management to have effective fund utilization.

The other study done by Dereje (2018), was about factors affecting fund management: the case of one water sanitation and hygiene national program-Consolidated Wash Account (OWNP-CWA) in Ethiopia. The purpose of the study was to identify factors affecting fund management on one WASH National Program –Consolidated WASH account in Ethiopia. Exploratory type of research design and quantitative approach was applied. The researcher collected both primary and secondary data by using questioner and by reviewing documents, respectively. The researcher identified four factors that affect the fund management of the program: Budget process, fund disbursement, fund utilization and accounting and reporting. The study concluded that the three key factors, Budget process, Fund utilization and accounting and reporting are positive and significant effect on fund management, whereas fund disbursement has a negative and significant effect on fund management. Finally, the study recommended that to attain the program development objectives, implementing sectors should improve the above four key factors.

Gacenu (2012), did study Focused on determining the relationship between budgeting process and budget variance in NGOs in Kenya. The study selected 20 NGOs working in Kenya whose headquarters are in Nairobi, from the total of 6075 NGOs in the years 2007 to 2011 by using convenient sampling techniques. Primary data was collected from employees who were directly participating in budget process. He selected 20 NGOs by using a questionnaire and were analyzed by descriptive analysis method.The research findings discussed that, budget preparation in NGOs involves forecasting of the expected confirmed income/grants. It is done based on document reference and the budgets were approved by the senior management before execution and were based on the organization's annual plans, strategic plan, and overall goals. Budgetary control in NGOs involving coordination among the various departments achieved through communication and discussion. Availability of funds also ensured before undertaking activities, and Variance reports shared with budget holders and senior management. It also raised factors that affect achievement budget during implementation like change of project staff, setting unattainable target, insufficient fund allocated to departments, and foreign exchange rate fluctuation. Finally, the study concluded that budgeting process described by three factors i.e. budget preparation, budgetary control and budget implementation have significantly influenced budget variance. It recommended that NGOs should maintain a good budget process to manage budget variance to ensure proper cash management.

Afende (2013), on his research titled Factors affecting use of donor aid by international non-governmental organizations in Kenya: A case of USAID. Three independent variables were taken to explain or describe the dependent variable donor aid. These were factors attributed to donor behavior; the first that can be taken include time frame, donor regulations, and funding; the second is managerial factors, which include human resources capacity, and lastly technical factor; which include appropriate technology and availability of infrastructure and equipment. The target population of the study were staffs in the various departments of USAID Kenya and the study applied Stratified sampling techniques to select participants in the study. Data was collected by using both primary and secondary source and to undertake the study a descriptive survey was used.

Finding of the study stated that inadequate funding, wrong timing in funds disbursement, lack of/or inadequate human resource capacity (knowledge and skills), lack of accountability (overstatement of prices and use of substandard materials), insecurity, disagreements among beneficiaries, and socio-cultural obstacles are mainly affected donor aids. He argued that lack of the formal training in foreign aid management, budgeting and accounting by officers engaged in donor fund implementation. Lack of skill may lead to poor understanding of donors' requirement and restrictions resulting in unallowable costs, which lead to rejection for further funding by the donor. This affected by the quality and timeliness of the liquidation documents, complicate the donor fund release and it finally affected donor aid effectiveness.

The other study conducted by Muleri (2001), aimed to determine budgeting practices amongst British NGOs in Kenya and examine the extent to which budgets are used in management and control of the British NGOs. The researcher targeted population was sixteen NGOS funded by British. Data was collected by using questionary and field study. Descriptive analysis was applied.The study reviled that budgets are standard practice in NGOs and form an integral part of the planning process. The study also found that most organization used modern practices as zero based or priority-based budgeting to reduce financial mismanagement. The study also stated that aspects of cost effectiveness are not considered in the budget management and once budgets are approved, little effort is made to use them to control the activities or measure performance of the budget holders. Finally, the study recommended that budget management should be adopted as the yardstick to measure performance in NGOs.

Kimunguyi (2015), on his study established the effect of budgetary process on financial performance of NGOs in health sector in Kenya, applying priority-based budgeting theory. The objective of the study was to establish the influence of budgetary process on financial performance of NGOs in health sector in Kenya and the significance test showed that influence of budgetary process on financial performance was statistically significant. In his thesis he concludes that good budgetary management processes through budget planning, training, and budget information systems improve financial performance of NGOs in health sector in Kenya.

2.5. Chapter Summary and Research Gaps

The technique of Controlling costs regularly by using budget is known as budgetary control and the process starts by preparing a detailed budget which will be followed by periodical comparison of actual result with budgeted and taking corrective actions when needed like budget revisions. Organizations use different approaches of techniques based on the type of project/activities. Budget preparation starts with forecasting a wide range of factors.

Budget serves several purposes for NGOs in addition to the stated general purposes that budget has for all types of organizations i.e. Planning, Coordination, Communication, motivation, control and monitor, and performance evaluation. It serves additional functions for well-managed nonprofits like, as Fundraising tool, financial and operational guidance, to measure and guide current and long-term financial health and operational effectiveness. And it might also be used as an authorization for acquisition and use of resources to monitor actual income and expenditures. Perhaps, several stakeholders of this organizations i.e. donors, government, the NGO itself, etc... also uses the approved budget for controlling and evaluating implementing partners financial performance.

The quality of a budget is expressed by its level of clarity, ease of understandability, inclusiveness of all relevant income, and expenditure items. Costs should be clear, justified, and accurate. Besides, calculations should be clear and at the same time should provide explanatory notes where it is needed. And to establish good budget and to have a better control on it, several requirements need to be considered. These are the objective to be achieved which should be clearly determined and there should be a clear organization chart explaining the authority and responsibility of each individual executive. There should be proper communication system in both sides that will help in the participation of all employees. The other thing that should be there is a room for flexibility when in changed situation and used as a motivation tool to improve their working so as to achieve the goals set in the budgets.

Financial management is vital for the success of any organization, and fund(financial) utilization needs special attention because the organizations objective can be attained through effective and efficient utilization of available funds. When we say NGOs optimally utilized their resources, we mean budgeted costs are utilized as per the approved limit, with in approved time period, and for the approved purpose. By doing this, it will enhance the growth and sustainability of the organization. If funds are under or over utilized, it will be detrimental to the sustainability and viability of the organization which implies that there is unproper or mismanagement of financial resources. In NGOs budget is used as an authorization before any payments made and this shows any fund outflow is highly dependent on the budget balance that is expected to properly flow.

Studies have been made in various sectors and most of them argued that budget has a strong and positive relationship with financial performance. Most of the studies, that have been conducted by several researchers in Ethiopia about factors affecting fund utilizations in NGO's conclude that, from the various factors budget to be as a main thing that go hand in hand with financial performance.

Correspondingly, from the related literature we understand that NGO's financial management is highly dependent on budgeting. By taking this into consideration the researcher was interested in deeply studying to what extent this factor is budget control has affected financial/fund utilization in NGO's. Therefore, the focus of this study is to deeply analyze and understand the budget control mechanisms, the financial management and fund utilization procedures, and to what extent do budget control can assist and implement effective fund utilizations in NGO's.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter highlights the methodology used in conducting the study. It focuses on the following: the research design, sampling techniques, population, data collection methods, data analysis methods, research procedures, data validity, and ethical considerations.

3.1. Research Design

The purpose of this research was to study deeply the budget control and financial utilization procedures and practices in NGOs and to investigate the reason why budget variance occurred in a situation where there is a budget control mechanism. The research was conducted in a way it might enlighten on a clear understanding on how the implementation of proper budget as a control mechanism will assist effective utilization of scare resources. Therefor the researcher preferred to apply qualitative method to understand the phenomena deeply.

According to Silverman (2005), a qualitative research method is the most suitable and applicable if the researchers wish to study a phenomenon or a situation in detail. So, it gives me the chance to collect in-depth data to understand the phenomena under study to be described in detail. Also, those how and why questions in the study are addressed by using qualitative methods. As per Mason (2011), by doing qualitative research, the researchers have the capacity to constitute the arguments about how things work in a context (Mason, 2011).

Qualitative research method also facilitates exploration of a phenomenon using a variety of data sources (Baxter,2008). This ensures that the research problem is explored through several sources which allow the phenomenon to be accurately and accordingly revealed and understood as it allows the study to apply data from several sources.

Case study is one type of qualitative research (Creswell, 2007). This study adopts a case study method because the researcher believes that those how and why questions are addressed by using this approach. Yin (2009) argued that a case study method is the most appropriate to use if the researchers wish to address and answer the “how” and “why” questions. Also, Saunders et al (2009), acknowledged the importance of using a case study method and added that the method will be of particular interest if the researcher wants to gain a richer and deeper understanding of the context of the research problem.

Of the research tradition, this research specifically uses exploratory case studies to analyze cases of NGOs in budget controlling system. According to Ryan et al. (2003), an exploratory case study can be used when the researchers want to examine or investigate the reasons for a particular practice in an organization. This paper will therefore aim to explore how NGOs design and use budget as a control system and their financial utilization strategy as well as the reasons why significant budget variance occurred if they were practicing it appropriately.

3.2. Sample Selection and Size

According to Kuzel (1992), in qualitative research, sampling is primarily concerned with information richness. As he argued, appropriateness and adequacy are the two main central ideas to be considered in sample selection and identifying appropriate participants who can best provide related information to the study. The researcher needs to identify who have a better knowledge about the subject matter and ensure that adequate sources of information has recruited successfully to address the research question and develop a complete description.

This paper has required a thorough evaluation and selection of individuals participated in in-depth interview and focus group discussions. Based on the observation and discussion with the senior finance manager, the researcher had identified individuals who were directly working in budgeting, project implementation, fund disbarment, and donor reporting as they were the appropriate source of information. Then the study adopted one of the qualitative sampling methods…. saturation (data satisfaction) method where at saturation point sample size has determined. Therefore, the researcher had collected data from all 30 samples through different mechanisms. Below is the summery of samples.

Sn	Position of the person in the organization	Number of employees in the stated post
1	Program coordinator	1
2	Sr. Finance Manager	1
3	Finance Manager-Accounts	1
4	Finance officers	6
5	Finance Manager-grants	1
6	Program Accountants	4
7	Program Managers	4
8	Project Managers	6
9	Project Officers	6
	Total	30

Table. 1. Sample size

3.3. Data collection procedures

Data has been collected from both primary and secondary sources. Primary data has been collected through observation, focus group discussion and semi structure in depth interview. And secondary data has been collected by reviewing various organizations manuals and reports. The research adopted a three- stage design which allowed inferences amongst the stages or the stages are linked to one another in such a way that one would offer a lead or draw inferences from the other. These stages were followed:

A, Observation

According to Schroder (2003.p.154), the researcher must obtain a certain amount of knowledge about this interaction in order to be able to conduct a meaningful and focused conversation with the informants about it. Attempt was made to observe how various procedures are implemented in relation to budget and financial management. Thus, I had had a chance to spend about six months as a consultant in finance department in the case area before i got a chance to participate in budget preparation. And on monthly review meetings and on several times, I took notes observing various interesting issues in relation to the subject. One of the strongest points made for observation research is being physically there, witnessing the events being researched. (Deacon et al. 1999). Based on my observation I decided who should participate in focus group discussion and in one to one discussion and identified areas to be discussed with each group.

B. Focus Group Discussion

This means that individual invited to participate in focused groups had to be able and willing to provide the desired information and be representative of the population of interest (Hansen, 1998). The respondents for this research included nine participants in three focus group discussions. The first two groups composed of three finance officers, three project manager and three project officers, and one focus group composed on four program accountant and four program managers. Attempts were made to keep the power balance of FGD participants and heterogeneity will be ensured. Hansen et al. (1998, p. 268) argue that one focus group should have a minimum of six groups. During both focus group discussions, I had indented gaps to be worked on.

Preparation of interview guide: - According to Dilorio et al. (1994), the interview guide serve as a control mechanism to ensure that all the desired information is sought it has a purpose to direct group discussion and to stimulate conversation about the research topic. To control my data, I outlined an interview guide to make sure that the focus group discussions are rigorous on the themes relevant to my research.

Researcher role as a moderator: - The researcher role was to ensure that the conversation in the group did not stray from key themes in the research. Composition of the three Focus groups are as follow.

Position of the person in the organization	# employees	
Program Accountants	4	FG1
Program Managers	4	
Finance officers	3	FG2
Project Managers	3	
Project Officers	3	
Finance officers	3	FG3
Project Managers	3	
Project Officers	3	

Table.2. Focus group participants composition

C. Individual in-depth Interviews

The researcher assumes that in one on one interview, people discuss their ideas openly. As per Natasha et al. (2005, p.4). One key difference between qualitative and quantitative research traditions are their flexibility. Whereas qualitative methods are typically more flexible, allowing greater spontaneity and adaptation of the interaction between the researcher and the study participant, while quantitative research methods are inflexible. By using Semi structured interview guide, I have had open discussion with several individuals in the organization and conducted interview with 6 core personnel's in relation to the subject of the study.

The following were the key informants of the study; program coordinator, senior finance manager, two finance managers, one program managers, one program accountants. Interviews with senior finance manager and account section finance manager give the researcher first-hand information about the financial, procedures, and polices followed in the organization reviewing. Interview with the budget holders or program managers also help to have an idea on how they monitor and control spending. The interview was recorded to enable the researcher to listen to them later to analyze and extract information. The recorded information was transcribed and then translated into English as it was conducted in Amharic.

Position of interviewee in AMREF	Role in the organization	Duration & Remark
Sr, Finance Manager	Managing the overall financial and grant activities	Contacted several times
Finance Manager-Grants	Managing Donor related activities; analysis & reporting	“
Finance Manager-Accounts	Managing accounts i.e. disbursement and transactions coding and recording unit	1 hrs
Program Coordinator	Supervising the program unit	1 hrs
Program Manager-WASH	Budget preparation and control	45 Min
Program Accountant-1	Budget preparation and control	1 hr & 30 Min (two times)

Table 3. Interviewees profiles, roles, interview duration

D. Secondary data sources

In addition to the information that was gathered via interviews, financial performance and utilization, assessed through financial policy manual, organizational documents, the recent year’s financial records, reports information about financial performance indicators, financial statements, and donor reports too were included. There is also donor’s agreement to have an idea about their requirement and to what level of variance (discrepancy) do they are willing to accept and how it affects financial utilization and performance, budget manual, and qualification year of service of Staffs who’re participated in budgeting from human resource department. Generally, this secondary data was used to supplement the data received from interview.

3.4. Data Processing and Analysis

Qualitative data were generated by the guidance of the thematic questions for the focus group discussions and individual in -depth interviews. The researcher took notes in English to remind the points to be considered of the theoretical topics that needed to be addressed. Though the researcher was interviewing the respondents in Amharic, it was obvious that there was a problem in getting the exact meaning of their statements from English to Amharic. so, the interviews were partially in English.

Each Interviews were recorded, then directly transcribed by the same language and a little bit of effort had been put to transcribe some Amharic into English. The researcher has read the transcribed version several times to understand the essence of participants' message. I also made additional interviews on areas which were not clear while reading it. Then there was a need to filter out the relevant based on objective and less relevant ones. The researcher used thematic coding as the mode of analysis. According to Jensen (1982), loosely inductive categorization of interview or observational extracts with reference to various concepts, headings, or themes. The process comprises the comparing, contrasting, and abstracting of the constitutive elements of meaning. After they were categorized and labeled, the responses were analyzed.

3.5. Validity and Reliability

According to Yin (2009), a case study categorized as a form of social research, and he identified four tests that can be used to establish the quality of empirical social research. These were to construct validity, internal validity, external validity, and reliability.

To increase reliability and credibility of a research, it is recommended to use multiple sources of evidences so as to establish reliability and validity. This study gathered evidences from several sources, in-depth interview with different staffs of the organization mainly the senior finance manager, program managers and program accountants who are mainly worked in related to budget management, the finance manager-accounts section who directly involved in managing the payment department, and the finance manager-grants who mainly direct the reporting and communication of donor related reporting. Observation and reviewing of several documents, manuals, and reports to compare with the evidence generated from the interview and focus group discussion were involved to identify additional data. Two group of focus group discussion which contains program and support staffs each contains ten persons used to identify the gaps where to focus and used to triangulate the data collected from various sources.

According to Saunders et al. (2009), one means of controlling bias and producing reliable data for analysis is recording interviews. All interviews have been recorded to obtain a permanent record of interacting interviewing data, which the researcher intended to listen when it was needed to make necessary adjustments at different stages of the paper.

Finally, different staffs who were participated in the interview mainly the finance manager-grants, senior finance manager, and program managers were later contacted for further clarification on certain issues. This was done to avoid the subjective interpretation, in order to reduced interpretation biases.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1. Introduction

This chapter consists of four sections; The first section presents a short description of the case area, then the budgeting control producer for the overall organization is discussed. Further, the financial management strategy, major causes of variance in the organization, and financial utilization producer are discussed.

4.1.1. Overview of the case area

African Medical and Research Foundation in Ethiopia is a registered international NGO under the Ministry of Justice and Charities and Societies Agency of Ethiopia. Though the presence of AMREF in Ethiopia dates to the 1980s. For nearly 40 years, it predominantly remained an ad hoc assortment of activities such as occasional trainings and surgical outreach visits. A project office was established in 1998 and in 2002 AMREF established as a full-fledged Country Program in Ethiopia.

Currently the organization implemented about 29 projects funded by several international donners. These projects are funded mainly by USAID, DFID, UNICEF, EU, Canada, SIDA, Netherland, Spain. The organization implemented several projects with different requirement, reporting format, currency, lifetime, policy, and procedures, reporting time etc.

The organization followed accrual bases of accounting and the accounting period of the organization covers a period of one year from October to September which sometimes differ from the period some project donners followed. The annual approved budget of the organization is nearly $ 30 million.

Based on the literature review above, row data that had been collected through different mechanisms has been summarized in several thematic areas as per their relevancies.

4.1.2. Budget control procedures by the organization

According to the Sr FM, In the organization budget has a several roles. Mainly it used to plan how the flow of financial resources to be executed, to allocate resources based on the approved grant agreement, to negotiate with funders, to authorize and control disbursements, to compare the actual costs against the budgeted, and to evaluate the success of the project. This implies that, budget has a role of planning, communicating, controlling, and monitoring and evaluation in the organization. (Personal communication, June 2019)

> Based on the interview respondents it is evidenced that the organization mostly used incremental budgeting techniques, due to the similar nature of projects and activities. Only when the organization win new projects whose nature is unusual like emergency projects, they apply zero base budgeting approaches.

The information gotten from project managers and officers also confirmed that the similarity nature of project's and realized that the organization implemented community health improvement related projects. Mainly, four types of projects WASH, Non-Communicable Disease (NCD) prevention and control, Reproductive and Maternity Health, and Emergency Projects were there. Most of the activities, especially in the first three categories have similar natures. The project provides trainings for community and health officers, procurement of medical instruments and distribution, construction etc.

Though, the activities natures are similar, applying incremental budget in a volatile economic situation is not advisable. In addition to this Lewis (2012) stated, although this budgeting techniques is preferable for Projects whose nature are similar but it has some drawbacks like repeating of errors from previous period and unease to justify detailed calculations and outcomes as it might be forgotten. So, it is not advisable to relay on it.

4.1.2.1. Budget Preparation

Based on reviewed documents and researcher observation, mainly there are four kinds of budgets prepared by the organization.

Proposal budget is the initial stage of a project's life cycle. It is the translation of project activities into monetary terms and to be submitted to partners in development for consideration. It is based upon the proposed project activities and work plan. Budget is prepared for all written proposals and is prepared along with the donors or the organization guidelines and formats as applicable. Detail calculation and explanation notes has showed in each excel sheets. Budgets are prepared in local currency and translated to US dollars unless the potential partner in development (Donor) request that the budgets be stated in a particular currency or as stated in the call for proposal documents. All proposal budgets are approved by the Sr finance manager and country director (CD) before submission.

The next one is the approved proposal budget called donor budgets: This budget is considered as an agreement/contract and considered as a starting point for the management and reporting of donor grant funds with the donor. This budget usually signed by the CD or his appointed representative and by the donor. This donor contract states; start and end date of funds, budget expenditure amounts by line-item, the amount of overhead recovery through direct and percentage charges, donor report schedules, name and address of donor contact person, grant call-down schedules, etc. Obtain a contract or a written confirmation on the use of the funds from the donor is a must before implementation of activities. Then Sr.FM in consultation with the directorate of operations assigns analysis codes, cost center codes and grant code for the new projects.

Operational budgets are monthly / quarterly project/program financial plans based on an approved funding and work-plan for a specific time period and are used to monitor project/program financial performance. This budget is prepared for a specified period showing the sources of funds and how the funds shall be spent on a monthly/ quarterly basis. And prepared in local currency as all expenditures to be incurred in local currency and translated to US dollars using the applicable conversion rates as provided by the Sr finance manager.

Finally, the annual Budgets: which is a summary of planned country / program activities in monetary terms for one financial year. Once the annual budgets approved by the board for all the cost centers and capital items, it is called board approved budgets, which are then consolidated to come up with the Country Office and Head office. The senior finance manager then consolidates all the cost center budgets and comes up with country office budget. The Country Office budget will then be approved and placed by the country director before submission to directorate of operations. The board approved budgets include all budgets for activities which are already funded and are the budgets for activities AMREF already have funds for or the sources of funding are identifiable and reliable. The Annual Board approved budget then used as a base for monitoring organizational financial performance to the board.

What mechanisms does your organization use to keeps accounts income and expenditures from different sources separately? These questions have been forwarded to FM-Grants. Based on his response, there is coding procedures to separately account different projects.

As per the respondents, it is stated that, for ease of reporting and identification of each projects the Sr. Finance manager in consultation with the assigned program

> accountant (grant staff) assign analysis code which is cold T-Code or transaction codes which are alpha numeric. For a new grant to start a completely new activity a new cost center code (T1 code) opened in the accounting system at the same time grant code (T2) also created by accountants. Then the Sr FM authorized the new cost center code in the accounting system to be activated. When the new grant is to support an existing cost center, it may be suitable simply to use the existing cost center for accounting and to adjust its budget, rather than to open a new cost center. (Personal communication, June,2019)
>
> Each cost centers are managed by responsible manager, who have responsibility to implement cost centre activities as per approved plan and in line with the organization policies and procedures. The budget holder also is responsible to spend available funds effectively, to review the actual progress on activities and expenditure from time to time with cost center staff and senior management; to propose amendments to plan and budget as necessary to better achieve objectives, and to report progress to donors. Therefore, the process can be managed easily as the budget holder is fully delegated to follow the overall activities of specific projects. (Personal communication, June,2019)

To in place successful budget control, proper delegation of authority and responsibility of each executive individual is vital. (Gopal,2009)

The budget preparation process in the organizations lacks participation of all staffs. Even staffs that are directly participated in the implementation of the projects are not encouraged to forward their opinion and have influence on the decision.

> According to the respondent, the number of participants in budget formulation depends on the volume of the project and the donor type. As explained: When the donor is new and if the organizations are not familiar with the donor requirement, some of the senior management members need to participate in the proposal budget development since they believe they should invest their time and energy to win the grant. In other ways, only the assigned program managers and accountants are responsible to develop budgets. (personal communication, June,2019)

In proposal budget development the assigned program Manager prepares the activity plan for the entire project period then together with the program accountant prepare the details of all the resource requirements and quantities required for each line item. Based on the information provided, the accountant then cost all the activities together with the administrative and personnel costs and prepares the proposal budget. It is the responsibility of the accountant to ensure accuracy and completeness. The accountant also prepares the budget notes detailing the cost for the activity and how the figures have been arrived at.

Donor budget is just an approved proposal budget which have been prepared by program managers and accountant then reviewed by CD and Sr FM before signing the contract with the donors. Similarly, operational budget is prepared based on the approved budget and the cost center managers prepare the work plans that show the detailed breakdown of the activities and expected implementation plan. The budget amount per activity together with underlying assumptions are then identified and aligned to the activity implementation plan.

Based on the approved donor budget the Accountant then prepares the operating budget after ensuring that the work plan only covers the approved project activities, all staff costs as per the organization policies, other government requirements, and other administrative costs for the specified period. Ensuring expenditure limits of the available funds also is the responsibility of the program accountant.

The consolidated annual budget will then be prepared by Sr FM together with each cost centers program accountants. To sum up, it is mainly the responsibility of the budget holder and assigned accountant to prepare budgets.

Based on the result from the researcher’s discussion with FG2 and FG3, it was noted that none of the finance officers and project officers had a chance to participate in budget preparation. Some project managers who were assigned for duties/projects implemented out of Addis Ababa got a chance to participate since this project managers are the focal person or replace the program managers for the projects implemented in different regions of Ethiopia. This result showed that all the finance officers, project officers as well as half of the project managers never involved in budget preparation process. (FG2 &3 discussion, June,2019)

The above findings showed that the budget preparation process in the organizations lacks participation of all staffs. Even staffs who are directly participated in the implementation of the projects i.e. project manager, project officers, and finance officers are not involved. This implies staffs are not encouraged to forward their opinion and have influence on the decision making from the very beginning of budget development. This may have many effects on their motivation towards attaining the target. It is evidenced that, to facilitate proper utilization of funds as per approved limit, purpose, and time participation of staffs especially those who are engaged in budget implementation in budget development are very essential.

According to Hansen et al. (2003) to facilitate successful implementation of projects, actively involvement of all staffs in the budget development process is essential. It helps to motivate them to meet the target. Further, since budgetary participation and communication can increase employee acceptance of budgetary objectives, budgetary participation is very advantages when the budget is used for controlled purposes and a greater emphasis is put on it (Brownell, 1983).

Based on the information obtained from FG1 discussion, there are problems in relation to budget preparation. Participants have stated a number of challenges that they were confronted: They have a strong feeling that senior management members do not give attention for the budget development process and perhaps see it as a simple routine. Plus, as the budget process lacks participation of concerned staffs like procurement, logistics and HR the researcher asked to believe they are facing problems to best estimate or to get reliable current market prices of materials and services. This causes under and over estimation of costs. (FG1 discussion, June 2019)

According to Schiavo-Campo and Tommasi (1999), To control expenditures effectively we should rely on realistic budget system. Especially when we use budget as a means to authorize expenditures all the accounting records should be accurate and up to date.

The organization Sr FM believed that staffs that are participated in budget formulation have adequate knowledge and understanding towards budgeting and donor requirement.

She argued that “the organization give high emphasis when recruiting staffs, who are working in areas of grants management, these employees are high profile and well experienced in the area.” (Personal communication, June,2019)

She acknowledged that, although the organization give orientation and introductory trainings internally by coworkers and supervisors immediately when staffs joined the organization, there is no additional capacity development trainings and have not yet been provided in the meddle’. She added that they believe it is important to provide capacity building trainings in the area.

In the researcher’s discussion with FG1, they believe short term on job trainings are very essential to refresh their knowledge but they never got capacity development trainings in the organization on the area and they said they are not happy with their performance.

They stated: They are the one who directly work on the project budget. Even if they had experience in budgeting, they need to get refreshing trainings. They believed it would help them motivated and feel capable to handle several duties in relation to grant management. (FG1, participants discussion, June,2019)

To improve the quality of budget development, the staffs who engaged in budget development should get enough training in the area. According to Nunvi (2006), Lack of formal and informal trainings and development programs would yield low work quality, high cost, and emotional problem. Also stated training and development programs plays a great role in improving current and future performance.

As per the FGD participants, In the organization there is no trend of sharing the approved budget to other units.

“It’s the beliefs of the senior management members that sharing of approved budget for other units is not right as it affects the confidentiality nature of some budget lines.” (PC, personal communication, June,2019)

Though communicating budget for all units and subunits is the role of a good budget, the management of the organization could not accept it. Participants in FG1 said that, due to lack of formal channel of communication in the organization, there is overlapping of activities between different projects and difficulties in using common staffs. As a result, some activities have not been implemented during the approved time range.

Gacheru (2012), stated coordination among the various departments during budget execution is achieved through clear communication and consultation.

4.1.2.2. Budget monitoring-Periodic comparison of Actual with Budgeted

According to interviewees, the finance department record actual results on monthly bases and variance analysis reports generate after closing the period/month. Based on the report, budget holders made decisions throughout. All payments are authorized based on the information provided at the beginning of the month. So, the reliability of figures is put in question.

> As per the interview participants: Accounts department record actual transactions in batch which is happened at the end of each period/month. The system does not allow recording transaction timely or on a day-to-day basis. So, the grant

> department cannot generate interim reports during the month. (Personal communication, June,2019)

Timely recording of transactions facilitates effective decision making. According to Schiavo-Campo and Tommasi (1999), a quality budget utilization system should have complete budgetary/appropriation accounting system. Movement between budget items and transactions in each stages of the expenditure cycle should be traceable.

Program staffs have no adequate financial management knowledge, they have faced difficulties to understanding financial reports provided by finance unit. The discussion with Program Accountant-1 indicated that, there is financial knowledge gap by program staffs. They usually require assistant from finance staffs even to understand reports. (Personal communication, June,2020)

It is advisable to have at least mandatory financial knowledge as it helped them to make effective decisions in relation to budget utilization and to comply with accounting requirements and procedures.

Performance review meetings were held monthly while Program accountants prepare budget versus actual reports on the monthly bases then set with budget holders to see where the variance has happened and why and discussed possible solution. If there is significant variance which needs senior management's attention, after consultation they inform to Sr managements.

Based on the result from FG-1 discussion, it is revealed that there is no trend of taking appropriate management action on reasons for the variances and solve the future variances. There is no trend to keep recorded one-time reasons of variance or negative experiences to use as a lesson for the next time. (FG participants discussion, June,2019)

Gopal (2009) suggested that, taking formal reviews of consolidated variance information on a regular basis enables budget holders to understand and improve underlying budget assumptions and estimation techniques.

4.1.2.3. Taking corrective actions-Budget Revision

As per the interview with program coordinator, it is revealed that during budget monitoring process when there is change to activity plans affects several lines in a project budget. This result some budgets/budget lines become out-of-date (outdated) as project plans change significantly and this kind of budget variance are managed either by transferring balances between budget lines or by making budget revise. They said they prefer budget revision instead of budget transfer when multiple lines in a project budget are affected.

> According to the PC, in the organization budget revisions are carried out annually or semiannually or less as deemed necessary by the cost center managers and PA. Even if the period of budget revision stated in the donor contract agreement documents we prefer to notify the donor early for significant variance. (Personal communication, June,2019)

Peters (1998) argued that revision of budget repeatedly is the result of week linkage between plan and budget preparation. It is a good practice to alert the donor sooner about the need to revise the budget, as they got time to consider early.

> Based on the discussion with finance staffs, the organization followed different procedures to revised or amend all types of budgets.
>
> In Revision/ amendments of donor budget, the accountant in consultation with the cost center manager or budget holders, prepares any budget amendments to the donor budget and approved by the Sr FM and CD before submission to the donor for consideration. Depending on the donor's requirement budget narrative report also completed as part of the budget revision process. This explained the reasons for submitting a revised budget or funds reallocation also explained, and the revised costs justified. Handling all queries on the budget from the donors is the responsibility of the CD. Getting a written consent from donors for any revisions made to the donor budget is a must.

Operational budget revisions are mainly necessitated by changes in donor budgets, rescheduling of activities, and project performance. Amendments are made by the accountant and approved by the finance manager-grants or Sr Finance manager. In the case of rescheduling of activities, the revised work plan must be approved by the head of program.

Funded budget/approved annual budget is revised as new contracts are signed or as amendments arise due to a reduction or addition of new funds. Revisions of the budget must be approved by the country director/ unit heads and head of finance. Since every cost center manager must restrict expenditure within the limits of available funds, it may be necessary to modify the cost center budget in order to reflect later changes in confirmed funding from donor or other sources. (Personal communication, July,2019)

4.1.4. Financial Management and utilization procedures

The organization has financial manual, which was published in the year 2004. The manual includes several procedures like, the budget planning and management, procurement, bank and cash handling, transactions flow and authorization procedures, the chart of accounts and coding policies, financial reporting routines and deadlines, Management and control of fixed assets, annual audit arrangements, and how to deal with fraud and other irregularities. In the budget section, it includes the producers followed during budget process and the approval authority. As per the manual, each project is managed by the assigned program managers (budget holders) who is responsible for approval of disbursements and handle all communications with donners. It also stated that, the country director should approve each donor budget before it started implementing activities.

Thought the main purpose of the manual is to be used by the finance team for day-to-day operations, it should also serve as a reference for other departments. Most of the interview and focus group discussion participants stated that the financial manual is not accessible to be referred as needed. One of the program managers said that: “I have no idea *whether* there is a financial/budget manual in the organization and what its purpose is.” PM-WASH

According to Fowler (1995), Consistent use of financial policies and procedures are important for efficient operations. So, it is recommendable to use financial manuals as all policies and procedures found on it.

After reviewing the finance manual, I had forwarded the first question to the sr. finance manager about the chart of account, as it has been several years since the financial manual was printed, is that compressive enough to cope with different donors budget lines descriptions? As the organization currently implement several projects. The sr. finance manager explained that Even if the chart of account in the financial manual is an old version, currently they use the revised one. This is not compiled in the manual yet, and she said they have amended it several times to make it compressive and well detailed. (Personal communication, July,2019)

To compare the budget to actual performance easily, it is important to align the account codes and descriptions with the organization chart of accounts. Moreover, chart of Accounts encourages consistent use of codes in the accounting records, budgets, and reports. This assists the financial reporting process and promotes transparency. (Lewis,2015)

The manual also comprises the department organogram; the finance department managed by the senior finance manager and has two sub departments: Finance-Grants and Finance-Accounts. The first unit is mainly responsible for grants management and donor reporting which is led by the finance manager-grants and consists of four program accountants who are directly work with program staffs. And the second unit finance department- accounts are working on disbursement, reviewing, and recording of financial transactions. This department also led by finance manager accounts and have six finance officers. Also, it stated the responsibility and authority of each executive clearly.

Gopal (2009) argued that a budgetary control to be successful, a clear organization chart explaining the authority and responsibility of each individual executive is essential.

As stated in the financial manual, the organization has a clearly stated policy on how it will finance its central support costs. According to the interviewee, overhead recoveries can be done either directly by expensing the institutional cost directly to the project or indirectly as a percentage of direct project costs incurred. The current minimum Overhead recovery rate of the organization is 19%.

Every payment is authorized by budget holder or delegated person. No payments made before or without authorization.

> According to the respondents, the cost center manager approved all commitments and expenditure on the cost center up to the limits of the individual line items in the funded budget and subject to his/her personal authority limits for individual transactions. For high-value expenditures or commitments over the set limits, authorization may also be needed from a more senior line manager mostly the program coordinator and Director of programs. All transactions code i.e. cost center codeT1, donor grant report code (budget line code) T2 are provided by the budget holder then finance officers code the proper GL or accounts code. (personal communication, July, 2019)

This implies, in the organization budget are used as a means of payment authorization.

He also stated that, after payments being affected, all transactions have posted to the accounting system by finance department- accounts section staffs. The role of these employees is just recording the transaction as coded by budget holders. (FM-Accounts, personal communication, July, 2019)

As per the discussion it has been reviled that, all the finance officers who record transactions in the accounting system does not have enough knowledge of budget codes and cost centers. The role of finance officers is just summarizing and posting the monthly expenses for each cost centers by using the budget code that has been provided by program managers.

However, it is understandable that it would be helpful to prevent and minimize errors while recording transactions if this finance staffs were well communicated or enlightened about the coding structure. So, the accuracy of transactions recorded will not be put again in question. The absence of formal communication and participation in budget preparation causes information asymmetry in the organization (Chong et al, 2005).

All common costs are charged monthly as per the agreement with donors. And checking the accuracy and posting of this transaction is the responsibility of FM-Grants.

> Each program accountants are responsible for charge or allocate or charge central/shared costs like: Phone, telex and fax, data communication, courier and postage services and freight and storage, to the respective cost centers on monthly bases and in accordance with the contract. It is the responsibility of FM-Grants to post this transaction after reviewing the accuracy and correctness of amount and code. (FM-Grants, personal communication, July,2019)

The organization has an experience of making unauthorized expenses by assuming that donors will approve budget revisions.

It’s proved that, in a very rare case we did prefinancing, depending on the donor type, if only the donor is very flexible.

Thought it is done in a very rare circumstance, Sr managements allowed prefinancing. By doing this the organization faced risk of losing money as well as donors trust.

In the year 2017/18, it was observed that the organization faced difficulties because most donors have rejected costs that have been over speeded. I asked the FM- Grants, what the reason was.

“Some donners are very strict, they never refund for payments that have been paid before budget revision has approved. And that was the reason for the cost rejection”. (FM-Grants, personal communication, June,2019)

4.1.5. Couse and types of budget variation

Based on the discussion with FG-1, The organization faced both under and overspending of budgets. For these variances, several reasons were pointed out by the discussion participants; There were delays in implementation of projects within the approved time frame because of both internal and external factors. Externally, due to problems related to stakeholders, i.e. Government offices and community members. The external factors were uncontrollable. Internally, due to activities over lapping between projects it was implied that due to lack of coordination and communication during budget preparation staffs got difficulties during implementation. (FG1 discussion participants, June,2019)

According to Gacher. A (2012), coordination among the various departments during budget execution is achieved through clear communication and consultation.

The discussion participants also stated unrealistic budget estimate, Cancelation of activities, foreign exchange rate fluctuations in the market, new projects, or donors’ requirement contributes a lot for both positive and negative variances. To take corrective actions the organization followed different procedures. As per the discussion with Grants staff’s positive variance managed as:

> When activities are delayed or not implemented within the approved period, favorable or positive variance happened. To get the project back on track, no cost extension is requested. It is the extension of project implementation period without requesting for additional funds from the donor be requested. At least three months prior to the project end date, the program manager and accountant review the remaining activities and funds to ensure that all activities are undertaken. In these situations, the project manager officially requests for more time to complete the

> activities, then the CD in consultation with the Sr FM can approve a no cost extension. If the extension requires additional funding cost center manager and CD must clearly indicate the source of funding. Finally, it is a must the donor approve the budget. Or else, after reviewing the donor agreement if applicable the remaining balance is transferred to the organization unrestricted funds or open cost center after getting donor approval. Re-paying outstanding amounts back to the donor then be the last alternative. (Personal communication, July,2019)

However, budget under-spend is not always 'good news' for an NGO as this could be a sign that activities are not on target and this may be a cause for concern for the donor. This implies bad donor image in relation to project performance. As per Allen et al, (2001), budget utilization system should ensure not only accurate aggregate expenditure control, but also effective and efficient uses of resource in accordance with budget priorities.

> Based on the discussion result; there are also actions followed when there is negative variance, means spending is more than budgeted. Requesting the donor to pay any amounts due is the first choice. If it is not worked after getting a written explanation from the cost center manager and approved by the Sr. FM, we will then allocate the unrestricted grants to cover the over expenditure. (Personal communication, July,2019)

Both under and over utilization of funds implies week performance in managing budget. 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.

CHAPTER FIVE

SUMMERY, CONCLUSION, AND RECOMMENDATION

5.1. Introduction

The objective of the study was assessing the budget control practices in NGOs by taking AMREF Ethiopia as a case area. These were done by assessing; budgetary control techniques and identify challenges associated with budget control, financial utilization procedures, policies, and causes of variances. And then to locate the main problem areas that seek attention and improvement. In doing this, several relevant literatures were reviewed; primary and secondary data were collected. From samples of 30 AMREF staffs who are directly working in budgeting and financial management through focus group discussion and in-depth interview. Documents were also reviewed.

Therefore, this chapter presented Summery of findings, conclusion, and recommendations of the study.

5.2. Summary of the Findings

The study aimed at assessing the budget control practices in AMREF in Ethiopia and to locate the key problem areas that seeks attention and improvement.

Therefore, the following major findings were obtained based on the analysis.

The Organization prepared several types of budgets. These budgets are prepared by the organization or funders format as applicable. All budgets are approved by top managements. In addition to the general-purpose budget has, this organizations uses budget for any negotiation with donors by setting out what the NGO will do with a grant, including what the money will be spent on, and what results will be achieved in detail.

In relation to budget preparation, it has been revealed that the organization budget preparation process has various problems.

AMREF Ethiopia, has a financial manual which constitutes, policies, procedures, rules, and regulations applied during budget reparation, execution and control, fund management and role and responsibility of each executives. But according to the discussion results, the manual was not accessible to staffs who wanted to refer it.

Staffs who were directly engaged in budget implementation were not participating on budget preparation. As per the observation and discussion with FG participants; Most of the time, only program accountants and cost center managers had participated in budget preparation. It is revealed that top managements gave low emphasis for budget preparation, but they were only focused on proposals from new donors. Participating of staffs helps to motivate them to attain the intended performance.

As per the discussion results in the organization, budget has been prepared without participation or consultation of concerned staffs. This resulted.

Budgets to be prepared without considering the current market price, program accountants got estimations and related information orally as there is no document to be referred.

There have also been activities overlapping between projects. According to Linn (2007), a budget is not only a means of planning , controlling, coordinating and communicating of the activities that the various units undertake, but it is also a technique for setting the organization’s priorities by allocating scarce resources to those activities that officials deem to be the most important and rationing it to those areas deemed less vital.

There are no capacities building trainings for staffs who are engaged in budget preparation. It has been revealed that these staffs faced difficulties in preparing budget as situations changed i.e. policy, donor requirement etc.

The approved budget has not been formally communicated to the concerned departments and units in a timely basis.

The result of the study indicated that, budget versus actual report has provided by the finance unit monthly. Budget holders use this information for budget monitoring and variance analysis. Performance review meetings with budget holders conducted monthly.

However, the study finding showed that there are areas which affected the budget control and monitoring process.

Budget holders got financial reports in a monthly basis and rely on that information for making decisions throughout the month. Also, financial transactions are not recorded timely so no interim reports can be generated. This implies the accounting system is not supportive enough to make effective decision in controlling expenditures.

FGD discussion participants argued the program staffs have no enough accounting knowledge to understand financial reports and to comply accounting policies.

Though performance review meetings conducted every month, key staffs from different departments who have the responsibility to implement the project were not participating. This shows that there is poor coordination and communication that resulted in ineffectiveness in solving budget utilization problems timely.

Approved budget should share to concerned units through formal way of communication.

Based on the response of interview participants and FG discussions, thought variance analysis has done regularly, there is no accountability for, and it affected the effectiveness of utilization. This showed that there is no trend of taking appropriate management action on reasons for the variances and to solve the future variances.

All transactions have authorized by responsible budget holder before effecting payments. For ease of reporting and identification of each project, each project has its analysis code.

All central supporting costs are allocated and recorded timely and accurately.

Both under spending and overspending of budgets are faced in the organization

In relation to budget utilization, The FG discussion participants identified factors that potentially causes deviations as internal and external; regulation of stakeholders i.e. external factors are problem related to Government, donor, community and cancelation of activities, foreign exchange rate fluctuations in the market; new projects or donors' requirement, unrealistic budget estimate, etc.

It is also revealed that the organization has a trend of making unauthorized expenses by assuming that the donors will approve budget revisions. It is too risky if the donor refused to do so.

5.3. Conclusions

From the foregoing discussions, the study concluded that budget has a numerous role in NGO's mainly it used to plan and allocate scare resources based on the approved grant agreement, to negotiate with funders, to authorize and control disbursements, to monitor actual costs against the budgeted, and to evaluate the success of the project.

From the foregoing discussions, the study concluded that in the organization budgets has a crucial role to play in proper financial utilization. Effective budget controlling contributes more for the success of this organization. Designing budget as a management control tool mainly composed of three stages; budget development, continuous comparison of actual result with budgeted and if variance happened taking corrective action.

Several types of budgets are prepared in the organization but mainly four are common. As per the analysis, the organizations chart of account is compressive enough and aligned to the budget code and descriptions and it eases the reporting to compare actual to budget in time of implementation. Budgets are mainly prepared by program managers and accountants. And concerned staffs who are involved in the implementation were not encouraged to put their ideas and influence the decisions in setting a target.

Based on this, the researcher concluded that the budget preparation practice lacks participation and attention of top managements. Budget preparation is low and due to this it massively affected: the staff's motivation level to meet the target, scarcity of information on the current market price in forecasting, lack of communication and coordination between departments to use common limited resources including human resource which led to activities overlapping.

Finance department shared budgeted versus actual reports on the monthly bases and performance review meetings held every time. Although review meetings were held regularly, concerned staffs who are supposed to engage in implementation have not been participating. This would affect the level of transparency in identifying gap and accountability. The very purpose of holding review meetings on a regular basis should have enabled to challenge underlying budget assumptions, estimation techniques, and put coordinated efforts for the achievements of objectives but the accounting system is not supportive enough to get interim reports as need.

Budget revision has been conducted semiannually or annually, and it is mainly based on the donor agreement. These organizations provide detail justification to pursue sponsoring agencies. Repetitively revision of budget implies weak budget preparation and control, and these organizations should focus on the preparation to reduce back and forth and to get better image in the eyes of donors. The organization followed different procedures in revision of different budgets revisions.

The organization faced various types of deviations while implementing projects. Based on the analyzed data, the researcher concludes that the main reason for variance is the week effort in budget control process. Most of the participants agreed that there is huge gap in the preparation and monitoring of budgets.

It is reported that due to underspending of delays in implementing activities, no cost extensions have been requested several times. And some costs have been rejected due to overspending of funds above the limited level.

In addition to budget control related factors, other external factors like foreign exchange rate fluctuations in the market, new donors and projects requirement, and problems related to government and other stakeholders have contributed for ineffectiveness regarding utilization.

NGOs executed several internal rules, regulations, policies, and procedures in maintaining proper financial management practices. To establish consistent management of budgets and funds, the organization prepare financial/budget manual. Consistently following organizational rules and regulation, helps to establish efficient operations and contributes a lot to meet the intended objectives. The manual in this organization is not traceable by staffs, thus the tendency to comply to budget and financial policies and procedures might be affected due to this.

All payments were authorized before effecting payments as budget holder uses the reports that has been shared at the beginning of the month to make related decision. The appropriateness of the figures in the report directly affected the spending limit. Also, due to lack of accounting and finance knowledge of program manager, it is exhibited that they could not easily understand what the finance section provided for them. This also has affected them to comply to accounting policies.

Capacity development trainings in relation to budget and financial management have not been provided for staffs who are participating in budget and financial management areas.

Effective fund utilizations can be maintained through proper implementation of budget. Good performance of budget utilization ensured trustworthiness. Therefore, to improve financial utilization and performance of NGOs budget control should be implemented properly. The budget should be reliable enough and accepted by all staffs who are involved in the implementation. Budget should be reliable enough and a great deal of attention should be given by top managements. According to the above analysis, participating staffs and using current market price in forecasting costs are essential in casting a budget. It is also concluded that communicating the approved budget formally for all subunits facilitates project implementation as per the scheduled time frame. And to make effective decision, budget versus actual reports should be up to date and accurate. When performance review meetings conducted, all concerned staffs should be participated and there should be accountability for variances.

5.4. Recommendation

The following recommendations are suggested to AMREF Ethiopia and other NGOs.

To improve efficiency in term of financial/fund utilization and management, these organizations need to follow organizational rules and regulations consistently. Therefore, these organizations need to have financial budget manual that is accessible for all units and departments.

The organization expected to meet the objective of spending per approved limit, purpose, and time frame. Staffs engaged in implementation of projects need to be motivated enough through encouraging them to participate in budget preparation actively. Participating concerned staffs will also enhance the quality of budget, increase communication and coordination between departments which help to eliminate overlapping of activities, and effectively utilized limited resources.

Capacity building trainings in relation to budget management need to provide for staffs who are engaged in budget management. It would improve the quality of budget control and motivate employees.

Regular review of projects performance is a good trend as it enables to challenge underlying budget assumptions, estimation techniques, and put coordinated efforts for the achievements of objectives. Having participated concerned staffs in review meetings, NGOs can be helpful to identify the real gap and build a sense of responsiveness and accountability.

The accounting system need to be supportive to generate budget versus actual reports as needed. This helps to make effective decisions by budget holders and other users. Before authorizing payments, budget holders should understand the report shared by the finance department. To improve the capacity of program staff's knowledge in finance, short term trainings should be given.

In NGOs, budget control and management contribute a lot in effective utilization of funds despite other external factors. It is recommended that top managers need to give an emphasis in every stages and aspects of budget management. In doing so, NGO's can possess donors' credibility and accountability in eyes on several stakeholders. Finally, Growth, viability, and sustainability of the organization would maintain.

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APPENDIX 1:

Interview and FGD Guide

A: GENERAL QUESTION

1. How many projects are running by the organization currently, and who are the major donners? What is the average allowed actual vs budget variance most donners are willing to accept?
2. Does the organization have other source of income or only depend on donor funding?
3. Does senior managers check the grant condition are reasonable before signing agreement
4. Is there a signed grant agreement in place for each grant? Do program staffs and finance staffs have enough knowledge about each donner requirements, budgeting, and financial management?
5. Is there a clear organogram shows authority and responsibility for preparation, approval and monitoring of budgets?
6. Is there an approved policies and procedures manual in place which is relevant to the organization, and well known by staffs?
7. What time dimensions does your overall organization Budget Cover
8. What is your approximate annual budget revenue?
9. In previous period is there a significant cost rejection by donners? what were the courses?
10. What are the budget types prepared in your organizations?

B: BUDGETING

B.1. PLANNING (Participatory, flexible,

1. Do both physical and financial targets established. and all supports, and program staffs work to achieve these common goals.
2. Budget helps to see things a head so to understand the organizations well, before starting budget preparation, the organization have a trend to perform SWOT analysis?
3. In developing budget, the role of other units in providing accurate or realistic information, based on valid assumptions, and knowledge, so do they participate actively?
4. Do project plans and budgets of project activities are done by competent personnel's who have better knowledge of budgeting?
5. is there a room for flexibility in budgeting?
6. Do budget worksheet include explanatory notes and clear calculation?
7. Is there a separate procurement plan? plan for overheads for each project?

B.2: MONITORING AND CONTROL. (System support, coordination between departments…)

1. To enable meaningful monitoring of actual performance, does budgets prepared for all activities in enough detail?
2. Do finance staffs and budget holders have meetings regularly to review performance? In what interval?
3. Do you have Budget policies to check on spending? (other than award document)
4. Do budget holders have up to date financial reports, do the system generate variance report as needed?
5. The costs of activities are always reviewed by the budget holders before spending.
6. Do budget monitoring reports include explanations and comments about difference?

B.3: COMMUNICATION & COORDINATION

1. Does lower level managers and other employees have access to the planes/budgets sated by top managers through proper channel of communication.

2. Do budget serves as a vehicle through which the actions of the different parts in your organization can be brought together into a common plan.

B.5: MOTIVATION & PERFORMANCE EVALUATION

1. Does the budget system allow participation of all staffs? so that they will motivate to attain it.

2. Do manager 's and employee 's performance is often evaluated by measuring his or her success in meeting the budgets in your organization.

3. Do the management team reviews regularly the implementation of budgetary control measures in the organization?

C. ACTUAL Vs BUDGET COMPARSION (Accountability, managing variance & use as Lesson for future budgeting.)

1. Do budget performance evaluation reports are prepared regularly? .(how often)
2. Do budget deviations from the budget targets are frequently reported are reported to budget committee/Executives? (how often)
3. When significant deviation occurs detail, explanation provide for managements which explaining why the variance has occurred and what has being done to manage it. Including evaluation of original planning assumptions. (who, why, when?)
4. Managers always take timely corrective actions when adverse variances are reported.
5. Do one period reasons for the variances used to solve for future discrepancies?

6. Do budget holders and finances take formal reviews of consolidated variance information on a regular basis so that it enables them to understand and improve underlying budget assumptions and estimation techniques.

D. BUDGET REVISION

1. How frequent budget revision is done?
2. What are the possible reasons for budget revision in your organization?
3. What procedures are followed in budget revision?

E. FINANCIAL MANAGEMENT PROCEUDER

1. What procedures do your organization followed in spending funds?
2. How do you rate the use of budget as a tool to control spending?
3. Before spending do budget holders, authorized it?
4. How supportive is the financial system? What is it like knowledge of finance staffs?
5. Do all costs properly charge from the appropriate cost center? Are they reviewed immediately? Do account section staffs have detail codes for all cost centers and budget line?
6. Do budget holders has accurate and reliable information about available balance to authorize documents
7. How do you describe the collaboration between fiancé staffs and program staffs so that attain best performance?
8. Do spending properly charged from appropriate cost centers and budget lines properly? common costs?
9. How do you rate the level of financial performance of projects in the organization?
10. Do donors receive financial reports in the right format and on time?

11. Do senior managers review financial reports before sending to donors?
12. Does Donor financial and narrative reports are consistent and clearly linked each other?
13. Do donor funds are kept for the activities they are meant for and never borrowed for other activities?
14. Do the board (senior managers) reviews financial reports? In what interval?
15. Financial reports are used to help decision making?

G. What are Possible causes of budget variance?

G.1. What are the Possible reasons of spending not to align with the budget?

G.2. Possible Couse for variance, cost rejection?

H. How performance can be improved through budget control?

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					Q7		Q8	Q9	Q10	Q11				
		Description	**Total Budget Cost (GBP)**	**Rev Budget (GBP) Nov,2017**	**Jan to Mar 2017**	**DNC**	**Apr-June 2017**	**July-Sep 2017**	**Oct to Dec 2017**	**Jan to Mar 2018**	**Total utilized YTD**	**% UTILIZED**	**Remaning**	**% REMAN**
7.1	CHA02A01	Business development Manager(AMREF) - 10%	1,356	1,359							1359	99.98%	0	**0.02%**
7.3	CHA02A06	Project Officer (AMREF) - 100%	28,731	26,528	4027		3919	3905	1,178.37		26544	100.06%	- 16	**-0.06%**
7.6	CHA02A02	Prject Manager (AMREF) - 20%	9,468	14,397					459.02	1619	12475			
7.7	CHA02A07	Accompanier (3) (AMREF) - 100%	36,323	37,350	8178		6528	1530	2,344.85	1685	38098	102.00%	- 748	**-2.00%**
7.8	CHA02A03	Project Accountant - (AMREF) - 10%	3,580	3,855	453		325	106		388	3861	100.15%	- 6	**-0.15%**
7.9	CHA02A04	Procurement offuicer (AMREF) - 50%	2,195	2,060	710						2060			
7.10	CHA02A05	Deputy Countr Director (AMREF) - 5%	2,586	4,686						1056	3642			
7.14	CHA02A09	Driver 100%	3,637	5,311				1157	1,613.12	1231	4001	75.33%	1,310	**24.67%**
7.11	CHA02A09	Assitant Accountant (AMREF)- 100%	4,216	4,956	2729		3138				6197	125.03%	- 1,241	**-25.03%**
7.12	CHA02A08	M&E Officer (AMREF)-10%	812	1,105	394					540	1051			
8.2	CHA02B01	Desktop (1)- AMREF	768	767							773	100.78%	- 6	**-0.78%**
8.4	CHA02B02	Communication (AMREF)	3,543	3,701	898		672	577	268.82	307	3669			
8.5	CHA02B03	Motorbike fuel for accompaniers (AMREF)	2,000	2,508			150	912	58.99	441	1908	76.09%	600	**23.91%**
8.6	CHA02B04	Table (AMREF)	326	326							326	99.93%	0	**0.07%**
8.7	CHA02B05	Chairs (AMREF)	369	369							369			
8.8	CHA02B06	Camera (AMREF)	90	90							90			
8.9	CHA02F01	Smart phone for Health Workers (AMREF)	4,009	4,040							4040	100.00%	0	**0.00%**
8.10	CHA02F02	Automatic Weather forcast station (AMREF)	40,947	41,950	455					2336	43286	103.19%	- 1,336	**-3.19%**
8.21	CHA02F05	Fencing Cost for AWS (AMREF)	18,452	17,166			16997		137.61		17166			
8.11	CHA02F03	Laboratory equipment (AMREF)	17,015	22,261	14401		3387			3042	21302			
8.12	CHA02F04	Health facility improvement/ Emrgency stocks (AMREF)	28,560	28,560							28559	100.00%	1	**0.00%**
8.13	CHA02B07	Office rental service(AMREF)	3,731	6,274	277		2848			1220	5239	83.51%	1,035	**16.49%**
8.16	CHA02E01	Office materials for partners (AMREF)	1,601	1,621					58.41		1665	102.70%	- 44	**-2.70%**
8.17	CHA02E02	based HIS) (AMREF)	12,473	12,473							12474	100.01%	- 1	**-0.01%**

9.1	CHA02C01	Project evaluation (AMREF)	2,267	2,188				174	154.00	863	1191			
9.2	CHA02C02	Quarterly monitoring (AMREF)	1,500	2,352	90				131.97	1329	1656	70.42%	696	**29.58%**
9.3	CHA02G01	Quality assurance (AMREF)	5,000	4,931			0	4894			4894	99.25%	37	**0.75%**
9.5	CHA02G02	Monitoring costs of NMA- (AMREF)	7,505	8,199			1210	2175	3,011.97	1918	8629			
9.6	CHA02G03	Monitoring costs of FMOH (AMREF)	15,978	15,940	1987		4562	2869	720.69	2062	16400	102.89%	- 460	**-2.89%**
10.2	CHA02H01	IEC BCC materials (AMREF)	3,734	5,395	2			700	869.82	302	4834	89.60%	561	**10.40%**
11.1	CHA02H03	Kick-off workshop materials (AMREF)								816	816			
11.2	CHA02H03	Kick off workshop - participants costs (AMREF)	4,834	4,980				139			4971			
11.3	CHA02H03	Kick off workshop - venue expenses (AMREF)									0		-	
11.4	CHA02H03	Regional workshop - transport (AMREF)		18,000							0	0.00%	18,000	**100.00%**
12.1	CHA02J01	Establish baseline information / data , Community hazard mapping and Model development (AMREF)	38,758	38,821	12036			52			48826	125.77%	- 10,005	**-25.77%**
12.2	CHA02J01	GIS / remote sensory training (AMREF)	52	54				52			52			
12.3	CHA02K02	Ministry of Health, UN coordination (AMREF)	968	1,732	381			9	24.67	664	1711			
12.5	CHA02K04	Knowledge learning forums (AMREF)	12,317	13,583	1911		52	12090	361.22	1765	17850	131.41%	- 4,267	**-31.41%**
12.6	CHA02K05	Training of community health workers (AMREF)	16,678	17,182	1833		1853	162	275.78	5	16637			
12.7	CHA02K06	Training on web-based HIS database (AMREF)	6,962	7,467	189		805	4748	274.59	1167	7409			
12.7	CHA02K06	Training on web-based HIS database (AMREF)	6,962	7,467	189		805	4748	274.59	1167	7409			
12.8	CHA02K07	Training of health workers on preparedness (AMREF)	18,511	18,929	8167		1070	1516	705.71	863	19641	103.76%	- 712	**-3.76%**
12.9	CHA02K08	(AMREF)	-	243			243				243	100.20%	- 0	**-0.20%**
12.10	CHA02K09	Outbreak investigation / surveillance (AMREF)	12,947	12,104	590		8470	11	7.24	669	11900			
12.11	CHA02L01	Participation in World Health campaigns (AMREF)	6,144	5,384	709		2959	732	857.58		6225			
12.12	CHA02L02	Case study / documentary (travel, subsistence & research) (AMREF)	7,833	317				6	4,102.94	311	4420	1394.35%	- 103	**-32.52%**
12.13											0		-	
13.1		Model development (AMREF)									0			
	CHA02D01	Amref 19%	*29,974*	*32,923*	*5,220*		*5367*	4890	*1,222.68*	*1605*	32801	99.63%	122	**0.37%**
		Audit costs	1,800	1,800							0			
			420,549	**444,037**	**59,679**	-	**64,554**	**38,218**	**18,840**	**28,204**	**436,074**	98.21%	7,963	**1.79%**