



ADDIS ABABA UNIVERSITY
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DEPARTMENT OF ACCOUNTING AND FINANCE
GRADUATE STUDIES

**ASSESSMENT OF BUDGET PREPARATION AND UTILIZATION IN
THE CASE OF WORLD VISION ETHIOPIA**

**A RESEARCH PROPOSAL SUBMITTED TO THE DEPARTMENT OF
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LIST OF ABBREVIATIONS AND ACRONYMS

ADPs	Area Development Programs
AOP	Annual Operations Plan
ETB	Ethiopian Birr
FDRE	Federal Democratic Republic of Ethiopia
G.C.	Gregorian Calendar
ICMA	Institution of Cost and Management Accountant
INGOs	International Non-Governmental Organizations
MoE	Ministry of Education
MWA	Millennium Water Alliance
NGOs	Non-Governmental Organizations
SD	Standard Deviation
SPSS	Statistical Package for Social Science
WASH	Water Supply, Sanitation and Hygiene
WVE	World Vision Ethiopia
ZBB	Zero-Base Budgeting

ABSTRACT

The purpose of this study was to assess budget preparation and budget utilization in World Vision Ethiopia. The study focused on budget preparation, challenges in budget implementation, budgetary monitoring and control and utilization activities undertaken during the project cycle periods. The analyst employed a cross-sectional descriptive study design and also a combination of quantitative and quantitative research approach was used to collect and analyze primary data. In order to collect primary data a survey instrument was adapted from different business literatures and by using stratified and purposive sampling techniques 122 questionnaires were distributed to management, supervisory, finance and program/project coordinator staffs of World Vision Ethiopia and only 116 questionnaires were fully filled and returned with a 95.1% response rate. The survey data were analyzed through descriptive statistics, using SPSS version 21. Budget performance reports, financial accounts, and manuals were also used to gather secondary data. The study finding revealed that the overall budget preparation and utilization practice in the organization have faced the inability of user department to utilize the allocated budgets effectively and new projects or donors having different budgeting guidelines and come with new set of rules which take time to learn, resulted underutilization of budget. So the study recommended that the organization should have a strong monitoring and control of budget by implementing variance analysis regularly and also building a strong audit system and provides training on budgeting to their staffs.

Key Words: Budget Preparation, Utilization, Challenges, Budget Monitoring and Control

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

A budget is the formal representation of management's plans, goals, and objectives for a specific time period, and it covers all elements of operations. A budget is a financial plan that is used to manage future operations and outcomes. It is measured in terms of money, units, pounds, hours, and manpower, among other things. It is required in order to function successfully and efficiently (Drury, 2011).

Maintaining fiscal discipline, allocating resources in accordance with policy priorities, and efficiently delivering services, or 'value for money,' are the three goals of a good budget. Budgets should be detailed, transparent, and achievable (Horngren et al., 2014). The process of establishing and deciding on a budget is a way of transforming the organization's overarching goals into detailed, actionable strategies. Because budget preparation and budget utilization entail identifying public needs and determining the quality of products and services to meet those needs, well-argued and developed plans and programs are required (Horngren et al., 2014).

According to Drury (2011), the budgeting process allows subordinates to participate in planning and performance measurement, which has previously been viewed as a top-down procedure. The budget is usually developed by the organization's senior and experienced personnel. They should be able to take responsibility for all aspects of a project's finances. Managers compare budgets to actual performance during the time to discover favorable and unfavorable deviations so that corrective action can be taken. This assists managers in understanding why actual results differ from expected performance and assisting them in making planning and control decisions for project execution to produce outputs and meet objectives (Shim & Siegel, 2005).

Non-Governmental Organizations (NGOs) have strengthened their involvement in local economic development and other interventions to meet community needs in Ethiopia over the last two decades.

World Vision is an international relief and development organization that was started in 1950 and now operates in over 100 countries throughout the world. Its first relief intervention was in Ethiopia in 1971, and it opened its first office in 1975. After a decade of relief, rehabilitation, and small-scale community development initiatives, the organization created a new integrated development model that resulted in the founding of Area Development Programs (ADPs) in the 1990s to assure empowerment and transformative change. ADPs are long-term development projects (often lasting 10 to 15 years) aimed at providing child-centered, community-based sustainable development. After 2006, World Vision Ethiopia joined the Millennium Water Alliance (MWA), an international nongovernmental organization (INGOs) that specializes in rural and semi-urban water delivery, hygiene, education, environmental protection, and sanitation development (WVE, 2020). World Vision Ethiopia operates in 67 ADPs, which are supervised by eight program offices spread across seven regional states and one municipal administration. Amhara, Oromiya, Tigray, SNNPR, Afar, Benshangul Gumuz, Somali, and the Addis Ababa City Administration are among them (WVE, 2020).

The World Vision Ethiopia vision states that “For every child, life in all its fullness”. Our wish for every heart is for the will to make it so.” In the five-year national strategy from 2015 to 2020, the goal is to contribute to the well-being of more than 3.5 million disadvantaged children. ADPs combine monies from individually sponsored children in a given area (usually a cluster of villages) to fund community development projects that address poverty's core causes. World Vision Ethiopia also works in the areas of WASH (Water, Sanitation, and Hygiene), Environmental Rehabilitation, Education, Health, Nutrition, and Sponsorship of the Poor, Children, and People with Disabilities (WVE, 2020).

Because World Vision Ethiopia is one of the largest international non-governmental organizations (NGOs) working on a holistic development approach for the community, it necessitates proper resource allocation, budgeting, and implementation plans, as well as fundamental management and internal control systems. Accountability to donors' requirements, as well as compliance with government regulations and proclamations, is another area where budget development and implementation should be focused. Hence, the purpose of this study is to assess budget preparation and utilization in World Vision Ethiopia. Thus, this study reviewed the budgeting process used in World Vision Ethiopia and examines the effect on utilization to provide extensive understanding.

1.2. Statement of the Problem

A budget is a tool that managers use to plan and regulate the use of finite resources. A budget is a plan that lays out the company's objectives and how management intends to acquire and distribute resources to achieve those objectives (Horngren et al., 2014). If an organization fails to develop an acceptable budget, it will suffer additional losses due to an unequal distribution of resources among sectors. To address community concerns such as health, education, livelihood, agriculture, and so on, a realistic and implementable strategy is required (Shim & Siegel, 2005). Financial resources will continue to be the most important factor in achieving organizational policy goals and objectives. To ensure that all plans are properly converted with a budget, a budget must be prepared and adhered to in order to achieve the objectives (Shim & Siegel, 2005).

Meseret (2016) performed research and came to the conclusion that NGOs should create a good budgeting process that takes a long-term view, establishes links to organizational goals, focuses budget decisions on results and outcomes, and supports effective communication with stakeholders. Managers in non-profit organizations should learn about variations because they can help them understand why actual outcomes differ from expected results, which can help them make better planning and control decisions.

Kimani (2014) discovered that relief non-governmental organizations face a number of budgeting challenges, including the inability to achieve the required value of new businesses, acquisition and maintenance cost management, time constraints, a desire for comfort budgets, a lack of continuity in the committee, budgeting team competence levels, and budget non-adherence. Kimani (2014) also mentioned some difficulties, such as non-achievement of the main top line income earners, cost fluctuations or inflation on costs, lack of or poor participation, poor exercise coordination, measurement of some factors is difficult (estimations), it is inflexible to changes/adjustments at times, and it is also costly as a control/monitoring tool.

Changes in project staff or budget implementers can have an impact on budget accomplishments; user departments may have a tendency to stick to budget processes; budgets may include unattainable targets or standards at times; foreign exchange rate fluctuations in the market can make it difficult for organizations to affect their budgets; and insufficient funds

allocated to departments can make it difficult for organizations to affect their budgets. Finally, budget preparation, budgetary management, and budget execution all have a substantial impact on budget variation in save the children international Ethiopia (Meseret, 2016).

According to Yesuf (2015), an organization's measurement and assessment system is based on financial audits and department reports. However, the organization did not employ other types of methodologies to monitor and assess budget performance, such as separate, operating, and revenue performance, as a result, budget evaluation did not provide particular feedback for budget use.

Most of the studies done so far look into various aspects of budget preparation and implementation, focusing on either Federal Ministries in Ethiopia or state-owned enterprises that provide public services, such as the Ministry of Education (MoE), Ethio Telecom, Electric Power, Ministry of National Defense of Ethiopia, and others, such as Assefa (2010); Aliyi (2011); Andargie et al. (2011); Garedew (2018); Dejene and Konsole (2021) and others. However, there are just a few studies related to budgeting and utilization in Ethiopian NGOs, including **Meseret** (2016) which was on assessing budget preparation and budget utilization of save the children international Ethiopia focused on budget preparation, monitoring and utilization activities undertaken during the project cycle periods. and **Yesuf** (2015), evaluate the effect of budgeting and budget monitoring practice in NGOs operating in Ethiopia which focused on budget development, monitoring and implementation activities undertaken during the project cycle periods.

Therefore, as there has been no previous research to assess factors that influence budget preparation and utilization in World Vision Ethiopia. This study fills a clear research need, as there is no record that, to the best of the researcher's knowledge, reports any investigation on the possible issues that may obstruct the preparation and use of budgeting in World Vision Ethiopia.

Furthermore, because NGOs play a significant role in the economic development of developing nations, special attention should be devoted to their budget planning and use in order to achieve the intended socioeconomic outcomes. Many NGOs find it difficult to implement their budgets because they are asked to provide predictions that account for unforeseen demands during the preparation of budget proposals, or costs are projected but fluctuate dramatically over time. In

the example of World Vision Ethiopia, this study attempted to investigate the budget preparation and implementation and offer strategies for improvement to increase the efficiency and effectiveness of budget use in order to fulfill the organization's objectives.

1.3. Research Questions

Specifically, the study was designed to address the following basic questions:

- a. What are the budget preparation practices in World Vision Ethiopia?
- b. What are the budget utilization practices in World Vision Ethiopia?
- c. What are the challenges in the implementation of budget in World Vision Ethiopia?
- d. What are the budgetary monitoring and controlling systems of World Vision Ethiopia?
- e. What is the allocation of budget and variation against its implementation looks like in the past four years in World Vision Ethiopia?

1.4. Objectives of the Study

1.4.1. General Objective of the Study

The general objective of this study was to assess budget preparation and budget utilization in World Vision Ethiopia. Besides this research tried to identify and assess the major causes of budgeting and budget utilization challenges, those hinder to achieve the objectives of the organization.

1.4.2. Specific Objectives of the Study

The study has the following specific objectives:

- a. To examine budget preparation practices of World Vision Ethiopia.
- b. To assess budget utilization practices of World Vision Ethiopia.
- c. To identify the challenges in the implementation of budget in World Vision Ethiopia.
- d. To assess the budgetary monitoring and controlling systems of World Vision Ethiopia

1.5. Significance of the Study

This study would be basically examining the present budgeting and utilization practices and suggestions improvement area for budget implementation for the higher organization performance within the future. The paper puts forward viable recommendations for decision makers to review the prevailing framework or guidelines which influence the budgeting and implementation process. It also provides useful information to the stakeholders; donors,

communities and government to know their rolls of budget preparation and utilization in World Vision Ethiopia and to contribute their input in guideline formulation and participation towards the advance of budgeting and budget performance. This study lays the inspiration for other researchers who want to conduct further related studies.

1.6. Scope of the Study

The scope of this study was limited at World Vision Ethiopia, to explore major factor affecting effective budget preparation and utilization of the organization. The geographical location of the study was delimited to assess budget and budget performance world vision Ethiopia, head office located: AMCE-Bole Road, Bole Sub-City, Kebele 11 House Number 518 in Addis Ababa. The time horizon of the study covered by this research had been limited to assess the last four years budget utilization of World Vision Ethiopia covering from 2017 up to 2020 G.C. Conceptually the study focused on assessment of budget preparation and utilization in World Vision Ethiopia (by including budget preparation processes, challenges in budget implementation, budgetary monitoring and control, budget utilization and also variances in take into account the last three years).

The primary data for the study was collected from individual Management Staffs, Supervision Staffs, Finance Staffs and Program/Project Coordinator Staffs of World Vision Ethiopia a structured questionnaire. The sample respondents would be selected from the organizational structure of the organization by using purposive and representative sampling technique. The researcher employed only quantitative and qualitative approach to accommodate the analysis of the info. the first data obtained through a structured questionnaire would be analyzed quantitatively. and also the survey results would be presented through descriptive statistics using IBM SPSS statistics software version 21 employing frequency, mean, variance results. Also, secondary data was considered from the financial reports of World Vision Ethiopia to test the variances in allow the last three years. Therefore, any of the analysis and finding of this research confined only to the chosen case study area. The results and conclusions during this finding might not be valid to places outside of the case study area.

1.7. Organization of the Study

The research was divided into five sections: The first chapter includes an introduction section that covers the following topics: the background of the research, the statement of the problem,

the research objectives, the research questions, the significance of the investigation, the scope of the study, and the organization of the study. Chapter two: incorporates review of literature part and focuses on: theoretical review of Budget Preparation and Utilization and empirical review pertinent to this study. Chapter three: incorporates methodology part and focuses on: description of the study area, data type and source, research design, sampling design and sample determination, methods of information analysis and definition and operationalization of variables. Chapter four: incorporates presentation, analysis and interpretation of knowledge. And at last Chapter five: incorporates the summary of findings, conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

This chapter discusses the concepts of budget, budget planning, and budget utilization, as well as important theoretical and empirical literature. Scholars and academics who are experts in the field compile all of the available information.

2.1. Theoretical Literatures Review

2.2.1. Definition of Budget

The term “budget” comes from the French word “baguette,” which meaning “little bag.” In the United Kingdom, it referred to the leather bag in which the Chancellor of the Exchequer delivered the government's demands and finances to parliament (Quick & New, 2001). Of course, the definition of the term has evolved from the days when a country's resources were considered the king's personal property, as has the political evolution from absolute monarchy to constitutional governments. The approval of the budget (the “power of the purse”) is the main form of parliamentary oversight on the executive in most countries today, including a majority of African countries, with public money spent exclusively in accordance with the law (Shah & Von, 2007). Today, budget is used to denote a broader concept that has been defined in a variety of ways by various authors.

Frederick (2001) describes a budget as a measurable and time-bound plan. Furthermore, Drury (2011) defines a budget as a plan articulated in quantitative, generally monetary terms, spanning a specified period of time, usually one year, in other words, a budget is a methodical plan for the use of personnel and material resources. A budget in a business organization is an estimate of anticipated expenses and income. According to Horngren et al. (2014), a budget is a quantitative description of management's proposed plan of action for a given period, as well as a tool for coordinating what needs to be done to put that plan into action. Budgets, according to Falk (1994), are financial representations of a country's long-term plan. It explains how and where the organization will spend money, as well as where the funds will come from to cover these costs.

Budget is defined by the Institute of Cost and Management Accountants (ICMA) as a financial or quantitative statement made and approved prior to a specific period of time of the policy to

be pursued during the period for the goal of achieving a given aim. Income, expenditure, and employment capital may all be included.

A budget is a financial plan that is used to manage future operations and outcomes. It is measured in terms of money, units, pounds, hours, and manpower, among other things. It is required in order to function successfully and efficiently. When budgeting is done correctly, it can lead to methodical and productive management. Budgeting improves management and communication while also motivating personnel (Shim & Siegel, 2005).

2.2.2. Budget Preparation

Before becoming legislation and an economic tool, the budget goes through a series of steps. In the drafting of a periodic budget, all centers, programs, and administrative units of an institution participate in the process. It refers to the entire set of processes that a budget goes through before becoming a document. Identification and establishing of developmental goals are the most important aspects of budget preparation. That is, it entails determining budgetary priorities and strategies in light of the development plan (Horngren et al., 2014).

Budget planning and preparation are essential for effective expense control in any firm. Organization expenditure management systems require four types of fiscal and financial discipline to be fully effective: control of aggregate expenditure to ensure affordability; effective means for achieving a resource allocation that reflects expenditure policy priorities; efficient delivery of organization services (productive efficiency) (Reck & Lowensohn, 2016).

A good budgeting process clarifies corporate objectives, allocates resources, offers feedback, and inspires personnel. Budget guides, budget forms, and formal procedures should all be used to standardize the budgeting process. The budgeting process and planning are made easier by software, Program Evaluation and Review Technique (PERT), and Gantt charts. The budget schedule must be adhered to. If the budget is rushed, it's possible that unreasonable goals will be set (Shim & Siegel, 2005).

An organization's budgeting process should meet its needs, be consistent with its organizational structure, and account for human resources. The budgeting process establishes goals and policies, sets limitations, identifies resource requirements, assesses specific requirements, allows for flexibility, incorporates assumptions, and takes into account constraints. The budgeting process should include a thorough examination of the organization's

existing state. As the operations become more sophisticated, the procedure takes longer. A budget is created based on previous experience as well as changes in the present environment (Shim & Siegel, 2005).

The six steps in the budgeting process, as described by Shim and Siegel (2005), are: (1) setting objectives, (2) analyzing available resources, (3) negotiating to estimate budget components, (4) coordinating and reviewing components, (5) obtaining final approval, and (6) disseminating the approved budget.

A budget committee should go over each segment's budget estimates, offer recommendations, change budgeted figures as necessary, and approve or disapprove the budget. If an issue with acquiring financial data emerges, the committee should be ready for advice. The committee can also bring disparate budget preparers and users together (Reck & Lowensohn, 2016).

All levels of the organization must work together to make the budgeting process a success. The budget, for example, will fail if top management or operations management do not support it. The objectives, rewards, actions, and procedures for budgeting must be appropriately trained and supervised. Sufficient supervision is required (Reck & Lowensohn, 2016).

The projected volume of sales or services, which is a critical component that determines the degree of activity for a period, is usually the first step in the formulation of a comprehensive budget. In other circumstances, production capacity, labor supply, or raw material availability may be the limiting factor in sales. Production costs and operating expenses can be estimated if sales are forecasted. The length of the budgeting period varies by industry, but it should be lengthy enough to cover the entire season, production, inventory turnover, and financial activity. Other factors to consider include the product or service to be provided, as well as regulatory restrictions (Shim & Siegel, 2005).

The budget parameters developed by top management are handed down through the organization at various levels. Managers at all levels can make changes and provide more information to their subordinates. The plans for objects within their control are prepared by managers at each level (Reck & Lowensohn, 2016).

2.2.2.1. Characteristics of a Good Budget Preparation Process

Budgeting, as a method of preparing budgets, have various qualities, according to Gregory (2005). The following are the most important traits, among others. (1) Budgeting is a detailed Business Plan that outlines the company's objectives. (2) Budgeting is done ahead of time. (3) Budgeting is done for a specific time period. (4) It is quantified, either in physical or monetary terms, or both. (5) Budgeting is used to attain a specific goal. (6) Budgeting necessitates the use of a crucial accounting system. And, in order for a budget to be effective, it must have a system of authority and responsibility in place.

Overall, a budget is created to ensure that resources are used effectively and that objectives are met as efficiently as feasible. Planning, coordination, and control are the crucial major duties of management to reach the anticipated targets, which are accomplished through budgeting and budgetary control (Gregory, 2005).

Gregory (2005) identifies the qualities of a successful budget. According to him, a good budget has the following characteristics: (1) Participation: Involve as many people as possible in budgeting; (2) Coverage – encompass the entire organization; (3) Performance Criteria – based on established performance standards; (4) Flexibility – provides for changing conditions; (5) Feedback - keep an eye on your performance at all times. (6) Cost and revenue analysis - this can be broken down by product line, department, or cost center.

2.2.2.2. Benefits of Budget

Organizations have paid increased attention to the economic management of resources in the current economic climate, where competition is fierce, and the use of budgets as tools for monetary management at the organizational level has increased. As a result, the budget is the most important tool in carrying out any task successfully. It's also the method via which a company's management translates its mission statements into action and numbers. So, continuing to come up with any economic activity is a necessary part of the success of these activities, whereas failing to come up with any economic entity's activity would detach from encompassing reality, and wherever continuing to come up with any activities during a laissez-faire economy conditions guarantees the survival of these activities (Kpedor, 2020).

According to Anthony and Govindarajan (2014), budgets may be utilized for a variety of purposes by both management and donors; some of the budget's benefits for both donors and management include:

- The budget will give direction and coordination, allowing corporate ambitions to become a reality;
- Budget will assist in assigning responsibilities to budding entrepreneurs;
- Budget will assist in forecasting income and expenses for projects, including the timing and availability of income (such as additional grant funds);
- Budget will assist in forecasting income and expenses for projects, including the timing and availability of income (such as additional grant funds);
- Budget will assist in forecasting income and expenses for projects, including the timing and availability of income (such as additional grant funds);
- Budget represents the framework for assessing performance with the indicated parameters that the company needs to realize in order to achieve the objectives;
- Budget helps to provide leadership through exception because if the budget is well-designed, management needs to know other sources of funds for the work;
- Budget represents the framework for assessing performance with the indicated parameters that the company needs to realize in order to achieve the objectives;
- Budget helps to provide leadership through exception because if the budget is well-designed, management needs to know other sources of funds for the work;

2.2.2.3. Budgeting Techniques

According to Lewis (2012), in the process of preparing a proposed budget, there are two basic ways for building a budget in non-governmental organizations: incremental and zero-base budgeting.

A. Incremental Budgeting

This method based the given year's budget on the preceding year's actual, or budgeted, data, with inflation and known changes in activity levels taken into account. It has the benefit of being straightforward and quick to execute. It's best for organizations with consistent activity and resource levels from year to year. This method does not foster new ideas and may even

exacerbate existing inefficiencies. It's also more difficult to convince contributors of the data's accuracy because the initial computations may have been forgotten.

B. Zero-Based Budgeting (ZBB)

This method begins with a blank sheet with a zero base. Budgeting on a zero-base assumes no prior experience and begins with next year's goals and activities. All resource requirements must have a solid fiscal rationale, according to ZBB. This procedure may be appropriate for organizations going through a period of fast transition, as well as those, such as NGOs, whose income is based on activity and will be implemented during project periods. Because they are based on the details of anticipated activities, zero-based budgets are more accurate for non-government organizations budgeting. Managers have a lot more work to do with this method than with incremental budgeting.

Activity-Based Budgeting

Activity-based budgeting is a type of Zero-base budgeting that is commonly utilized in the NGO sector to develop project budgets and is preferred by many donors. ABB is a way of budgeting that uses cost driver data in the budgeting and variance feedback processes and is based on an activity framework. ABB, according to Lucey (2002), is a planning and control system that aims to foster continuous improvement. It is based on the activity analysis technique and is a development of the traditional budgeting system. ABB locates cost drivers and groups them into cost pools. ABB is based on the assumption that activities generate costs, and that the goal is to control the causes (drivers) of costs rather than the expenses themselves. Costs will be handled and better understood in the long run, and because not all activities generate value, it is critical to distinguish and assess activities for their value-adding potential.

C. Top Down or Bottom up Approach

“A budget is a financial plan that is linked to the organization's activities. It is critical that people who will be in charge of budget monitoring and project implementation are involved in the budget preparation process. If this is not done, the budget will undoubtedly be less accurate, and the staff will be less likely to understand the need of spending within budget during the implementation process in order to minimize deviations or meet fund-raising goals” (Lewis, 2012). Budgeting is classified as either "bottom up" or "top down," with "bottom up" budgeting involving operations personnel and "top down" budgeting involving senior management

imposing budgets. When preparing budget proposals for different donors, many non-government groups use a combination of top down and bottom up tactics.

2.2.2.4. Good Practice in Budgeting

According to Lewis (2012), excellent budgeting practice has the following features that enable an organization's budgeting process and implementation to be successful.

A. Clarity

Different people will need to utilize the budget for different purposes; they should be able to grasp it and change it as needed without needing any further explanation than what is set down. The importance of clarity and accuracy cannot be overstated. As a result, it's critical to maintain track of budgeting assumptions and how calculations were performed during budget preparation.

B. Timetable

Because there are multiple steps to establishing a budget before it can be submitted to the governing body for approval, it's a good idea to create a budgeting timeline and start the process early. Depending on the size of the business and the method used to develop the budget, this could be up to six months before the fiscal year begins.

C. Budget Headings

It's critical to pay attention to the organization chart of accounts while creating or revising a budget for the first time. Because budget line items show in the books of account and on management reports, this is the case. It will be easier to prepare monitoring reports during the project implementation periods if the budget items and accounting records are consistent. Designing a budget Preparation Sheet for your firm, which will serve as a document and prompt workers to include all necessary charges, is one method to achieve uniformity. In a typical year, it will detail all of the major types of income and spending that a project or department might have. Non-government groups, in addition to their own format, use a variety of donor budget formats depending on the requirements for submitting budget proposals.

D. Estimating Costs

When calculating costs, it's critical to substantiate your calculations. Do not be tempted to just take last year's budget and add a percentage number on top for inflation and other budget-raising elements, even if you utilize the incremental technique of budgeting. While the budget from the previous year may be useful as a starting point, it may also be misleading and contain historical mistakes. One of the most effective methods is to make a list of all the required inputs and describe the number and unit cost of each item to get a summarized budget for each line item that is easy to amend if units or costs change.

E. Contingencies

Avoid the habit of adding a "bottom line" percentage to the overall budget for contingency charges. Donors, on the whole, dislike seeing this, and it isn't a particularly accurate means of determining a budget. It is preferable to determine and include a fair and adequate contingency amount for relevant items in the budget. It's tough to justify and track a percentage added to the bottom of a budget during implementation.

F. Forgotten Costs

In the world of non-government organizations, there is a propensity to underestimate the true costs of maintaining a project in order to avoid losing funding from various sponsors. Staff costs, project launch costs, vehicle operating costs, equipment maintenance costs, and audit charges should all be included in the budget for the project's implementation.

2.2.2.5. The Role and Purposes of Budgeting

Individuals, departments, and entire organizations can function within a budgeting framework. Individuals and departments are encouraged to look ahead and plan using a standardized agenda, which can help them communicate their goals more effectively. Creating and collating several budgets can aid in employee coordination and motivation. Budgets also provide a controlled focus for evaluating the numerous parts of a firm (Drury, 2019). Budgets should be constructed to satisfy the following purposes, according to Drury (2019):

A. Planning

Because of day-to-day constraints and operational obstacles, managers may be inclined to forego planning for future operations. The budgeting planning process ensures that managers prepare for future operations and analyze how conditions may change in the coming year and what actions they should take now to address these changes.

B. Coordination

This pulls together many aspects of the budget, which are then resolved into a single plan. Budgets are created for the advantage of the business or the stakeholders, not for the benefit of the individuals participating in the process. As a result, if managers are left to their own devices, they may make decisions that are counter to the company's overall goals.

C. Communication

Everyone involved in the budgeting process must be aware of their contribution to the entity's financial plan's success. This will ensure that everyone is held accountable for the budget's implementation. This will also aid in the coordination of all budget efforts to ensure the plan's smooth implementation.

D. Motivation

The budget serves as a benchmark against which managers will assess their performance. If they consistently fulfill their goals, they may be inspired to set a greater goal. If budgets are imposed from on high and imposed on those who must carry out the plan, workers will be less motivated and may rebel. It can also be used to influence management behavior and motivate managers to operate in accordance with the organization's goals.

E. Control

Planned and actual actions can be compared so that attention can be focused on determining the causes of the variances. Managers may be able to detect inefficiencies such as the purchasing of lesser quality materials by researching the reasons behind the variances. When the causes of inefficiencies are identified, appropriate control measures will be implemented.

F. Performance Evaluation

Even if you are not evaluated by your superior, as a manager, you will want to analyze your own performance. However, performance is frequently assessed by comparing a manager's performance to a budget, with the capacity to meet the targets resulting in a promotion or

bonus. As a result, the budget is a very important tool for telling managers about how effectively they are reaching targets that they helped set previously.

Budgets are little more than calculations if they aren't utilized. When an organization creates a budget, it does it as part of a budgetary control system. The controls are some fundamental notions about what the entity wishes to accomplish. It creates budgets to aid in the implementation of those concepts, and once that is completed, budgetary controls check to verify if expenditures are on track.

2.2.3. Budget Utilization

Budget utilization, according to Tommasi (2007), is the phase in which resources are employed to implement budget policies. 'A properly-formulated budget can be implemented poorly, but a badly formulated budget cannot be implemented well,' he said. The importance of good budget planning cannot be overstated.'

Budget utilization success is determined by factors such as the organizations' ability to deal with changes in the macroeconomic environment and their implementation capacities, as well as assurance of effective expenditure control, resolving problems that arise during implementation, and efficiently managing the purchase and use of resources (Allen & Tommasi, 2001).

Not only should the budget utilization system ensure correct aggregate expenditure control, but it should also assure effective and efficient resource usage in accordance with budget priorities. In order to minimize conflicts between these goals, its approach should be well-balanced (Allen & Tommasi, 2001).

2.2.3.1. Over and Underutilization of Budget

Budget over utilization can be caused by budget managers' failure to adhere to the budget's spending constraints while committing expenditures, as well as shortcomings in budget preparation (Allen and Tommasi, 2001). As they indicated, payments received through unusual procedures are not always reconciled with appropriations in some organizations, and are thus a major source of overruns. Strengthening the audit and reporting systems, as well as assuring the effectiveness of the fundamental budget use controls, can help to address noncompliance.

On the other side, Allen and Tommasi (2001) stated that the official budget, particularly non-wages spending items, is underutilized in a number of organizations. This does not necessarily imply that these organizations have good financial management. Under-spending of the official budget may coexist with huge amounts of off-budget spending in some organizations with inadequate governance.

According to Allen and Tommasi (2001), in most cases, underutilization and overutilization are caused by insufficient budgeting and program planning. Budget modifications during budget implementation and a process known as "repetitive budgeting" may result from an overstated budget and incorrect revenue estimates. Some of the factors that affect resource allocation and use include poor planning and budgeting, no links between policymaking, poor expenditure control, little relationship between budget as formulated and budget as implemented, inadequate accounting systems, unreliability in the flow of budgeted funds to agencies and lower levels of government, and poor cash management (Tommasi, 2007).

2.2.3.2. Causes of Deviations between Budgeted and Actual Expenditure

According to Omitoogun and Hutchful (2006), there are variety of reasons why actual expenditure in any sector differs from the amounts approved at the beginning of the twelvemonth. The causes of deviations can change over time. a number of the foremost common causes are variances in aggregate expenditure, reallocation of funds during budget implementation, policy changes throughout the year, problems implementing policies, programs, and projects, and a scarcity of economic discipline.

According to Lewis (2012), the most reasons for variances between budgeted and actual expenditures are a scarcity of coordinated purchasing effort, an absence of consistency and delay in purchase processes, incapacitated budget staff in terms of skill and knowledge in each respective budget office, and a scarcity of data by management at each level to judge the budget utilization status.

2.2.4. Budget Control

Budget control is a management strategy used to track actual performance and verify that budgeted requirements are reached (Kpedor, 2020). It comprises a cycle of planning and control that is usually followed by suitable information about actual results to management for comparison with budgeted results and, if necessary, control action (Defranco, 1997).

According to Okapnachi and Muhammed (2013), a lack of effective budgetary control leads to a disdain for established procedures, a loss of concentration, and sloppy activity coordination, all of which can cripple an organization. To put it another way, if real performance is not regulated, it will deviate from planned performance, and the company will fail to meet its goals. It is simple to meet the planned budget targets if the organization has budgetary management.

2.2.4.1. Benefits of Budget Controls

According to Scarlett (2008), budget controls are the principles, procedures, and practices for achieving certain goals through budgets. Budget control aids in determining the organization's overall goals and coordinating efforts to attain them. It allows businesses to save money. Preetabh (2010) cited profit maximization as an advantage of budgetary control; budgetary control strives to maximize profits for an organization by appropriate planning and coordination of various operations, proper control over various capital and revenue expenditures, and optimal use of resources. Coordination is done by the collaboration of several departments and sectors. Different divisions inside a company have an effect on one another, according to Tommasi (2007), needing the collaboration of diverse executives and subordinates in order to fulfill financial goals. Other financial benefits, according to Preetabh (2010), include: specific time targets; top management decides on strategies, programs, and goals. Every effort is made to fulfill the organization's common aim, and each department has its own set of objectives to meet. The efforts are focused on obtaining specified objectives. If there is no clear goal, time and effort will be wasted pursuing other goals.

Budgetary constraints, according to Margah (2005), are vital instruments for an organization. This is due to the fact that it enables for budgeting and hence facilitates methodical spending. Finances are put to the best possible use, benefiting both business and the national economy. This cuts down on the waste of national resources. A budgetary control could aid in identifying organizational flaws. According to Merika (2008), the differences between budgeted and actual performance will allow weak spots to be identified. This allows a company to focus on areas where performance falls short of expectations. When there is a mismatch in performance, the management also takes corrective action measures.

According to Shields and Young (1993), the budget serves as a detector of differences between organizational goals and performance, and is an important component of the overall idea of effective budgetary performance. Budgets forecast future financial performance, allowing you to assess the financial sustainability of a strategy. This process is formalized in most firms by generating annual budgets and tracking performance against those budgets (Silva & Jayamaha, 2012).

Budgets specify the number, timing, and amount of resources required, as well as the financial implications of company plans (Shields & Young, 1993). They set benchmarks by comparing actual results to budgeted objectives and, if necessary, implementing corrective actions (Sharma, 2012). Employee behavior and decisions are influenced by budgets because they translate company objectives and provide a benchmark against which to measure success. According to Hancock (2009), operational planning is the backbone of management. A budget enables the establishment of a goal and a performance standard, followed by a comparison of actual results to the created standard. It necessitates that those engaged look forward rather than backward (Hope & Fraser, 2013).

Adequate control is critical for every organization, whether it is privately held or owned by the government, all over the world. This is because budgeting will be nearly hard to monitor if the organization's resources are not properly managed. The idea of control outlines the government's and industry's responsibilities in providing social and fundamental services to residents. It implies that government-owned industries are a fundamental concept of control over the limited resources they are tasked with managing (Robinson, 2009).

According to Shields and Young (1993), non-governmental organizations should supply residents with both resources and jobs in order to achieve the stated goals. This means that NGOs' funders, board members, and employees share joint responsibility for ensuring accurate accounting processes and timely budgetary execution and appropriations through the establishment of effective management controls and instructions. According to this view, NGOs must live up to their obligations of creating standards, effective control mechanisms, and acceptable accounting methods. Non-government organizations do not need unethical people serving as outside controls since an ineffective control system in any organization can have a detrimental impact on the organization's sustainability, resources, and performance.

2.2.5. Managing and Monitoring Budget Utilization

According to Tommasi (2007), there should be a division of responsibility for budget utilization, budget appropriation management rules and budget amendments, other budget-related special concerns, and budget execution monitoring. At the same time, budget execution encompasses both policy implementation activities and budget administration chores. These functions are carried out by both central agencies (the ministry of finance, the ministry of planning in a dual budgeting system, and the prime minister's office) and expenditure agencies. The division of budget management tasks should be based on the agencies' distinct areas of duty and accountability.

Budget monitoring is the ongoing activity of ensuring that the action plan is carried out in terms of expenditures and revenues. Budget monitoring, according to Merika (2008), guarantees that resources are utilized for their intended purposes and that they are correctly accounted for to internal and external bodies. This is to ensure that resources are used economically, effectively, and efficiently, as well as the discovery of prospective possibilities, problems, and remedial action.' Although the budget holder is ultimately responsible for budget monitoring, they may transfer power to other members of staff as sub budget holders. The frequency of budget monitoring is determined by the needs of each budget holder. The budget holder or authorized delegate should monitor the budget at a frequency that is comfortable for them in order to feel satisfied that they are in charge of the budget and on track to meet the goals. The procedure should be continuous and able to be executed on demand and as close to real time as possible.

Budget holders keep track of actual results and compare them to approved budgets in order to guide current and future decision-making and hold management accountable. According to Reck and Lowensohn (2016), key processes for effectively managing approved budgets include:

- Monitoring and reporting against internal budgets: on a consistent and regular basis to assess whether targets are being met, to guide decision-making, and to enforce accountability;
- Revising budgets: through a controlled and coordinated process that maintains clear lines of accountability between departments;

- Reviewing and improving internal budget processes by monitoring the accuracy and timeliness of budget setting processes to identify areas for improvement; and •
- Forecasting to manage gaps between budget estimates and actual results to quickly identify and respond to changes in the external environment or internal activities.

Budget holders analyze the extent to which budget estimates match actual results in order to assess budget performance. This aids in financial control and identifying areas where change is needed. All managers are responsible for ensuring budget correctness. Managers must be given relevant, timely, and reliable information according to their level of responsibility in order to effectively oversee budget performance. Managers must also offer clear and consistent feedback regarding the underlying causes and effects of budget variances, as well as planned measures to manage variations for which they are responsible, in a timely manner (Tommasi, 2007).

2.2.6. NGOs Budgeting

According to Shapiro (2001), a budget in NGOs can be a thorough long-term plan that lays out in formal, measurable terms how resources will be acquired and spent over a specific period of time. Furthermore, a budget increases sustainability by assisting management in making the most effective and efficient use of the organization's limited resources. Furthermore, Funds for NGOs Grants or Budget, in simple terms, refers to a document in which the organization specifies the proportion of money it will receive to spend (in other words, spending), particularly if the organization has received grants. Budgets can also include cash that the organization goes to get or income in some circumstances, such as in enterprises. The latter is critical for all NGOs now because managing any organization, including an NGO, entails not only spending but also determining how expenditures are paid and money is saved for other purposes (Lewis, 2012).

The budget guarantees that revenues surpass expenses in commercial enterprises, resulting in a profit. The budget guarantees that revenues are available to sustain programming and services for the membership of not-for-profit organizations (Claussen, 2012). Most importantly, Chelkeba (2011) has emphasized that budgets are generally more important to not-for-profit organizations than to commercial enterprises because a not-for-profit organization's budget may be a blueprint of how it expects to use its limited resources to further its programmatic

mission, whereas a billboard organization's budget may anticipate a profit increase. On the other hand, if a non-profit organization fails to meet its planned expectations by a significant margin, it may face substantial financial challenges (Chelkeba, 2011). According to Chelkeba (2011), knowing how the budget is used as a means of monetary management requires linking actual financial results to the annual budgets that are established by the vast majority of not-for-profit organizations.

Lewis (2012) stated that there are many functions of budgeting within the NGO sector. He listed the following as the most important functions:

- **Planning** - When planning a replacement project, a budget is necessary so that management can develop an accurate estimate of the project's cost. This enables them to determine whether they require the finances to complete the project and whether they are making the most efficient use of the funds they have available.
- **Fundraising** - The budget can be a crucial aspect of any donation negotiations. The budget spells forth exactly what the NGO will do with a grant, including how the money will be spent and what outcomes will be achieved.
- **Project Implementation** - Once the project has begun, an accurate budget is essential to keep it on track. The comparison of actual expenditures to anticipated costs is the most significant instrument for ongoing monitoring. This is frequently impossible without a precise budget. Because plans can change, it will be necessary to revisit the budget once the project has begun.
- **Monitoring and Evaluation** - After the project is completed, the budget is used to assess the project's success. It aids in answering the question, “Did the project accomplish what it set out to accomplish?”

There are different challenges faced by organizations in budgeting and implementation. The most common challenges are:

- Unrealistic budget preparation
- Poor budget execution
- Unanticipated negative events
- New Financial accounting system.
- Huge donor compliance and Government regulations

2.2. Empirical Literature Review

Yesuf (2015) conducted research on budgeting and budget monitoring practices in Ethiopian NGOs. The study's goal was to clarify budgeting processes and budget monitoring techniques in non-profit organizations. Budget monitoring and variance analysis should be done on a regular basis in accordance with the monthly close of the monetary system to match budget versus expenditure by budget holders and finance who are responsible for managing the project budget and activities with clear justification and action points, according to the researcher. The researcher also suggested that, in order to ensure the integrity of various departments during the project implementation process, non-governmental organizations should hold regular grant review meetings with various departments such as program, finance, logistics, and human resource to ensure smooth communication and timely delivery of outputs as planned.

Garedew (2018) investigated the problems and opportunities of budget development and implementation in a Kaffa zone finance bureau. A total of 94 employees were chosen as the population, and secondary data from the previous five years was collected, as well as primary data via a self-administered questionnaire and a semi-structured interview. There were also qualitative and quantitative methodologies applied. The descriptive and empirical models were used to analyze all of the data collected. And the findings revealed that while the budget preparation procedure in Kaffa zone was good, the budget usage practice was not. When comparing the recurrent and capital budgets, the recurrent budget has a reasonable usage rate, whereas the capital budget has an inefficient rate. The findings also revealed that contractor capacity, auditing system, and shifting funds from planned to unanticipated activities all have a substantial impact on budget utilization, however staff capacity and Inland Revenue collection have no significant impact. Budget utilization performance should be more focused on capital budget rather than recurrent budget, according to the study. Strong laws and societal participation are required to protect capital project delays and poor quality. Finally, in the Kaffa zone, focusing on a planned program, a solid auditing system, re-structuring planning, and the construction and design department are the most significant mechanisms for overcoming budget usage issues.

Kathungu (2016) looked into the impact of budget usage on county government financial performance in Kenya. The study targeted 700 county staff members involved in budgeting and tax collection in Kenya, with a 10% participation rate. The data was collected via a structured questionnaire, as well as secondary data from approved audit reports from the Office of the Auditor General covering the years 2013 to 2015. The data was analyzed using descriptive statistics, and the data was regressed using SPSS to show the variable results in the accepted regression model for analysis. The findings were presented in the form of tables, with the impact of the variables clearly described. The study found that joint budget utilization, which includes the Budgeted County Expenditure to Budgeted County Revenues, Actual County Expenditures to Actual County Revenues, and County Resources to the County Poverty Index, had a beneficial impact on county financial performance. According to the Kathungu (2016), a correctly organized budget composition should include professionals who can provide insight into proper budgeting inclusions and consultations, as well as a periodic update of the county capital structure and how to maximize the input of donations and grants advanced.

Meseret (2016) did a study titled “Assessment of Save the Children International Ethiopia's Budget Preparation and Budget Utilization.” During the project cycle periods, the study focused on budget preparation, monitoring, and utilization activities. The descriptive design and census method were utilized to identify respondents in order to meet the thesis's goals. The example organization's managers were contacted to identify the key personnel involved in the budgeting process. Out of 50 employees selected by the organization's managers, 44 were chosen as respondents from the program, finance, and grant management departments. Respondents were given a self-administered questionnaire. Budget performance reports, financial accounts, and manuals were also used to gather secondary data. According to the findings, the organization's entire budget planning and utilization method did not include the input of concerned employees. Staff participation in budget planning aids in the achievement of budget objectives such as: collaboration, communication and motivation in the process of obtaining the desired level of performance. As a result, the researcher suggested that the business include concerned employees in budget planning, budget monitoring, and budget utilization.

Geletaw (2017) investigated the determinants of budget control in public organizations in the case of Benishangul Gumiz Regional State, identifying which elements had the most impact on budget control. The impact of the budget planning process, management support, competent internal audit staff, organizational commitment, budget monitoring and evaluation, information and communication, and cost reduction on public organizations' budget control was examined and answered, and the results were used to determine what remedial action public organizations should take to overcome their lack of internal control. Mulugeta (2017) did a study on the evaluation of public budget allocation processes in the context of the SNNPRS's BOFED. Mulugeta (2017) describes his research as focusing on finding solutions to some research problems, such as participation and transparency in SNNPRS, BOFED fund distribution methods.

In the case of Save the Children International Ethiopia Office, Selamawit (2020) did a study on the Assessment of Budgetary Controlling System. The important information was obtained via self-administered questionnaires, and the researcher employed a descriptive study design and quantitative research approach. Respondents were given a total of 50 questionnaires, and 46 of them were completed. For data analysis and presentation of research findings, SPSS was utilized, as well as descriptive narrations. Save the Children uses a participative approach throughout budget creation and budget monitoring, according to the research. SCI has a sufficient amount of procedures and rules for budget creation, monitoring, and implementation activities. However, the investigation discovered flaws in the establishment of budgets and detailed implementation plans, such as a lack of personnel expertise and abilities. Based on the discovered gap, the researcher suggested that the company provide suitable training to equip those employees with the information they need to be prepared for budget development and monitoring.

Tilahun (2010) studied budget management and control with a focus on the ministry of national defense. His research revealed that the only way to obtain, assess, and analyze publicly available data on the budget management and control of the Ethiopian Defense Ministry was to obtain, assess, and analyze publicly available data. Another study, conducted by Ketema (2015), looked at the budget preparation and utilization at the Addis Ababa City Administration Health Bureau and found that there is no budget accountability due to a lack of adequate and skilled budget experts.

Ashebir (2016) did a study on public expenditure management with a focus on resource use, using Benishangul Gumuz Regional State as a case study. Ashebir (2016) stated in his study, emerging countries are characterized by inefficient resource utilization. Furthermore, the needs of people' development, quality service, and rising cost have created a barrier to increased resources. As a result, the Benishangul Gumuz Regional State's poor expenditure management leads to inefficient resource exploitation of finite resources.

Abera (2014) did a study to analyze the existing practice of budgeting and educational money use in Shashemene's public secondary schools. To choose respondents, the study used a descriptive survey method, quantitative and qualitative methodologies, as well as purposive and random sampling techniques. The findings of the study revealed that in addition to government-allocated funds, schools have other sources of revenue such as internal revenues, community contributions, and NGO help. The key factors in allocating budget were the standard unit cost per student and the budget used the previous year, and the amount of budget allocated to implement the education plan was deemed to be insufficient. The findings of the study demonstrated that the level of transparency and accountability in budget processes, as well as the efficacy and efficiency of financial utilization, were mostly good. Lack of a forum, budget delays, a lack of block grant funding, financial management training, internal audit and control, and restrictions on the usage of financial materials and rules and standards were all mentioned as issues.

In the example of Negelle Borena Town (NBT) Municipality, Dejene and Konsole (2021) conducted an examination of budget preparation, utilization, and evaluation. A total of 94 respondents were picked from nine out of seventeen budget holders, with 10 key informants chosen from each budget holder. In addition, five budget experts and five more finance budget specialists were involved in the collection of primary data via a structured questionnaire. More qualitative evaluations show that there was no accountability in budget utilization and that no market-based cost estimation practice existed. Another factor that contributes to the development of the difficulties is the lack of adequate and skilled budget experts, as well as the lack of an evidence-based review mechanism for budget use at each level of the budget holder. As a result, in order to improve budget preparation and use in the NBT Municipality, it is necessary to take any necessary and corrective actions in the coming years.

2.3. Summary and Gap of Literature Review

Many experts have claimed that budgetary preparation and utilization are key drivers of non-governmental organization performance (Okapnachi and Muhammed, 2013; Margah, 2005 and Kpedor, 2012). According to research, there is no one-size-fits-all method to budgeting that works for all firms. Instead, the suitability of a specific approach is argued to be dependent on a business's size, strategy, and structure, as well as management's perception of the uncertainty of the environment in which the business operates, in order to best link its budgetary control procedures, which include planning, evaluation, monitoring, and control.

The majority of empirical research undertaken in Ethiopia and the other nations listed above are budget-related studies in various sectors of their corporate organizations, with only a few studies conducted in NGOs. In the instance of World Vision Ethiopia, no researches on budget preparation and budget utilization have been undertaken. As a result, this study identified a gap and attempted to close it by doing this research.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the methodologies that were used for the study. It explains the research design. Details about the population, sample and sampling techniques and the research instruments that were used in collecting data for the study as well as the data collection methods and data analysis plan was given.

3.1. Description of the Study Area

World Vision Ethiopia (WVE) is a Christian humanitarian organization working in several parts of the country on a transformational development program that is holistic, community-based, child-centered, sustainable, and environmentally conscious. WVE began its work in the country in 1971 by assisting with relief efforts. Since 1990, WVE has been conducting the Area Development Program (ADP), which brings together a number of disparate sponsorship and rehabilitation efforts. An ADP is a holistic development concept that connects a defined geographical entity with a strategy of leveraging various sources of finance to fulfill stated development goals and holistic transformational development of people and their environment. ADP is a geographically defined physical entity that usually corresponds to administrative units (Woreda Boundary) (WVE, 2020).

WVE worked in 66 ADPs (63 rural and 3 urban) over 80 Woredas in seven Ethiopian Regional States: Oromia, Addis Ababa City Administration, Amhara, Tigray, Afar, Benishangul Gumuz, and SNNPs. All ADPs are executing integrated development programs to achieve livelihood security at the household level in conjunction with community and government. WVE implemented the integrated development programs components that included Education; Food Security; Health; HIV and AIDS; Water and Sanitation & Hygiene and Sponsorship Management (WVE, 2020).

The Annual Operations Plan (AOP)/DIP document of each WVE ADP is normally used to guide the ADP's annual successes. Improved Household Access to Education Services, Increased Household Agricultural Production/Food Security at the Household Level, Improved Household Access to Health Services, Improved Control and Prevention of HIV & AIDS,

Promotion of Water and Sanitation/Hygiene, and Support for Household Economic Developments are all included in the plan document (WVE, 2020).

3.2. Research Design

A research design is a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings (Saunders et al., 2009). The research design for this study would be descriptive study design to explore the assessment of Budget Preparation and Utilization in Case of World Vision Ethiopia. The research approach of this study was both qualitative and quantitative research approaches for conducting the research because the overall strength of the study would be greater when both qualitative and quantitative research approaches are used (Creswell, 2009). A mixed approach or a combination of quantitative and qualitative research approach is used when more than one data collection technique is used with associated analysis techniques (Saunders et al., 2009). For instance in this study questionnaires were used to collect quantitative data and analyzing these data using statistical (quantitative) procedures and secondary data of financial recorders was used to collect qualitative data and analyzing these data using non-numerical (qualitative) procedures.

3.3. Data Type and Source

To achieve the objective of the study both primary and secondary sources of data were used. The primary data was collected from the employees of World Vision Ethiopia located at the Addis Ababa branch office by using questionnaires. Secondary sources of data such as books, academic journals, report manual of organization, research reports and record data by concerned relevant offices and unpublished documents were collected for supporting the primary data sources. A secondary source of data was used in this study in order to acquire basic data regarding plans, regulations, reports and directions in the study area and also to check the budget variances for the last four years.

3.4. Target Population of the Study

The total population of this study is all 498 employees of World Vision Ethiopia, Addis Ababa Head Office and Program Offices staffs. But the target population of this study contains 175 employees who are directly involved in the budgeting preparation process of the organization, the rest 323 staffs were supportive staffs and do not have direct involvement in the budgeting

preparation process. The lists of employees who are involved in the budgeting preparation process and their functional position in the organization are shown in Table 3.1 below:

Table 3.1: Target Population of the Study

No	Functional Position of the Employee	Population Size in Each Functional Position
1	Management Staffs	15
2	Supervisory Staffs	45
3	Finance Staff	40
4	Program/Project Coordinator Staff	75
Total		175

Source: WVE (2020)

3.5. Sample Design and Sampling Techniques

3.5.1. Sample Design

In designing the sample of the research study taken considerations for the need to make inferences from the sample of the population in order to answer the research questions and also meet the research objectives. As the data from human resource indicated the World Vision Ethiopia, Addis Ababa Head Office and Program Offices staff constituted 498 employees, from these employees 175 were selected by using purposive sampling techniques because they are World Vision Ethiopia staffs and managers who are directly involved in the budgeting preparation process, and the remaining 323 staffs were not directly involved in the budgeting preparation process and their jobs are guards, janitors and others.

For selecting a representative sample, a finite population sample formula of Yemaneh (1967) is used for the study as follows:

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

Where:

n = the required sample size: (?)

N = the target population (total number of employees)

e = value for selected alpha level of 0.05 = 1.96 (the alpha level of 0.05 indicates the level of risk the researcher is willing to take that true margin of error may exceed the acceptable margin of error.)

$$\mathbf{n} = \frac{\mathbf{175}}{\mathbf{1 + 175(0.05)^2}} = \frac{\mathbf{175}}{\mathbf{1.4375}} \approx \mathbf{122}$$

Therefore, n = 122 were taken as a sample size for the study.

After identifying the sample size using the above equation the researcher allocated the estimated sample size to each stratum in the study to maximize the predictive power of the sample size. One method is proportional allocation. Thus the proportional allocation is done using the Kothari (2004) formula as follows:

$$N_h = \frac{nN_1}{N}$$

Where:

N_h = Proportional sample to the strata

n = Sample size determined using the formula provided by (Yemaneh, 1967)

N₁ = Total number of population in each strata

N = Target population

Table 3.2: Sample Size Determination for each Stratum

Name of Each Strata	Total No. of Population in each Strata	Proportional size
Management Staffs	15	$N_h = \frac{122 \times 15}{175} \approx 11$
Supervisory Staffs	45	$N_h = \frac{122 \times 45}{175} \approx 31$
Finance Staff	40	$N_h = \frac{122 \times 40}{175} \approx 28$
Program/Project Coordinator Staff	75	$N_h = \frac{122 \times 75}{175} \approx 52$
Total	175	122

Source: WVE (2020)

As shown in the above Table 3.2 there are 122 respondents from the managers, supervisors, finance staffs and Program/Project Coordinator Staff selected as sample respondents.

3.5.2. Sampling Techniques

The researcher used both stratified sampling and purposive sampling techniques to answer the research questions and to comprehend the research objectives. A stratified sampling technique was preferred because it's accustomed assist in minimizing bias when managing those populations who are heterogeneous in nature. With this method, the sampling frame is also organized into relatively homogeneous groups (strata) before selecting elements for the sample. According to Hair et al. (2010), proportional sampling technique increases the probability that the last word sample are visiting be representative in terms of the stratified groups. Four strata's were created, these are: stratum 1 = Management Staffs, stratum 2 = Supervisory Staffs, stratum 3 = Finance Staffs and stratum 4 = Program/Project Coordinator Staff. The purposive sampling technique was accustomed to select appropriate sample from the population or folks that are directly involved within the budgeting preparation process and management of the program of the study area.

3.6. Methods of Data Collection

Self-administered questionnaires were the main data collection instrument used in this study. Most of the questions in the questionnaire were developed from the review of related literature and composed of statements addressing each of the study variables. The questionnaires were distributed to 122 selected respondents of WVE staffs and managers. The questionnaires contain close-ended questions and translated into the Amharic language to get the required primary data from respondents. A close-ended question makes ease for the respondents to respond. To make it easier for respondents to answer the questionnaire further, a five-point Likert scale measurement was introduced in the questionnaire to request respondents to indicate their level of agreement with the following ratings: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1).

The questionnaires that were distributed to the respondents were organized in to six parts; Part I of the questionnaire contains demographic characteristics of the respondents (i.e. gender, age, level of educations, experience and functional position), while Part II contains basic questions related to on budgets, Part III contains questions related to factors determining budget preparation, Part IV contains Questions Related to Budgetary Monitoring and Control, Part V contains questions related to budgetary monitoring and control, finally Part VI contains questions related to budget utilization and general comments on the topic at hand.

3.7. Methods of Data Analysis

The data collected through the questionnaires were analyzed through descriptive statistics that involves frequency distribution, percentages, tabulation, bar chart and/or pie charts by using SPSS (Statistical Package for Social Science) version 21. For this study, descriptive statistics was chosen because of its simplicity and clarity to draw inferences. The close-ended questionnaires data were analyzed quantitatively while the secondary data obtained through document review are interpreted qualitatively and summarized in line with respective theme against the background of the research questions and objectives.

3.8. Ethical Considerations

According to Mugenda & Mugenda (2003), a researcher must adhere to the principle of voluntary consent, which requires respondents to agree to participate in research voluntarily. Informed permission should be based on information such as the goal of the research project,

the researcher's identity, and any potential advantages. Mugenda and Mugenda (2003) notes that participation in research is voluntary and subjects are at liberty to withdraw from the study at any time without any consequences. The researcher communicated this to the respondents before the start of the study. The researcher trained assistants to ensure that all respondents fully understood all the details pertaining to the study. No respondents were forced to take part in the study but it was done voluntarily.

Plagiarism, according to Creswell (2009), is when you pass off someone else's work as your own by claiming credit for something that was done by someone else. It's when you take another person's ideas and use them as if they were your own. All work borrowed from other scholars was acknowledged to the best of my ability.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

This chapter presents the results of the investigation by the researcher based on the methodology stated in chapter three. It includes the general background of the respondents and detailed discussion of the five specific objectives and analysis of descriptive statistics through IBM SPSS version 21. Before running any analysis, tests were carried out in order to test whether the results were reliable, or internal consistency of the overall factors of Budget Preparation and Utilization dimensions was checked through Cronbach alpha and also the validity was tested using the content validity. The findings of the study were also discussed in a relation to the literature review.

4.1. Questionnaire Response Rate

In the study, a total of 122 questionnaires were issued of which 116 were successfully filled, returned and taken as valid samples.

Table 4.1: Questionnaire Response Rate

Questionnaires Issued	Returned	Percentage of Return Rate
122	116	95.1%

Source: Survey Data (2021)

According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60% good and above 70% rated very good. This implies that basing on this assertion; the response rate in this case of 95.1% was very good as shown in Table 4.1 above.

4.2. Reliability and Validity Assessment Results

Reliability is the level at which the data gathering methods used in the study compare to the expected results. Measurement of reliability essentially provides a measure on the consistency of the variables under consideration. The Cronbach's Alpha test was used to assess the data reliability against the explanatory variables as displayed in Table 4.2 below. The Cronbach's Alpha Statistics for the explanatory variables surpassed the recommended threshold of 0.7 (Hair et al., 2010), for all variables involved. This signifies that data collected was consistent and reliable for the study. Moreover, validity refers to the legitimacy of an inquiry (Creswell, 2009). Specifically, it refers to the idea of determining if the data collections instruments are

true estimate of what they should enumerate. The researcher with the approval of her supervisor was concerned with content validity by essentially looking at the substance of information gathering instruments to find out if they were legitimate. Also, to obtain content validity, the researcher adapted the approaches suggested by Cooper and Schindler (2011); that is, identifying existing scales from the relevant literature.

Table 4.2: Reliability Analysis Results

Variables	Number of Items	Cronbach Alpha
Budget Preparation	9	0.913
Challenges in Budget Implementation	11	0.938
Budgetary Monitoring and Control	10	0.926
Budget Utilization	6	0.881

Source: Survey Data (2021)

4.3. Demographic Characteristics of the Respondents

The demographic characteristics of the respondents encompass gender, age, educational level, total service year within the current organization and functional position of the respondents in the organization. Frequency and percentage of respondents were presented below in Table 4.3.

Analysis of the demographic characteristics of the respondents presented in Table 4.3 below shows that gender wise 84(72.4%) of respondents were male and the remaining 32(27.6%) were female. On the other hand, as displayed in the Table 4.3 below, the majority of the respondents or 55(47.4%) aged between 41 and 50 years, followed by 42(36.2%) of the respondents age exist between 31 and 40 years, 14(12.1%) of the respondents age exist between 20 and 30 years, and lastly 5(4.3%) of the respondents aged above 50 years. This indicated that the majority of the respondents included in this study are male and aged between 41 and 50 years.

Regarding educational background of the respondents as shown in Table 4.3 below, the majority or 66(56.9%) of the respondents were first degree holders, followed by 36(31.0%) of the respondents have educational qualification of master's degree and above, and lastly 14(12.1%) of the respondents were diploma holders. This result explains the study has got a proper input from well-educated staffs and managers of World Vision Ethiopia.

Table 4.3: Demographic Characteristics of the Respondents

No	Indicators	Category	Frequency	Percent
1	Gender	Male	84	72.4%
		Female	32	27.6%
Total			116	100.0%
2	Age	Between 20 and 30 years	14	12.1%
		Between 31 and 40 years	42	36.2%
		Between 41 and 50 years	55	47.4%
		Above 50 years	5	4.3%
Total			116	100.0%
3	Educational Level	Diploma	14	12.1%
		First degree	66	56.9%
		Master's degree and above	36	31.0%
Total			116	100.0%
4	What is your functional position?	Management Staff	10	8.6%
		Supervision Staff	30	25.9%
		Finance Staff	26	22.4%
		Program/Project Coordinator Staff	50	43.1%
Total			116	100.0%
5	Total service year within the current organization	Less than 2 years	19	16.4%
		Between 3 and 5 years	41	35.3%
		Between 6 and 10 years	55	47.4%
		Above 10 years	1	0.9%
Total			116	100.0%

Source: Survey Data (2021)

Concerning the functional position of the respondents as indicated in Table 4.3 above, the majority or 50(43.1%) of the respondents were Program/Project Coordinator Staffs, followed by 30(25.9%) of the respondents worked as Supervisory Staffs, followed by 26(22.4%) of the respondents were finance staffs and lastly, 10(8.6%) of the respondents were senior managers.

This result indicates that the majority of the respondents included in this study were Program/Project Coordinator Staffs.

Table 4.3 above also showed that work experience of the respondents in the current NGO from the data, greater portion of the respondents with 55(47.4%) have work experience between 6 and 10 years while 41(35.3%) have work experience between 3 to 5 years and the rest 19(16.4%) and 1(0.9%) have served less than 2 years and above 10 years respectively. This indicates that the study has relied on experienced employees of World Vision Ethiopia. This helps to get relevant answer from the staffs that have experience in budget preparation and project budget utilization that is used as an input to answer the research questions.

4.4. General Information on Budgets

This section presents the general information on budget in World Vision Ethiopia and include information concerning: the time dimension the budget covers, the appropriateness of time duration to prepare a budget, who are involved in budgeting process and who makes the final decision on budget proposals in World Vision Ethiopia.

As shown in Table 4.4 below, the majority or 71(61.2%) of the respondents indicated that the World Vision Ethiopia budget covered a time dimension of one year, followed by 38(32.8%) of the respondents indicated that the World Vision Ethiopia budget covered a time dimension of more than one year. And the rest 4(3.4%) and 3(2.6%) of the respondents indicated that the World Vision Ethiopia budget covered a time dimension 6 months and 3 months respectively. This indicates that the time dimension of the budget in World Vision Ethiopia is dependent on the implementation of projects periods. It can be short term or long term.

Table 4.4 below also indicated that the majority of the respondents or 98(84.5%) of the respondents indicated that in World Vision Ethiopia budget process takes appropriate time duration to prepare and the rest 18(15.5%) of the respondents responded otherwise. This indicated that World Vision Ethiopia took appropriate time duration to prepare its budget. As shown in Table 4.4 below the majority of the respondents or 95(81.9%) of the respondents indicated that top management, board of directors, budget committee and finance managers were involved in budgeting process. But 8(6.9%) of the respondents indicated that only top management were involved in budgeting process. The rest 6(5.2%), 4(3.4%) and 3(2.6%) of the respondents responded only board of directors, finance managers and budget committee

were involved in budgeting process respectively. This result indicated that in the budgeting process of World Vision Ethiopia that top management, board of directors, budget committee and finance managers were involved.

Table 4.4: General Information on Budgets

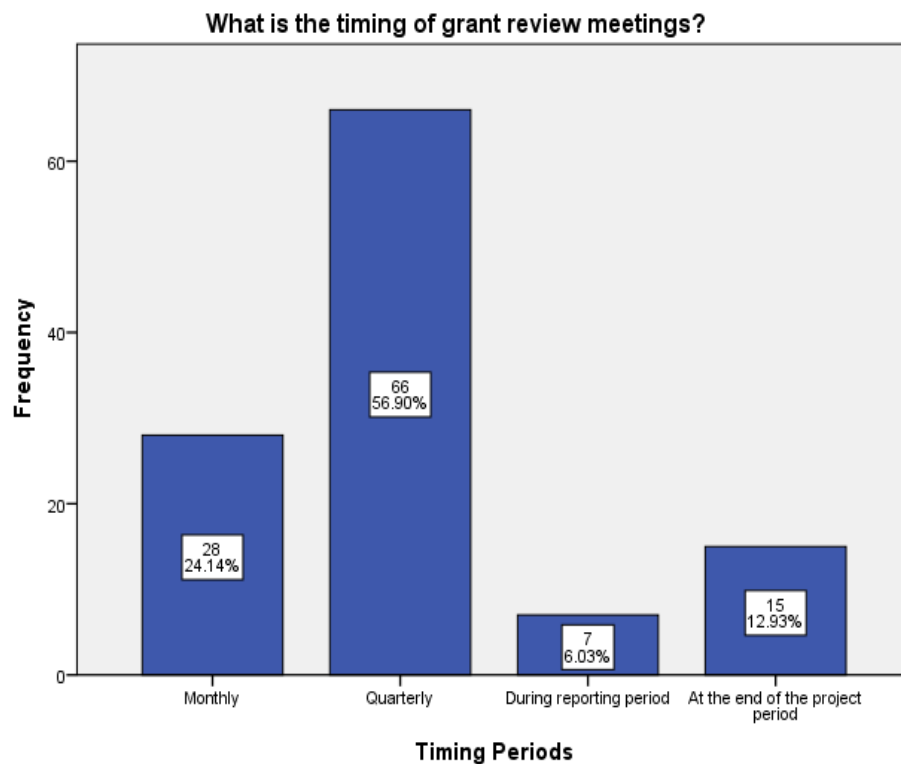
No	Indicators	Category	Frequency	Percent
1	What is the time dimension does the World Vision Ethiopia budget covers?	3 Months	3	2.6%
		6 Months	4	3.4%
		1 Year	71	61.2%
		More than 1 year	38	32.8%
Total			116	100.0%
2	The budget process at WVE takes appropriate time duration to prepare?	Yes	98	84.5%
		No	18	15.5%
Total			116	100.0%
3	Who are involved in budgeting process?	Top Management	8	6.9%
		Board of directors	6	5.2%
		Budget Committee	3	2.6%
		Finance Managers	4	3.4%
		All of the above	95	81.9%
Total			116	100.0%
4	Who makes the final decision on budget proposals?	Top Management	80	69.0%
		Board of directors	15	12.9%
		Budget Committee	8	6.9%
		Finance Managers	13	11.2%
Total			116	100.0%
5	Did WVE participate all responsible staffs in the budget preparation process?	Yes	103	88.8%
		No	13	11.2%
Total			116	100.0%

Source: Survey Data (2021)

As shown in Table 4.4 above, the majority of the respondents or 80(69.0%) of the respondents indicated that the final decision on budget proposals were made by top management and the rest 15(12.9%), 13(11.2%) and 8(6.9%) of the respondents indicated that the final decision on budget proposals were made by board of directors, finance managers and budget committee respectively. This implied that budgets are approved by the top management before execution of the project activities in World Vision Ethiopia.

Beside this as shown in Table 4.4 above, the majority of the respondents or 103(88.8%) of the respondents indicated that World Vision Ethiopia participate all responsible staffs in the budget preparation process while only 13(11.2%) of the respondents indicated otherwise. This indicates that most of concerned staffs responsible for budget implementation were participated in the budget preparation process to raise funds in World Vision Ethiopia. This indicates that the organizations used a combination of "bottom up" and "top down" budgeting budgeting approach.

Figure 4.1: The Timing of Grant Review Meetings



Source: Survey Data (2021)

As shown in Figure 4.1 above, the majority of the respondents or 66(56.9%) of the respondents indicated that in World Vision Ethiopia, the timing of grant review meetings was conducted quarterly or every 3 months, followed by 28(21.4%) of the respondents who responded the timing of grant review meetings was conducted monthly. The rest 15(12.9%) and 7(6.0%) of the respondents indicated that the timing of grant review meetings was conducted at the end of the project period and during reporting period of the project respectively. This indicates that the timing to conduct grant or award review meeting is on quarterly basis in the World Vision Ethiopia. This indicated that there is a good coordination, follow up and communication, to solve the problems in the process of budget preparation and utilization.

Table 4.5 below indicated that the majority of the respondents or 104(89.7%) of the respondents indicated that World Vision Ethiopia has policy and procedures in budgeting and budget monitoring. Only 12(10.3%) of the respondents indicate that there is no policy and procedures in budgeting and budget monitoring in World Vision Ethiopia. This implies that World Vision Ethiopia have its own policy and procedures in budgeting and budget monitoring. This helps the organization in budget preparation, budget monitoring, budget implementation and utilization in line with the organizations policy and procedures.

Table 4.5: Policy, Procedures in Budgeting and Analysis of Budget versus Expenditure Report

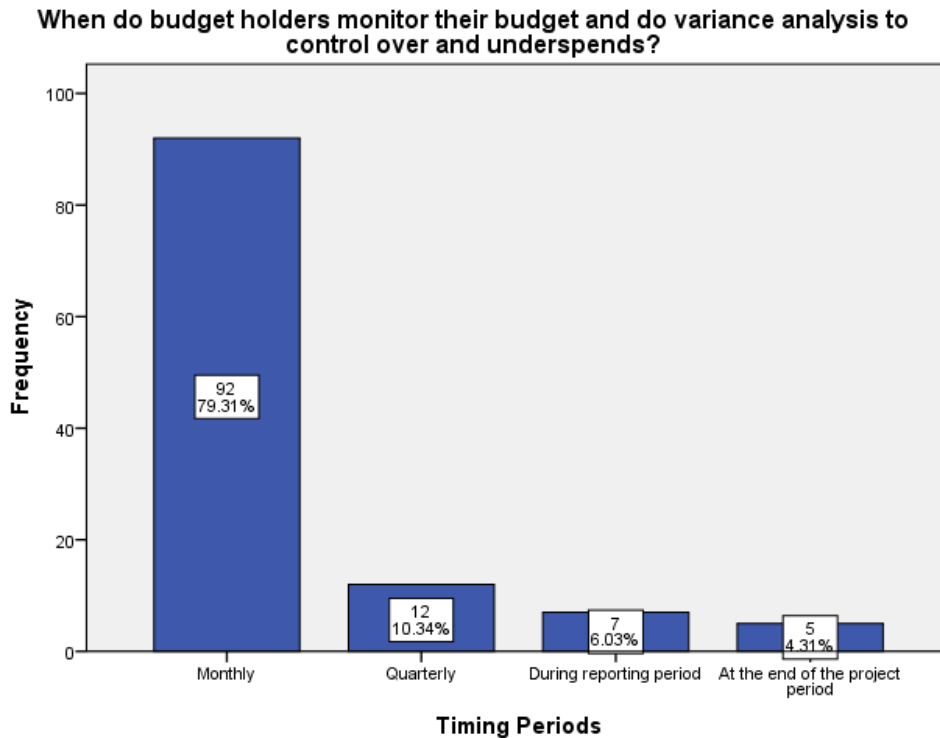
No	Indicators	Category	Frequency	Percent
1	Do you have policy and procedures in budget preparation and utilization?	Yes	104	89.7%
		No	12	10.3%
		Total	116	100.0%
2	Is budget versus actual report provided by the finance department regularly to budget holders to do budget monitoring and variance analysis?	Yes	110	94.8%
		No	6	5.2%
		Total	116	100.0%
3	Do budget holders and finance rephrase the budget based on identified gaps and variance analysis for future improvement?	Yes	112	96.6%
		No	4	3.4%
		Total	116	100.0%

Source: Survey Data (2021)

Respondents were asked about the provision of budget versus actual report by the finance department regularly to budget holders to do budget monitoring and variance analysis. As shown in Table 4.5 above, 110(94.8%) of the respondents have indicated that budget versus actual report is provided by the finance department regularly for budget monitoring and variance analysis. The rest 6(5.2%) of the respondents indicated that budget versus actual report is not provided by the finance department regularly for budget monitoring and variance analysis. This result indicated that in World Vision Ethiopia there is adequate provision of that budget versus actual report information, which in turn resulted a regularly budget monitoring and variance analysis in the organization.

Finally, as shown in Table 4.5 above, almost all the respondents or 112(96.6%) of the respondents indicated that budget holders and finance rephrase project budget, while only 4(3.4%) of the respondents indicated that budget holders and finance do not rephrase project budget based on identified gaps and variance analysis for future improvement. This result indicated that World Vision Ethiopia rephrase project budget based on identified gaps and variance analysis for future improvement. Rephrasing budget and mapping to donor accounts in such a way that follows the pattern of expenditures and implementation of activities in accordance the detail implementation plan helps to compare actual results with the planed one in a given period time.

Figure 4.2: Timing Periods of Budget Monitoring and Variance Analysis of Budget



Source: Survey Data (2021)

As shown in Figure 4.2 above, the majority of the respondents or 92(79.3%) of the respondents indicated that budget holders monitor their budget and do variance analysis monthly, followed by 12(10.3%) of the respondents indicated that budget holders monitor their budget and do variance analysis quarterly, 7(6.0%) of the respondents indicated that budget holders monitor their budget and do variance analysis during reporting period, and finally 5(4.3%) of the respondents indicated that budget holders monitor their budget and do variance analysis at the end of the project period to control over and underspends. This implies that the World Vision Ethiopia have regular budget monitoring and variance analysis schedule to control over and under spends on time. This leads managers to make active decisions to take corrective actions on identified problem and gaps.

4.5. Descriptive Analysis of the Study Variables

This a part of the analysis was made supported survey schedule gathered from 116 employees of the World Vision Ethiopia by using close-ended questionnaires including, 5-point Likert's scale questions. The study has four variables: Budget Preparation, Challenges in Budget Implementation, Budgetary Monitoring and Control and Budget Utilization. For a

standardized interpretation of descriptive analysis of 5-point Likert's scale questions, the subsequent criterion described in Table 4.6 below was used.

Table 4.6: Five-Scaled Likert's Criterion

No.	Mean Range	Response Options
1	[1.00, 1.80)	Strongly Disagree
2	[1.80, 2.60)	Disagree
3	[2.60, 3.40)	Neutral
4	[3.40, 4.20)	Agree
5	[4.20, 5.00]	Strongly Agree

Source: Al-Sayaad, et al., (2006)

4.5.1. Descriptive Analysis of Budget Preparation

The Likert scale of 1 up to 5 was used to assess the responses where; 1 - Strongly Disagree, 2 - Disagree, 3 - Neutral, 4 - Agree and 5 - Strongly Agree. The responses were aggregated, and the descriptive statistics computed to determine the level of budget preparation in World Vision Ethiopia as follows in Table 4.7 below.

Table 4.7: Descriptive Analysis of Budget Preparation

Code	Statements on Budget Preparation	Mean	SD
BP1	Budgets are prepared with reference to the organization annual plans, strategic plan and overall goal.	3.91	0.68
BP2	The staffs have adequate understanding in preparing plan and budget	3.91	0.69
BP3	Budgets are used to allocate the resources in the organization efficiently.	3.75	0.64
BP4	All responsible staffs or functions of the organization are involved in budget preparation.	3.91	0.70
BP5	The budgeting process starts with preparation of forecasts of the expected confirmed income/Awards.	3.89	0.59
BP6	The organization has documented past budgeting process (budget notes) which is referenced during the budget preparation process	3.94	0.65

BP7	The budgets are always approved by the senior management before any execution.	3.83	0.74
BP8	The office has adequate number of professionals (budget officers) who prepare plan and budget.	3.94	0.69
BP9	Budget is prepared based on reliable data and estimates.	3.91	0.68
Composite Statistics		3.89	0.67

Source: Survey Data (2021)

The results in Table 4.7 above indicated that according to the respondents of the World Vision Ethiopia, the overall factors of budget preparation items had scored an average mean value between 3.75 and 3.94 with a standard deviation value between 0.59 and 0.74. This indicated that the respondents of World Vision Ethiopia have agreed on the overall factors of budget preparation items because as described in Table 4.6 above, or because the mean values lies between 3.40 and 4.20. Besides this, the nine questions having the mean response greater than 3 and the standard deviation less than 1 indicates that the respondents have the same perceptions towards the raised questions.

Respondents were asked for their level of agreement for the statement that states budgets are prepared with reference to the organization annual plans, strategic plan and overall goal. Their responses were 68(58.6%) agree, 26(22.4%) neutral, 20(17.2%) strongly agree and 2(1.7%) disagree with mean value of 3.91 and standard deviation of 0.68 (as shown in Appendix 2, Table 1). This indicates that in World Vision Ethiopia budgets are prepared with reference to the organization annual plans, strategic plan and overall goal. Secondly, the respondents were asked to rate for their level of agreement for the statement that states, the WVE staffs have adequate understanding in preparing plan and budget. Their responses were 70(60.3%) agree, 24(20.7%) neutral, 19(16.4%) strongly agree and 3(2.6%) disagree with mean value of 3.91 and standard deviation of 0.66. This indicated that the World Vision Ethiopian staffs have adequate understanding in preparing plan and budget.

Besides this from the total respondents, 70(60.3%) of them agreed, 33(28.4%) of them responded neutral, 10(8.6%) of them strongly agreed and 3(2.6%) of them disagreed with mean value of 3.75 and standard deviation of 0.64 by responding that the budgets are used to allocate

the resources in the organization efficiently (as shown in Appendix 2, Table 1). This showed that in World Vision Ethiopia budgets are used to efficiently allocate resources.

Significant percentages of respondents or 68(58.6%) of them agreed on the statements that states all responsible staffs or functions of the organization are involved in budget preparation of WVE and the rest, 25(21.6%), 20(17.2%) and 3(2.6%) responded neutral, strongly agree and disagree respectively with mean value of 3.91 and standard deviation of 0.70 (as shown in Appendix 2, Table 1). This indicated that all responsible staffs or departments of WVE are involved in budget preparation processes. Respondents have also been asked for their level of agreement regarding the budgeting process starts with preparation of forecasts of the expected confirmed income/Awards in WVE. Accordingly, 75(64.7%), 27(23.3%) and 14(12.1%) of them answered as agree, neutral and strongly agree respectively with mean value of 3.89 and standard deviation of 0.59 (as shown in Appendix 2, Table 1). This indicated that the budgeting process in WVE starts with preparation of forecasts of the expected confirmed income/Awards.

For the statement that states the organization has documented past budgeting process (budget notes) which is referenced during the budget preparation process, the majority of the respondents or 70(60.3%) and 25(21.6%) of them agreed and responded neutral, the rest 20(17.2%) and 1(0.9%) responded strongly agree and disagree, with mean value of 3.94 and standard deviation of 0.65 (as shown in Appendix 2, Table 1). This indicated that in WVE past budgeting process or budget notes are documented and which are referenced during the budget preparation process to identify their gaps on budget utilization. Respondents have also asked for their levels of agreement regarding budgets are approved by the senior management before any execution, 56(48.3%) and 37(31.9%) agreed and responded neutral and the rest 21(18.1%) and 2(1.7%) of the respondents responded strongly agree and disagree that budgets are approved by the senior management before any execution, with mean value of 3.83 and standard deviation of 0.74 (as shown in Appendix 2, Table 1). This indicated that in WVE budgets are always approved by the senior management before any execution was done.

Respondents also asked to rate their level of agreement concerning on the statements that states the budget office has adequate number of professionals (budget officers) who prepare plan and budget, 61(52.1%), 31(26.7%) and 24(20.7%) of the respondents responded agree, neutral and strongly agree respectively, with the mean value of 3.94 and standard deviation of 0.69 (as

shown in Appendix 2, Table 1). This indicated that WVE has adequate number of professionals or budget officers who can prepare plan and budget. Finally, for the statement that says budget is prepared based on reliable data and estimates, the percentage of respondents who agreed has significant portion with 64(55.2%) and 30(25.9%) of them who responded neutral and the remaining respondents or 21(18.1%) and 1(0.9%) have responded as strongly agree and disagree, with the mean value of 3.91 and standard deviation of 0.68 (as shown in Appendix 2, Table 1). This indicated that in WVE budget is prepared based on reliable data and estimates. The composite statistics result in Table 4.7 above with (mean=3.89 and SD=0.67) value also showed that in general WVE have a good budget preparation process. This result is similar with the study of Tilahun (2010) and Yesuf (2015).

4.5.2. Descriptive Analysis of Challenges in Budget Implementation

This section aimed to identify the Challenges in Budget Implementation in WVE. To get the respondent's levels of agreement eleven questions have been prepared regarding to this topic and responses of the participant have been collected. The Likert scale of 1 up to 5 was used to assess the responses where; 1 - Strongly Disagree, 2 - Disagree, 3 - Neutral, 4 - Agree and 5 - Strongly Agree. The responses were aggregated, and the descriptive statistics computed to determine the level of Challenges in Budget Implementation of World Vision Ethiopia was presented as follows in Table 4.8 below.

Table 4.8: Descriptive Statistics about the Challenges in Budget Implementation

Code	Statements on Challenges in Budget Implementation	Mean	SD
CBI1	Budget variances hinder effective budget implementation	3.91	0.71
CBI2	In some period budget include unattainable targets or standards	3.85	0.66
CBI3	The budget contain uncertainty which hinders effective implementation	3.88	0.71
CBI4	Insufficient funds allocated to department affect budget implementation	3.85	0.68
CBI5	Inability of user department to utilize the allocated funds hinders effective implementation of budget	3.75	0.79
CBI6	Institutional weakness could hinder effective budget implementation	3.91	0.78
CBI7	The budget process is routine and lack meaning	3.73	0.76

CBI8	The method used to allocate funds to user department is unsatisfactory	3.84	0.77
CBI9	The budget process is time consuming and expensive and may become volatile before implementation	3.74	0.66
CBI10	There may be tendency by user department to adhere to budget just to comply with the institution requirement	3.84	0.68
CBI11	New reforms in budgeting guidelines keep on changing and come with new set of rules which take time to learn and can be a challenge to budget implementation	3.73	0.73
Composite Statistics		3.82	0.72

Source: Survey Data (2021)

The results in Table 4.8 above indicated that according to the respondents of WVE, the overall challenges in budget implementation items had scored an average mean value between 3.73 and 3.91 with a standard deviation value between 0.66 and 0.79. This indicated that the respondents of WVE have agreed on the overall challenges in budget implementation items which are unattainable targets budget or insufficient budget allocation, inability of user department to utilize and to comply with donor requirement. Besides this, the eleven questions having the mean response greater than 3 and the standard deviation less than 1 indicates that the respondents have the same perceptions towards the raised questions. Respondents were asked for their level of agreement for the statement that states budget variances hinder effective budget implementation. Their responses were 60(51.7%) agree, 32(27.6%) neutral, 23(19.8%) strongly agree and 1(0.9%) disagree with mean value of 3.91 and standard deviation of 0.71 (see Appendix 2, Table 2). This indicates that in WVE budget variances hinder effective budget implementation.

Secondly, the respondents were asked to rate for their level of agreement for the statement that states, in some period budget include unattainable targets or standards. Their responses were 63(54.3%) agree, 35(30.2%) neutral and 18(15.5%) strongly agree with mean value of 3.85 and standard deviation of 0.66 (see Appendix 2, Table 2). This indicated that in WVE budget implementation was affected by budgets that include unattainable targets or standards. Besides this from the total respondents, 59(50.9%) of them agreed, 34(29.3%) of them responded

neutral, 22(19.0%) of them strongly agreed and 1(0.9%) of them disagreed with mean value of 3.88 and standard deviation of 0.71 by responding that the budget contain uncertainty which hinders effective budget implementation (see Appendix 2, Table 2). This showed that in WVE uncertainties included in the budget were the challenges that hinder effective budget implementation.

Significant percentages of respondents or 67(57.8%) of them agreed on the statements that states insufficient funds allocated to department affect budget implementation and the rest, 30(25.9%), 17(14.7%) and 2(1.7%) responded neutral, strongly agree and disagree respectively with mean value of 3.85 and standard deviation of 0.68 (see Appendix 2, Table 2). This indicated that insufficient funds allocated to department or projects affected budget implementation process in WVE. Respondents have also been asked for their level of agreement regarding the inability of user department to utilize the allocated funds hinders effective implementation of budget. Accordingly 52(44.8%), 39(33.6%), 20(17.2%) and 5(4.3%) of them answered agree, neutral, strongly agree and disagree respectively with mean value of 3.75 and standard deviation of 0.79 that the inability of user department to utilize the allocated funds hinders effective implementation of budget (see Appendix 2, Table 2). This result indicated that the failure of user department to utilize the allocated funds were the challenges that impedes effective implementation of budget in WVE.

For the statement that states the weakness of the institution could hinder effective budget implementation, the majority of the respondents or 52(44.8%) and 34(29.3%) of them agreed and responded neutral, the rest 28(24.1%) and 2(1.7%) responded strongly agreed and disagree, with mean value of 3.91 and standard deviation of 0.78(see Appendix 2, Table 2). This indicated that sometimes the weakness of the organization or WVE was a challenge that impedes the effective budget implementation. Respondents have also been asked for their level of agreement regarding the routines and meaningless of the budget process, 53(45.7%) and 41(35.3%) agreed and neutral and the rest 18(15.5%) and 4(3.4%) of the respondents responded strongly agree and disagree, with mean value of 3.73 and standard deviation of 0.76 (see Appendix 2, Table 2). This indicated that the routines and meaningless of budget processes in WVE was a challenge in the effective budget implementation process.

Respondents also asked to rate their level of agreement concerning on the statements that states the method used to allocate funds in WVE to user department is unsatisfactory, 57(49.1%), 33(28.4%) 22(19.0%) and 4(3.4%) of the respondents responded agree, neutral, strongly agree and disagree respectively, with the mean value of 3.84 and standard deviation of 0.77 (see Appendix 2, Table 2). This indicated that the method used to allocate budget to user departments in WVE was unsatisfactory which resulted a challenge in the effective budget implementation process.

For the statement that says the budget process is time consuming and expensive and may become volatile before implementation, the percentage of respondents who agreed has significant portion with 67(57.8%) and 35(30.2%) of them who responded agree and neutral and the remaining respondents or 11(9.5%) and 3(2.6%) have responded as strongly agree and disagree respectively, with the mean value of 3.74 and standard deviation of 0.66 (see Appendix 2, Table 2). This indicated that due to the fact that the budget process in WVE is time consuming and expensive, which might become volatile or unpredictable before implementation.

The respondents also asked the level of their agreement for the question that states the tendency of the user department to adhere to budget just to comply with the institution requirement was affecting effective budget implementation in WVE. From the total respondents 68(88.6%) of them have responded as agree and 29(25.0%) of them responded neutral and the remaining respondents or 16(13.8%) and 3(2.6%) of them responded strongly agreed and disagree with the mean value of 3.84 and standard deviation of 0.68 (see Appendix 2, Table 2). From this result we can say there is a tendency by user department to adhere to budget process just to comply with organization or donor requirement, which was a challenge in the effective budget implementation in WVE.

The respondents were asked to score their level of agreement with the statement that new reforms in budgeting standards are always changing and bringing with them a new set of rules that require time to understand and can make budget implementation difficult. Their responses were 53(45.7%) agree, 44(37.9%) neutral, 17(14.7%) strongly agree and 2(1.7%) disagree with mean value of 3.93 and standard deviation of 0.77 (see Appendix 2, Table 2). This indicates that in WVE new projects or donors having different budgeting guidelines and come with new

set of rules which take time to learn were a challenge to budget implementation. Finally, the composite statistics result in Table 4.8 above with (mean=3.82 and SD=0.72) value also showed that in general challenges of budget implementation in WVE originated from its donors, government and also from the organization itself. This result is similar with the study of Meseret (2016) and Selamawit (2020).

4.5.3. Descriptive Analysis of Budgetary Monitoring and Control

This section aimed to identify the Budgetary Monitoring and Control in WVE. To get the respondent's levels of agreement ten questions have been prepared regarding to this topic and responses of the participant have been collected. The Likert scale of 1 up to 5 was used to assess the responses where; 1 - Strongly Disagree, 2 - Disagree, 3 - Neutral, 4 - Agree and 5 - Strongly Agree. The responses were aggregated, and the descriptive statistics computed to determine the level of Budgetary Monitoring and Control of World Vision Ethiopia was presented as follows in Table 4.9 below.

The results in Table 4.9 below indicated that according to the respondents of WVE, the overall Budgetary Monitoring and Control items had scored an average mean value between 3.51 and 4.05 with a standard deviation value between 0.63 and 0.79. This indicated that the respondents of WVE have agreed on the overall budgetary monitoring and control items. Besides this, the ten questions having the mean response greater than 3 and the standard deviation less than 1 indicates that the respondents have the same perceptions towards the raised questions.

Table 4.9: Descriptive Statistics about the Budgetary Monitoring and Control

Code	Statements on Budgetary Monitoring and Control	Mean	SD
BMC1	The approved budgets are shared with all departments and budget holders and ensure they are understood.	3.51	0.63
BMC2	Leadership and support provided by managers to the subordinate throughout budget execution is effective.	3.80	0.74
BMC3	While striving to implement project the budget holder consider how their action affect achievement of the set target of the organization as a whole.	3.83	0.78

BMC4	There is always reference to budget before any request to undertake an activity is approved to ensure that there are adequate funds.	3.86	0.78
BMC5	Recording of actual result is accurate and timely.	3.75	0.78
BMC6	Budget vs actual comparison and identification of variances is done regularly.	3.81	0.79
BMC7	Budgets are reviewed as need arises to capture the reality during implementation.	3.89	0.68
BMC8	Reports on budget variance are shared with budget holders and senior management.	3.90	0.78
BMC9	Variances are investigated and justified to take timely corrective actions.	3.83	0.70
BMC10	The organization develops solutions to problems revealed by budgetary control.	4.05	0.71
Composite Statistics		3.82	0.74

Source: Survey Data (2021)

As shown in Table 4.9 above, the respondents indicated that they agreed, that the approved budgets are shared with all departments and budget holders to ensure they are understood with a mean value of 3.51 and (SD = 0.63). Beside this, from the total respondents, 58(50.0%), 50(43.1%), 5(4.3%) and 3(2.6%) of them responded agree, neutral, disagree and strongly agree respectively (see Appendix 2, Table 3). This indicated that the majority of the respondents agreed that in WVE the approved budgets are shared with all departments and budget holders to ensure that they are understood, which in turn made the budgetary monitoring and control easy.

Respondents have asked to rate whether leadership and support provided by managers to the subordinate throughout budget execution is effective. Almost all of them responded agree and neutral, having 55(47.4%) agreed and 39(33.6%) neutral, while the rest 20(17.2%) responded strongly disagreed and 2(1.7%) responded disagreed (see Appendix 2, Table 3). Besides, this the mean value of 3.80 and (SD = 0.74) as shown in Table 4.9 above indicated that in WVE

there is an effective leadership and support provided by managers to their subordinate throughout budget execution in order to make budget monitoring and control easy.

Respondents have also asked their level of agreement about while striving to implement project the budget holder consider how their action affect achievement of the set target of the organization as a whole. The majority of the respondents or 53(45.7%) responded agree, the rest 37(31.9%), 23(19.8%) and 3(2.6%) responded neutral, strongly disagree, and disagree with a mean value of 3.8 and (SD = 0.78) (see Appendix 2, Table 3). This indicated that in WVE While striving to implement project the budget holder consider how their action affect achievement of the set target of the organization as a whole, which in turn made the budget monitoring and control process easy.

Regarding the presence of references to budget is always done before any request to undertake an activity is approved to ensure that there are adequate funds, the majority of the respondents or 53(45.7%) responded agree, the rest 35(30.2%), 25(21.6%) and 3(2.6%) responded neutral, strongly agree and disagree respectively, with a mean value of 3.86 and (SD = 0.78) (see Appendix 2, Table 3). This indicated that in WVE the budget monitoring and control process is always done by making references to budget before any request to undertake an activity is approved to ensure that there are adequate funds.

Concerning on the accurate and timely recording of actual result of budget for monitoring and control of budget in WVE, from the total of the respondents, 48(41.4%), 44(37.9%), 21(18.1%) and 3(2.6%) of them responded agree, neutral, strongly agree and disagree, with a mean value of 3.75 and (SD = 0.78) (see Appendix 2, Table 3). This indicated that the respondents agreed that in WVE for monitoring and control of budget there is an accurate and timely recording of actual result of budget. Beside this, on the statement that states budget vs actual comparison and identification of variances is done regularly to monitor and control budget in WVE is clearly stated from the total of the respondents, 49(42.2%), 40(24.5%), 24(20.7%) and 3(2.6%) of them responded agree, neutral, strongly agree and disagree, with a mean value of 3.81 and (SD = 0.79) (see Appendix 2, Table 3). This indicated that the respondents agreed that in WVE to monitor and control budget there is a regularly done budget vs actual comparison and identification of variances.

The agreement level of respondents on the point that states budgets are reviewed as need arises to capture the reality during budget implementation in order to monitor and control budget in WVE. From the total of the respondents, 67(57.8%) of respondents responded agree, 28(24.1%) responded neutral, 19(16.4%) responded strongly agree and 2(1.7%) responded disagree on the issue, with a mean value of 3.89 and (SD = 0.68) (see Appendix 2, Table 3). This indicated that in order to monitor and control budget in WVE budgets are reviewed as need arises to capture the reality during budget implementation.

The respondents also asked the level of their agreement for the question for monitoring and control of budget in WVE reports on budget variance are shared with budget holders and senior management. From the total respondents 47(40.5%) of them have responded as agree and 39(33.6%) of them responded neutral and the remaining respondents or 29(25.0%) and 1(0.9%) of them responded strongly agree and disagree with the mean value of 3.90 and standard deviation of 0.78 (see Appendix 2, Table 3). From this result we can say that for monitoring and control of budget in WVE reports on budget variance are shared with budget holders and senior management. The respondents were asked to rate for their level of agreement for the statement that states, in WVE budget variances are investigated and justified to take timely corrective actions. Their responses were 65(56.0%) agree, 31(26.7%) neutral, 17(14.7%) strongly agree and 3(2.6%) disagree with mean value of 3.83 and standard deviation of 0.70 (see Appendix 2, Table 3). This indicates that in WVE budget variances are investigated and justified to take timely corrective actions in order to monitor and control of budget.

Finally, the agreement level of respondents on the point that states WVE develops solutions to problems revealed by budgetary control, from the total of the respondents, 58(50.0%) of respondents responded agree, 32(27.6%) responded strongly agree and about 77.6% of respondents show their agreement and only 26(22.4%) of them responded neutral on the issue, with a mean value of 4.05 and (SD = 0.71) (see Appendix 2, Table 3). This indicated that in WVE solutions are developed to problems revealed by budgetary monitoring and control department. Finally, the composite statistics result in Table 4.9 above with (mean=3.82 and SD=0.74) value also showed that in general there is a good budgetary monitoring and control system in WVE. This result is similar with the study of Sharma (2012) and Mulugeta (2017).

4.5.4. Descriptive Analysis of Budget Utilization

This section aimed to identify the Budget Utilization in WVE. To get the respondent's levels of agreement six questions have been prepared regarding to this topic and responses of the participant have been collected. The Likert scale of 1 up to 5 was used to assess the responses where; 1 - Strongly Disagree, 2 - Disagree, 3 - Neutral, 4 - Agree and 5 - Strongly Agree. The responses were aggregated and the descriptive statistics computed to determine the level of Budget Utilization of World Vision Ethiopia was presented as follows in Table 4.10 below.

The results in Table 4.10 below indicated that according to the respondents of WVE, the overall Budget Utilization items had scored an average mean value between 3.84 and 3.94 with a standard deviation value between 0.64 and 0.76. This indicated that the respondents of WVE have agreed on the overall Budget Utilization items. Besides this, the six questions having the mean response greater than 3 and the standard deviation less than 1 indicates that the respondents have the same perceptions towards the raised questions.

Table 4.10: Descriptive Statistics about the Budget Utilization

Code	Statements on Budget Utilization	Mean	SD
BU1	World Vision Ethiopia utilizes its allocated fund as per proclamation number 621/2009-at least 70% for program cost and at most 30% administration cost.	3.90	0.69
BU2	Donor funds are utilized for the purpose it was meant according to their objectives and compliance.	3.94	0.71
BU3	Donor has a system of regularly reviewing expenditures against approved budgets.	3.93	0.64
BU4	The organization utilizes its fund through continuous utilization control.	3.94	0.76
BU5	World Vision Ethiopia utilizes its fund based on its project schedule.	3.92	0.66
BU6	World Vision Ethiopia utilizes its fund based on continuous monitoring and evaluation system	3.84	0.70
Composite Statistics		3.91	0.69

Source: Survey Data (2021)

The respondents were asked for their level of agreement for the statement that states World Vision Ethiopia utilizes its allocated fund as per proclamation number 621/2009-at least 70% for program cost and at most 30% administration cost. Their responses were 60(51.7%) agree, 34(29.3%) neutral, 22(19.0%) strongly agree as shown in Table 4.11 below. This shows that the majority of the respondents or 82(70.7%) of them agreed that World Vision Ethiopia utilizes its allocated fund as per proclamation number 621/2009, this result was supported by mean value of 3.90 and standard deviation of 0.69 as shown in Table 4.10 above. This indicates that in World Vision Ethiopia the allocated fund or budgets are utilized as per proclamation number 621/2009, which states that 70% of the budget or fund should be invested on program costs and 30% on administration cost.

Table 4.11: World Vision Ethiopia Utilizes its Budget as Per Proclamation Number 621/2009

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	0	0.0	0.0	0.0
	Disagree	0	0.0	0.0	0.0
	Undecided	34	29.3	29.3	29.3
	Agree	60	51.7	51.7	81.0
	Strongly Agree	22	19.0	19.0	100.0
Total		116	100.0	100.0	

Source: Survey Data (2021)

Respondents also asked their level of agreement about the utilization of donor funds for the purpose it was meant according to their objectives and compliance of WVE. Their responses were 63(54.3%) agree, 27(23.3%) neutral, 24(20.7%) strongly agree and 2(1.7%) disagree as shown in Table 4.12 below. This shows that the majority of the respondents or 87(75.0%) of them agreed that in WVE donor funds are utilized for the purpose it was meant, this result was supported by mean value of 3.94 and standard deviation of 0.71 as shown in Table 4.10 above. This indicates that in WVE the donor funds are utilized for the purpose it was meant according to their objectives and compliance.

Table 4.12: Donor Funds are Utilized for the Purpose it was Meant

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	0	0.0	0.0	0.0
	Disagree	2	1.7	1.7	1.7
	Undecided	27	23.3	23.3	25.0
	Agree	63	54.3	54.3	79.3
	Strongly Agree	24	20.7	20.7	100.0
Total		116	100.0	100.0	

Source: Survey Data (2021)

As shown in Table 4.13 below, concerning donors having a system of regularly reviewing expenditures against approved budgets in WVE, from the total of respondents 68(58.6%) of them agreed, 28(24.1%) responded neutral, the rest 20(17.2%) responded strongly agree respectively. This shows that the majority of the respondents or 88(75.8%) of them agreed that in WVE donors have a system of regularly reviewing expenditures against approved budgets, this result was supported by mean value of 3.93 and standard deviation of 0.64 as shown in Table 4.10 above. This shows that in order to control the utilization of budgets in WVE there is a system for donors to regularly review expenditures against approved budgets.

Table 4.13: Donor has a System of Regularly Reviewing Expenditures in WVE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	0	0.0	0.0	0.0
	Disagree	0	0.0	0.0	0.0
	Undecided	28	24.1	24.1	24.1
	Agree	68	58.6	58.6	82.8
	Strongly Agree	20	17.2	17.2	100.0
Total		116	100.0	100.0	

Source: Survey Data (2021)

Respondents were asked their level of agreement about the utilization of fund in WVE through continuous utilization control, as shown in Table 4.14 below, from the total of respondents 55(47.4%) of them agreed, 31(26.7%) responded neutral, the rest 28(24.1%) and 2(1.7%) responded strongly agree and disagree respectively. This shows that the majority of the respondents or 83(71.5%) of them agreed that funds are utilized in WVE through continuous utilization control, this result was supported by mean value of 3.94 and standard deviation of 0.76 as shown in Table 4.10 above. This shows that there are continuous utilization controls in WVE to control funds that are utilized.

Table 4.14: Utilization of Funds through Continuous Utilization Control

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	0	0.0	0.0	0.0
	Disagree	2	1.7	1.7	1.7
	Undecided	31	26.7	26.7	28.4
	Agree	55	47.4	47.4	75.9
	Strongly Agree	28	24.1	24.1	100.0
Total		116	100.0	100.0	

Source: Survey Data (2021)

As shown in Table 4.15 below, from the total of respondents 71(61.2%), 24(20.7%), 19(16.4%) and 2(1.7%) of them responded agree, neutral, strongly agree and disagree respectively that World Vision Ethiopia utilizes its fund based on its project schedule. This indicates that the majority of the respondents or 90(77.6%) agreed that in WVE budgets or funds are utilized based on project schedule, this result was supported by mean value of 3.92 and standard deviation of 0.66 as shown in Table 4.10 above. This shows that in WVE budgets or funds are utilized based on project schedule.

Table 4.15: World Vision Ethiopia Utilizes Funds based on Project Schedule

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	0	0.0	0.0	0.0
	Disagree	2	1.7	1.7	1.7
	Undecided	24	20.7	20.7	22.4
	Agree	71	61.2	61.2	83.6
	Strongly Agree	19	16.4	16.4	100.0
Total		116	100.0	100.0	

Source: Survey Data (2021)

Respondents were asked their level of agreement about the World Vision Ethiopia utilization of its fund based on continuous monitoring and evaluation system, as shown in Table 4.16 below, from the total of respondents 60(51.7%) of them agreed, 36(31.0%) responded neutral, the rest 19(16.4%) and 1(0.9%) responded strongly agree and disagree respectively. This shows that the majority of the respondents or 79(68.1%) of them agreed that World Vision Ethiopia utilized its funds based on continuous monitoring and evaluation system, this result was supported by mean value of 3.84 and standard deviation of 0.70 as shown in Table 4.10 above. This indicated that in World Vision Ethiopia budgets or funds are utilized based on continuous monitoring and evaluation system.

Table 4.16: World Vision Ethiopia Utilizes Fund Based on Continuous Monitoring and Evaluation System

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	0	0.0	0.0	0.0
	Disagree	1	0.9	0.9	0.9
	Undecided	36	31.0	31.0	31.9
	Agree	60	51.7	51.7	83.6
	Strongly Agree	19	16.4	16.4	100.0
Total		116	100.0	100.0	

Source: Survey Data (2021)

4.6. Budget and Expenditure Performance Analysis

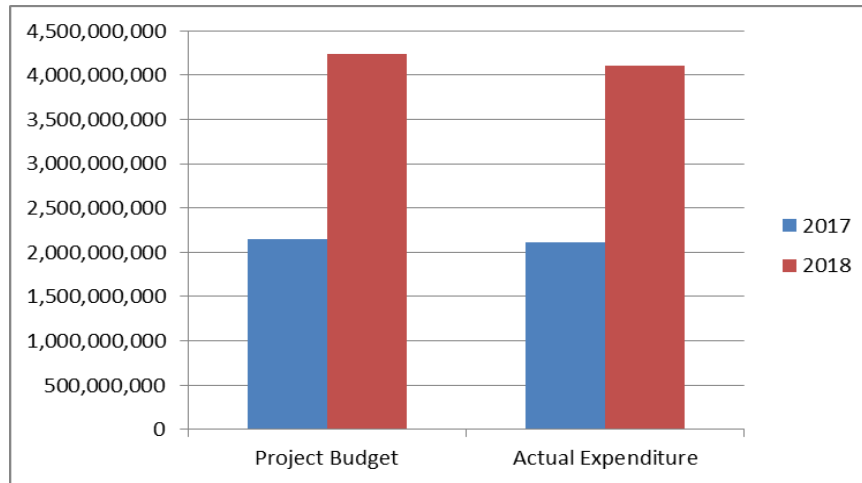
In this section the World Vision Ethiopia annual budget and actual expenditure variance analysis was conducted. To do this from the financial statements of WVE a consolidated or combined annual budget and expenditure variance analysis reports for the period of four years from 2017 - 2020. Five (5) projects provide consolidated annual budget and expenditure variance analysis reports for the period of two years from 2019 and 2020, but for the year 2017 and 2018 the general or total budget and expenditure data was found from the organization. Based on this the consolidated budget versus expenditure data collected from the organizations is summarized in accordance with the specific projects areas of for the years 2019 and 2020 on tables. The budget performance of the four years is analyzed on charts based on specific project, amount of budget and expenditures to show the annual budget versus expenditure performance of the organizations. Moreover, the total budget and expenditure the four years are analyzed on table and chart to evaluate the changes in budget and expenditures of the years under consideration as follows.

Table 4.17: Combined Annual Budget versus Expenditure Report for the Year 2017 and 2018

	2017 (ETB)	2018 (ETB)
Budget (Income)		
Receipts from World Vision International	1,593,228,010	2,854,900,819
Local contribution	52,822,123	231,112,793
Gifts in kind	<u>497,620,416</u>	<u>1,154,395,477</u>
Total Budget (Income)	<u>2,143,670,549</u>	<u>4,240,409,089</u>
Expenditure		
Program Expenditure (81%)	1,624,257,406	3,329,481,297
Administrative Expenditure (19%)	486,792,923	774,873,399
Total Expenditure	<u>2,111,050,329</u>	<u>4,104,354,696</u>
Over (-) or Underutilization of Budget (+)	<u>32,620,220</u>	<u>136,054,393</u>

Source: WVE (2020)

Figure 4.3: Budget versus Actual Expenditure for the Year 2017 and 2018



Source: Survey Data (2021)

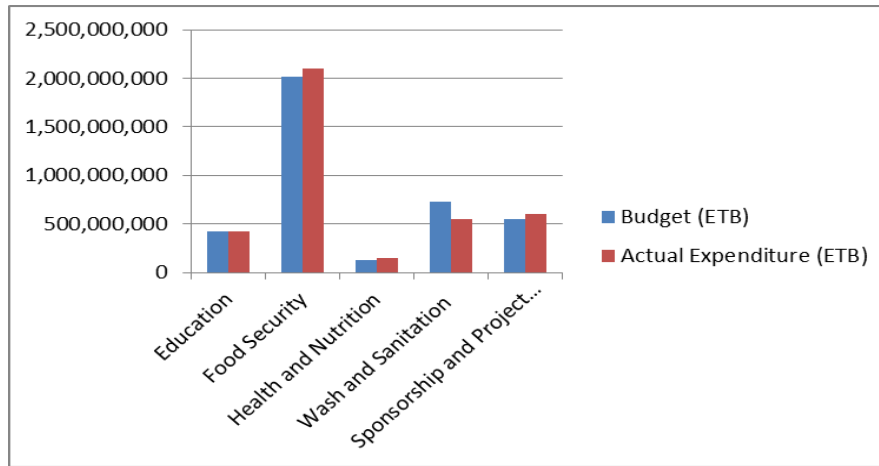
As shown in Table 4.17 above and Figure 4.3 above for the year 2017 and 2018 the total budget of all projects was Birr 2,143,670,549 for the year 2017 and Birr 4,240,409,089 for the year 2018, this shows that there is an increase in total budget. Also, the total expenditure was Birr 2,111,050,329 for the year 2017 and Birr 4,104,354,696 for the year 2018, but Birr 32,620,220 was shown as underutilization of budget in year 2017 and birr was recorded as underutilization of budget in year 2018. The reason for underutilization of budget is the delay on starting of project period and improper planning of budgets.

Table 4.18: Comparison of Budget and Actual Expenditure in Year 2019

Sector Projects of World Vision Ethiopia	Budget (ETB)	Actual Expenditure (ETB)	Over (-) or Underutilization of Budget (+)	Percentage Change
Education	419,368,952	428,477,719	(9,108,767)	102%
Food Security	2,020,391,307	2,097,210,797	(76,819,490)	104%
Health and Nutrition	130,236,860	145,611,581	(15,374,721)	112%
Wash and Sanitation	727,114,395	549,853,463	117,260,932	76%
Sponsorship and Project Management	554,301,836	604,308,466	(50,006,630)	109%
Grand Total	3,851,413,351	3,825,462,026	25,951,325	99%

Source: WVE (2020)

Figure 4.4: Budget versus Actual Expenditure in Year 2019



Source: Survey Data (2021)

From the result presented in Table 4.18 and Figure 4.4 above, the researcher tried to analyze the comparison of budget and actual expenditure in year 2019 in different sectors of project activities. These project activities include education, food security, health and nutrition, wash and sanitation, and sponsorship and project management. Accordingly, the total budget was Birr 3,851,413,351 and the total expenditure was Birr 3,825,462,026, also the result indicated that there was underutilization of budget Birr 25,951,325 variance or 99% of the total budget was utilized. The result in Table 4.18 and Figure 4.4 above, also indicated that all the sector projects actual budget expenditure in year 2019 was over utilized expect for wash and sanitation project, that scored underutilization of actual budget expenditure in year 2019.

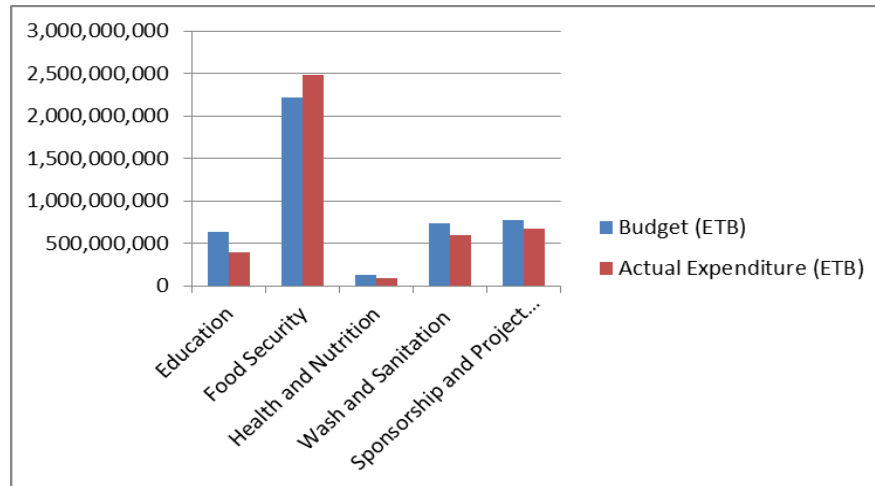
Table 4.19: Comparison of Budget and Actual Expenditure in Year 2020

Sector Projects of World Vision Ethiopia	Budget (ETB)	Actual Expenditure (ETB)	Over (-) or Underutilization of Budget (+)	Percentage Change
Education	634,806,715	391,437,512	243,369,204	62%
Food Security	2,220,613,494	2,488,662,494	(268,049,000)	112%
Health and Nutrition	131,633,716	89,299,791	42,333,925	68%
Wash and Sanitation	732,850,737	591,680,509	141,170,228	81%
Sponsorship and Project Management	779,623,997	674,476,716	105,147,281	87%

Grand Total	4,499,528,659	4,235,557,021	263,971,638	94%
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Source: WVE (2020)

Figure 4.5: Budget versus Actual Expenditure in Year 2020



Source: Survey Data (2021)

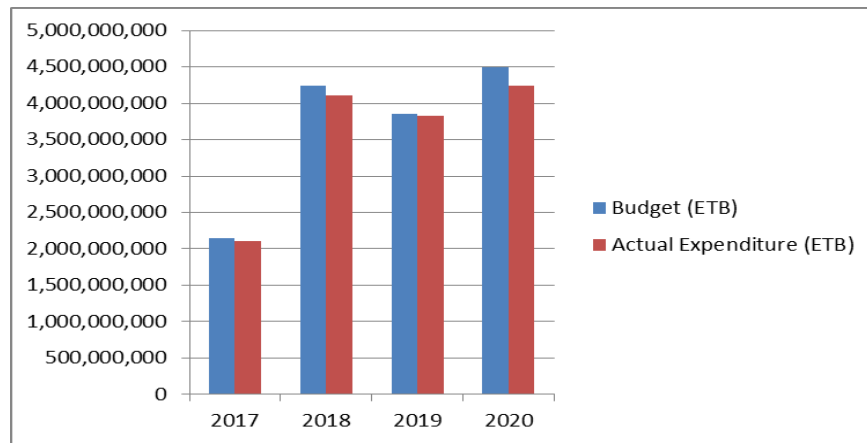
From the result presented in Table 4.19 and Figure 4.5 above, the researcher tried to analyze the comparison of budget and actual expenditure in year 2020 in different sectors of project activities. Accordingly, the total budget was Birr 4,499,528,659 and the total expenditure was Birr 4,235,557,021, also the result indicated that there was underutilization of budget Birr 263,971,638 variance or 94% of the total budget was utilized. The result in Table 4.19 and Figure 4.5 above, also indicated that all the sector projects actual budget expenditure in year 2020 was underutilized expect for Food Security project, that scored over utilization of actual budget expenditure in year 2020.

Table 4.20: Summary of Combined Annual Budget versus Expenditure Report in Year between 2017 and 2020

Year	Budget (ETB)	Actual Expenditure (ETB)	Under-utilized Budget	Budget Allocation Trend (%)	Annual Budget Utilization in %	% of Unutilized Annual Budget
2017	2,143,670,549	2,111,050,329	32,620,220	15%	98%	2%
2018	4,240,409,089	4,104,354,696	136,054,393	29%	97%	3%
2019	3,851,413,351	3,825,462,026	25,951,325	26%	99%	1%
2020	4,499,528,659	4,235,557,021	263,971,638	30%	94%	6%
Total	14,735,021,648	14,276,424,072	458,597,576		97%	3%

Source: Survey Data (2021)

Figure 4.6: Summary of Budgets versus Expenditure Report in Year between 2017 and 2020

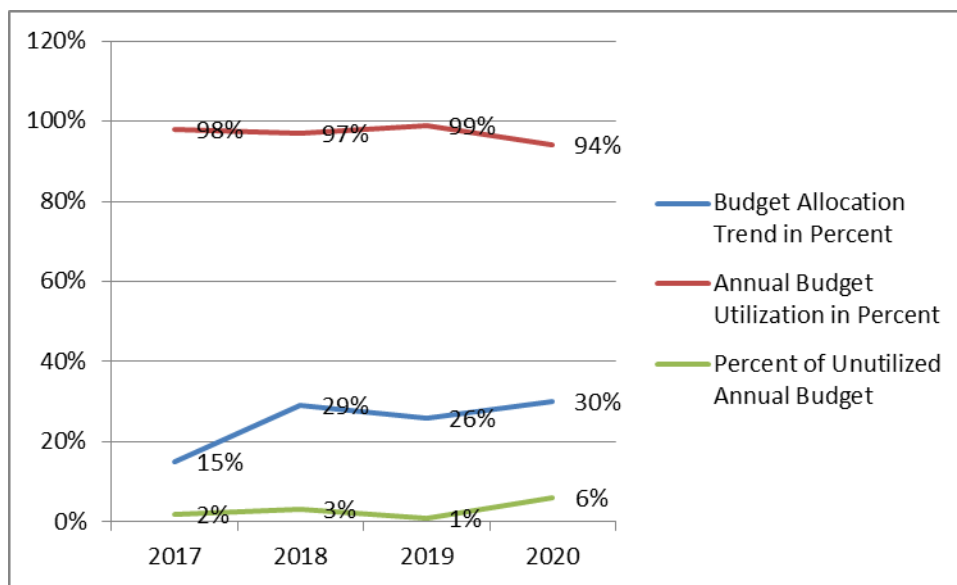


Source: Survey Data (2021)

According to the result shown on the summary of budgets versus expenditure report in year between 2017 and 2020 in Table 4.20 and Figure 4.6 above, the total budget was Birr 2,143,670,549, 4,240,409,089, 3,851,413,351 and 4,499,528,659 and the total expenditure was Birr 2,111,050,329, 4,104,354,696, 3,825,462,026 and 4,235,557,021 in the year 2017, 2018, 2019 and 2020 respectively. As shown in Table 4.20 above and Figure 4.7 below the budget allocation trend was 15% for the year 2017, increased to 29% in the year 2018, decreased to 26% in the year 2019 and finally increased to 30% in the year 2020. This indicated that in

WVE the budget allocation trend is not constantly increased. Table 4.20 above and Figure 4.7 below, also indicated that the annual budget utilization for the four year was 98% for the year 2017, decreased to 97% for the year 2018, increased to 99% for the year 2019 and decreased to 94% in the year 2020. Again, this finding indicated that there is no constantly increasing annual budget utilization in WVE. Also, the result in Table 4.20 above and Figure 4.7 indicated that unutilized annual budget for the year 2017 was 2%, increased to 3% in the year 2018, decreased to 1% in the year 2019 and finally increased to 6% in the year 2020. This may be due to factors like the epidemic breakout of Covid-19, inflation in the market and peace and stability of the country. This finding was in contrast with the finding of Yesuf (2015) and Meseret (2016).

Figure 4.7: WVE Project Budget and Expenditure, 2017-2020



Source: Survey Data (2021)

The change of budget and expenditure performance is increasing and decreasing from the year 2017 to 2020 as depicted on the summary Table 4.21. The budget is increased by 98% for the year 2018, decreased by 9% in year 2019 and increased by 17% in year 2020 and the expenditure is increased by 94% for the year 2018, decreased by 7% in year 2019 and increased by 11% in year 2020 for the years 2018, 2019 and 2020 respectively considering the year 2017, 2018 and 2019 as base years as shown on the summary consolidated budget and expenditure report analysis in Table 4.21 below. As indicated summary of combined annual budget versus

expenditure report in year between 2017 and 2020 in Table 4.20 above indicated that the annual budget utilization for the four year was 97%, this showed that in WVE there was underutilization of budget. The cumulative percentage in annual budget utilization is 98%, 97%, 99% and 94% in the year 2017, 2018, 2019 and 2020 respectively. It is also clear that World Vision Ethiopia have invested more funds in year 2018 and 2020 on education, food security, health and nutrition, wash and sanitation, and sponsorship and project management as shown on the Table 4.20 and Figure 4.7 above.

Table 4.21: Change of Budget and Expenditure Performance in Year 2017 to 2020

Year	Budget (ETB)	Actual Expenditure (ETB)	Under-utilized Budget	Change of Budget Performance	Change of Expenditure Performance
2017	2,143,670,549	2,111,050,329	32,620,220		
2018	4,240,409,089	4,104,354,696	136,054,393	98%	94%
2019	3,851,413,351	3,825,462,026	25,951,325	(9%)	(7%)
2020	4,499,528,659	4,235,557,021	263,971,638	17%	11%
Total	14,735,021,648	14,276,424,072	458,597,576		

Source: Survey Data (2021)

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter consists of the summary of the findings, conclusions drawn from the analysis part and the recommendations forwarded by the researcher in order to improve the practice of budget preparation and budget utilization for World Vision Ethiopia.

5.1. Summary of Findings

This study was aimed to investigate the assessment of budget preparation and budget utilization in World Vision Ethiopia (WVE).

The result of the study on the general information on budget in World Vision Ethiopia indicated that the majority of the respondents or 71(61.2%) of the respondents indicated that the WVE budget covered a time dimension of one year. 98(84.5%) of the respondents indicated that in WVE budget process takes appropriate time duration to prepare, also 95(81.9%) of the respondents indicated that top management, board of directors, budget committee and finance managers were involved in budgeting process. 80(69.0%) of the respondents indicated that the final decision on budget proposals were made by top management and also the majority of the respondents or 103(88.8%) of the respondents indicated that WVE participate all responsible staffs in the budget preparation process.

Moreover, the majority or 66(56.9%) of the respondents indicated that in WVE, the timing of grant review meetings was conducted quarterly or every 3 months, 104(89.7%) of the respondents indicated that WVE has policy and procedures in budgeting and budget monitoring. Beside this, the majority or 110(94.8%) of the respondents have indicated that budget versus actual report is provided by the finance department regularly for budget monitoring and variance analysis. Almost all the respondents or 112(96.6%) of the respondents indicated that budget holders and finance rephrase project budget. Finally, the majority of the respondents or 92(79.3%) of the respondents indicated that budget holders monitor their budget and do variance analysis monthly.

To test the overall factors of budget preparation nine questions were presented to the respondents and these items had scored an average mean value between 3.75 and 3.94 with a standard deviation value between 0.59 and 0.74, which shows that the respondents of World Vision Ethiopia have agreed on the overall factors of budget preparation items. When we see the respondents level of agreement for each statement, the majority of the respondents, or 68(58.6%) agreed with mean value of 3.91 and (SD = 0.68), that in WVE budgets are prepared with reference to the organization annual plans, strategic plan and overall goal. Secondly, the majority of respondents or 70(60.3%) agreed with mean value of 3.91 and (SD = 0.66), that the staffs of WVE adequate understanding in preparing plan and budget. Besides this from the total respondents, 70(60.3%) of them agreed with mean value of 3.75 and (SD = 0.64), that in WVE budgets are used to efficiently allocate resources.

Next, majority of respondents or 68(58.6%) of them agreed with mean value of 3.91 and (SD = 0.70), that all responsible staffs or departments of WVE are involved in budget preparation processes. The majority of the respondents or 75(64.7%) agreed with mean value of 3.89 and (SD = 0.59) that the budgeting process in WVE starts with preparation of forecasts of the expected confirmed income/Awards. From the total respondents, 70(60.3%) of them agreed with mean value of 3.94 and (SD = 0.65) that in WVE past budgeting process or budget notes are documented and which are referenced during the budget preparation process to identify their gaps on budget utilization. Majority of respondents or 56(48.3%) agreed on the statement that in WVE budgets are always approved by the senior management before any execution was done with mean value of 3.83 and (SD = 0.74). Concerning on the statements that states the budget office has adequate number of professionals (budget officers) who prepare plan and budget, the majority of respondents or 61(52.1%) of the them agreed with the mean value of 3.94 and (SD = 0.69). Finally, the majority of the respondents or 64(55.2%) of them agreed with the mean value of 3.91 and (SD = 0.68) on the statement that states budget is prepared based on reliable data and estimates in WVE. This result is similar with the study of Tilahun (2010) and Yesuf (2015).

To identify the challenges in budget implementation in WVE, eleven questions have been prepared regarding to this topic and the overall challenges in budget implementation items had scored an average mean value between 3.73 and 3.91 with a standard deviation value between 0.66 and 0.79, which indicated that the respondents of WVE have agreed on the overall

challenges in budget implementation items. For the first item that states budget variances hinder effective budget implementation, the majority of the respondents or 60(51.7%) showed their agreement, with mean value of 3.91 and (SD = 0.71). Next, the majority of the respondents or 63(54.3%) agreed on the statement that states in WVE budget implementation was affected by budgets that include unattainable targets or standards with mean value of 3.85 and (SD = 0.66). Concerning, the third item that states the budget contain uncertainty which hinders effective implementation, the majority of the respondents or 59(50.9%) agreed with mean value of 3.88 and (SD = 0.71). For the fourth item that states insufficient funds allocated to department affect budget implementation, the majority of the respondents or 67(57.8%) responded agree, with mean value of 3.85 and (SD = 0.68). This indicated that insufficient funds allocated to department or projects affected budget implementation process in WVE.

The fifth item of the challenges in budget implementation states that the inability of user department to utilize the allocated funds hinders effective implementation of budget, the majority of the respondents or 52(44.8%) responded agree, with a mean value of 3.75 and (SD = 0.75). Concerning on the sixth item that states the weakness of the institution could hinder effective budget implementation, the majority of the respondents, or 52(44.8%) agreed, with a mean value of 3.91 and (SD = 0.78). Regarding the seventh item that states the routines and meaningless of budget processes in WVE was a challenge in the effective budget implementation process, the majority of the respondents, or 53(45.7%) agreed, with a mean value of 3.73 and (SD = 0.76). For the eighth item that states the method used to allocate funds in WVE to user department is unsatisfactory, which resulted a challenge in the effective budget implementation process, the majority of the respondents or 57(49.1%) responded agree, with mean value of 3.84 and (SD = 0.77).

The ninth item of the challenges in budget implementation states that the budget process is time consuming and expensive and may become volatile before implementation, the majority of the respondents or 67(57.8%) responded agree, with a mean value of 3.74 and (SD = 0.66). Beside this, on the statement that states the tendency by user department to adhere to budget process just to comply with organization or donor requirement was a challenge in the effective budget implementation in WVE, the majority of the respondents, or 68(88.6%) agreed, with a mean value of 3.84 and (SD = 0.68). Lastly, on the statement that states new reforms in budgeting guidelines keep on changing and come with new set of rules which take time to learn

and can be a challenge to budget implementation, the majority of the respondents, or 53(45.7%) agreed, with a mean value of 3.93 and (SD = 0.77). Finally, the composite statistics result of the challenges in budget implementation scored a mean value 3.82 and (SD=0.72), showed that in general challenges of budget implementation in WVE originated from its donors, government and also from the organization itself. This result is similar with the study of Meseret (2016) and Selamawit (2020).

In relation to budgetary monitoring and control in WVE, ten questions were presented to respondents, the mean value of the items lies between 3.51 and 4.05, and the standard deviation value between 0.63 and 0.79 indicated that the respondents of WVE have agreed on the overall budgetary monitoring and control items. For the 10th, 7th and 9th items, the majority of the respondents or 90(77.6%), 86(74.2%) and 82(70.7%), of them agreed that the in order to monitor and control budget in WVE solutions are developed to problems revealed by budgetary monitoring and control department, in WVE budgets are reviewed as need arises to capture the reality during budget implementation and in WVE budget variances are investigated and justified to take timely corrective actions in order to monitor and control of budget.

Followed by the 4th, 3rd, 8th and 2nd items, the majority of the respondents or 78(67.3%), 76(65.5%), 76(65.5%) and 75(64.6%) of them agreed that the in WVE the budget monitoring and control process is always done by making references to budget before any request to undertake an activity is approved to ensure that there are adequate funds, in WVE While striving to implement project the budget holder consider how their action affect achievement of the set target of the organization as a whole. Also, for monitoring and control of budget in WVE reports on budget variance are shared with budget holders and senior management and in WVE there is an effective leadership and support provided by managers to their subordinate throughout budget execution in order to make budget monitoring and control easy respectively.

Finally, for the 6th, 5th and 1st items, the majority of the respondents or 73(62.9%), 69(59.5%) and 61(52.6%) of them agreed that in WVE to monitor and control budget there is a regularly done budget vs actual comparison and identification of variances, there is an accurate and timely recording of actual result of budget and in WVE the approved budgets are shared with all departments and budget holders to ensure that they are understood, which in turn made the budgetary monitoring and control easy respectively. Finally, the composite statistics result of

budgetary monitoring and control scored a mean value of 3.82 and (SD=0.74) showed that in general there is a good budgetary monitoring and control system in WVE. This result is similar with the study of Sharma (2012) and Mulugeta (2017).

In relation to budget utilization in WVE, six questions were presented to respondents, the mean value of the items lies between 3.84 and 3.94, and the standard deviation value between 0.64 and 0.76 indicated that the respondents of WVE have agreed on the overall budget utilization items. For the 5th, 3rd and 2nd items, the majority of the respondents or 90(77.6%), 88(75.8%) and 87(75.0%) of them agreed that in WVE budgets or funds are utilized based on project schedule and donors have a system of regularly reviewing expenditures against approved budgets and also the donor funds are utilized for the purpose it was meant according to their objectives and compliance respectively. Besides, for the 4th, 1st and 6th items, the majority of the respondents or 83(71.5%), 82(70.7%) and 79(68.1%) of them agreed that there are continuous utilization controls in WVE to control funds that are utilized, in WVE the allocated fund or budgets are utilized as per proclamation number 621/2009, which states that 70% of the budget or fund should be invested on program costs and 30% on administration cost. And finally, in WVE budgets or funds are utilized based on continuous monitoring and evaluation system.

World Vision Ethiopia annual budget and actual expenditure variance analysis was conducted for four years starting from 2017 to 2020. And the result indicated that the budget allocation trend was 15% for the year 2017, increased to 29% in the year 2018, decreased to 26% in the year 2019 and finally increased to 30% in the year 2020. This indicated that in WVE the budget allocation trend is not constantly increased. Also the study indicated that the annual budget utilization for the four year was 98% for the year 2017, decreased to 97% for the year 2018, increased to 99% for the year 2019 and decreased to 94% in the year 2020. Again this finding indicated that there is no constantly increasing annual budget utilization in WVE. Also the result indicated that unutilized annual budget for the year 2017 was 2%, increased to 3% in the year 2018, decreased to 1% in the year 2019 and finally increased to 6% in the year 2020. This finding was in contrast with the finding of Yesuf (2015) and Meseret (2016).

The change of budget and expenditure performance is increasing and decreasing from the year 2017 to 2020, the budget is increased by 98% for the year 2018, decreased by 9% in year 2019 and increased by 17% in year 2020 and the expenditure is increased by 94% for the year 2018, decreased by 7% in year 2019 and increased by 11% in year 2020 for the years 2018, 2019 and 2020 respectively considering the year 2017, 2018 and 2019 as base years. The result indicated that the annual budget utilization for the four year was 97%, this showed that in WVE there was underutilization of budget. The cumulative percentage in annual budget utilization is 98%, 97%, 99% and 94% in the year 2017, 2018, 2019 and 2020 respectively. It is also clear that World Vision Ethiopia have invested more funds in year 2018 and 2020 on education, food security, health and nutrition, wash and sanitation, and sponsorship and project management.

5.2. Conclusions

The primary goal of this study was to look into World Vision Ethiopia's budget preparation and budget utilization in order to examine the budget preparation and utilization practice and identify the challenges in implementation. Thus the following conclusions were reached as a result of this research:

From the result of the general information on budget in World Vision Ethiopia, the study concluded that the budget covered a time dimension of one year; the budget process takes appropriate time duration to prepare and participate all responsible staffs like top management, board of directors, budget committee and finance managers and also the final decision on budget proposals were made by top management. The study also concluded that WVE used a combination of "bottom up" and "top down" budgeting approach.

In World Vision Ethiopia, grant or award review meetings are held on a quarterly basis, which has resulted in better coordination, follow-up, and communication in the process of budget development and use. World Vision Ethiopia have its own policy and procedures in budgeting and budget monitoring, which helped the organization in budget preparation, budget monitoring, budget implementation and utilization in line with the organizations policy and procedures.

In WVE there is a regularly budget monitoring and variance analysis due to the presence of adequate provision of budget versus actual budget expenditure report information in the organization. Also the presence of rephrasing project budget based on identified gaps and

variance analysis helped to compare actual results with the planned one in a given period time. The study also concluded that WVE have monthly regular budget monitoring and variance analysis schedule to control over and underspends on time which leads for managers to make active decisions in taking corrective actions on identified problem and gaps.

Concerning budget preparation in World Vision Ethiopia the study concluded that budgets are prepared with reference to the organization annual plans, strategic plan and overall goal with staffs having an adequate understanding in preparing plan and budget and by involving all responsible staffs or departments of WVE in the budget preparation processes. Also, the budgeting process in WVE starts with preparation of forecasts of the expected confirmed income/awards and the prepared budgets are used to efficiently allocate resources. The study also concluded that that in WVE past budgeting process or budget notes are documented and which are referenced during the budget preparation process to identify their gaps on budget utilization and WVE budgets are always approved by the senior management before any execution was done, having an adequate number of professionals or budget officers who can prepare plan and budget in their departments. The finding also concluded that budget is prepared based on reliable data and estimates and in general WVE have a good budget preparation practice.

Regarding the challenges in budget implementation in WVE the study concluded that budget variances, budgets that include unattainable targets or standards, uncertainties included in the budget and insufficient funds allocated to department or projects was hindering or affecting effective budget implementation in the organization. Also from the result of the study, the researcher concluded that the inability of user department to utilize the allocated funds, weakness of the institution, the routines and meaningless of budget processes, and sometimes unsatisfactory method of budget allocation to user departments was affecting effective implementation of budget in WVE. The study also concluded that the budget process in WVE is time consuming and expensive, which in turn resulted a volatile or unpredictable budget before implementation, tendency by user department to adhere to budget process just to comply with organization or donor requirement, was another challenge in the effective budget implementation in WVE. Another challenge in the effective budget implementation in WVE was new projects or donors having different budgeting guidelines and come with new set of rules which take time to learn. Finally, the study concluded that challenges of budget

implementation in WVE originated from its donors, government and also from the organization itself.

The study found that in order to make budgetary monitoring and control easier in WVE, approved budgets are shared with all departments and budget holders to ensure that they are understood, managers provide effective leadership and support to their subordinates throughout budget execution, and budget holders consider how their actions affect the organization's overall goal when implementing projects. In WVE the budget monitoring and control process is always done by making references to budget before any request to undertake an activity is approved to ensure that there are adequate funds, there is an accurate and timely recording of actual result of budget and beside this there is a there is a regularly done budget vs actual comparison and identification of variances. The study also concluded that in order to monitor and control budget in WVE budgets are reviewed as need arises to capture the reality during budget implementation, reports on budget variance are shared with budget holders and senior management, budget variances are investigated and justified to take timely corrective actions and solutions are developed to problems revealed by budgetary monitoring and control department. Finally, the study concluded that in general there is a good budgetary monitoring and control system in WVE.

Regarding the budget utilization, the study concluded that in WVE the allocated fund or budgets are utilized as per proclamation number 621/2009, which states that 70% of the budget or fund should be invested on program costs and 30% on administration cost. Also, in WVE the donor funds are utilized for the purpose it was meant according to their objectives and compliance and in order to control the utilization of budgets in WVE there is a system for donors to regularly review expenditures against approved budgets. The study also concluded that there are continuous utilization controls in WVE to control funds that are utilized, budgets or funds are utilized based on project schedule and the budgets or funds are utilized based on continuous monitoring and evaluation system.

From the result of the WVE annual budget and actual expenditure variance analysis the study concluded that WVE the budget allocation trend and annual budget utilization is not constantly increased. Also the unutilized annual budget varies year to year in the study area. This may be due to factors like the epidemic breakout of Covid-19, inflation in the market and peace and

stability of the country. The study also concluded that the annual budget utilization for the four year was 97%, this showed that in WVE there was underutilization of budget and WVE have invested more funds in year 2018 and 2020 on education, food security, health and nutrition, wash and sanitation, and sponsorship and project management.

5.3. Recommendations

This study was aimed to investigate the assessment of budget preparation and budget utilization in World Vision Ethiopia. Based on the findings and conclusions reached, the researcher forwarded the following recommendations, which may have managerial implications:

- According to the findings of the study in WVE, there has been underutilization of budget over the previous four years; consequently, strong budget supervision and control should be made by budget holder leaders in order to improve overall budget utilization performance. Building a strong auditing system by employing the necessary number of employees and supporting their efforts is also highly recommended, as auditing work contributes significantly to effective budget utilization performance by preventing corruption and enforcing the appropriate rules and regulations.
- To increase the ability of user department to utilize the allocated funds or budgets effectively, WVE management bodies should provide training to the staffs of its departments on how to utilize their budgets effectively and efficiently.
- As a challenge to budget implementation the study found out that in WVE new projects or donors having different budgeting guidelines and come with new set of rules which take time to learn was a challenge to budget implementation. To overcome this problem WVE management bodies should provide training to their staffs on the new budgeting guidelines before the budget was implemented.
- WVE should hold regular grant review meetings with different departments to ensure smooth communication and timely delivery of outputs as planned activities in accordance with the donor's and management's requirements to ensure the integrity of different departments in the project budget implementation process. Two methods for identifying opportunities for continual budget improvement are to measure budget accuracy and timeliness on a regular basis and to undertake more formal reviews.

- Budget monitoring and variance analysis should be conducted on a regular basis, in conjunction with the financial system's monthly close, to compare budget versus expenditure by budget holders and finance, which are responsible for managing the project's budget and activities, with clear justification and action points. So that management can prevent overspending or underspending and take corrective action in a timely manner.

5.4. Directions for Further Studies

The research conducted in this study has led to some useful results and conclusions on the assessment of budget preparation and budget utilization in World Vision Ethiopia. From methodological point of view, the scope of the study was confined to one NGO (i.e., World Vision Ethiopia) in Addis Ababa. Therefore, it is interesting to replicate the study using nationwide samples of NGOs and compare results to provide better understanding of this topic in the wider Ethiopian context. The chosen methodology was descriptive study design due to novelty of the topic under the study in Ethiopia. So, findings are restricted by limitations of the chosen methodology. Future research of explanatory and conformity nature is needed to develop further findings. The other limitation of this study is that all primary data was obtained from respondents through cross-sectional study using questionnaire and document review. For this reason, it is recommended that future studies should embark on longitudinal research by considering panel data for more than five years back that provides more valuable information for theory development and refinement in the area of NGO budget preparation and utilization, and replicating the study using quantitative financial data can result in useful findings for users of the study. Finally, the study was limited to these variables and it is recommended for future research to include many other factors that affect budget preparation and utilization in NGOs.

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APPENDIX

Appendix 1: Research Questionnaires

Addis Ababa University

College of Business and Economics

Department of Accounting and Finance

Dear respondent,

My name is Sintayehu Yassin, a student at Addis Ababa University, is conducting this research as part of his master's degree requirements in Accounting and Finance. I'm now working on a study called "The Assessment of Budget Preparation and Utilization in the Case of World Vision Ethiopia."

I kindly would like to requisite you that you are one of the best and honorable reliable respondents selected on this study.

Please assist me in giving correct and complete information to present a representative finding on the current status of The Assessment of Budget Preparation and Utilization in Case of World Vision Ethiopia.

The questionnaire is fully anonymous, and your participation is absolutely voluntary. Finally, I assure you that whatever information you provide with me will be kept private and utilized just for academic purposes. Individual responses will not be identifiable, and the identities of those who respond will not be published or disseminated. All data will be used solely for academic reasons.

Sincerely Yours,
Sintayehu Yassin

Instructions

1. No need of writing your name
2. For Likert scale type statements and multiple-choice questions indicate your answers with a check mark (✓) and by encircling the letter of your choice in the appropriate block.

N. B. If you have any additional comments, clarifications, information, and suggestions, you can contact the researcher in the following addresses:

Name: Sintayehu Yassin

Mobile: +251-911365900

E-mail: sitnatyehuyasin@gmail.com

Thank you in advance for your invaluable cooperation and dedicating your time.

Part I: Demographic Characteristics of Respondents

Instruction: Please indicate your answer by encircling the letter of your choice:

1. Gender:
 - a. Male
 - b. Female
2. Age:
 - a. 20-30 years
 - b. 31-40 years
 - c. 41-50 years
 - d. Above 50 years
3. Educational level:
 - a. Diploma holder
 - b. First degree holder
 - c. Master's degree and above
4. What is your functional position?
 - a. Management Staff
 - b. Supervision Staff,
 - c. Finance Staff
 - d. Program/Project Coordinator Staff
5. Total service year within the current organization
 - a. Less than 2 years
 - b. Between 3 and 5 years
 - c. Between 6 and 10 years
 - d. Above 10 years

Part II: Some Basic Questions on Budgets

6. What is the time dimension does the World Vision Ethiopia budget covers?
 - a. 3 months
 - b. 6 months
 - c. 1 year
 - d. More than 1 year
7. Do you think the budget process at World Vision Ethiopia takes appropriate time duration to prepare?
 - a. Yes
 - b. No
8. Who are involved in budgeting process?
 - a. Top Management
 - b. Board of directors
 - c. Budget Committee
 - d. Finance Manager
 - e. All of the above
 - f. Other specify _____
9. Who makes the final decision on budget proposals?
 - a. Top Management
 - b. Board of directors
 - c. Budget Committee
 - d. Finance Manager
 - e. Other specify _____
10. Did your organization participate all responsible staffs in the budget preparation process?
 - a. Yes
 - b. No
11. What is the timing of grant review meetings?
 - a. Monthly
 - b. Quarterly
 - c. During reporting period
 - d. At the end of the project period
12. Do you have policy and procedures in budget preparation and utilization?
 - a. Yes
 - b. No
13. Is budget versus actual report is provided by the finance department/system regularly to budget holders to do budget monitoring and variance analysis?
 - a. Yes

b. No

14. When do budget holders monitor their budget and do variance analysis to control over and underspends?

- a. Monthly
- b. Quarterly
- c. During reporting period
- d. At the end of the project period

15. Do budget holders and finance rephrase the budget based on identified gaps and variance analysis for future improvement?

- a. Yes
- b. No

Part III: Questions Related to Factors Determining Budget Preparation

Budgets have a number of purposes; indicate how important you think that each of the following is relevant for the institution in budget preparation Using a rating scale of 1 to 5 please indicate the importance of the statement on the budget preparation: - **Strongly Agree (5), Agree (4), Neutral (3), Disagree (2) and Strongly Disagree (1)**

Code	Budget Preparation	1	2	3	4	5
BP1	Budgets are prepared with reference to the organization annual plans, strategic plan and overall goal.					
BP2	The staffs have adequate understanding in preparing plan and budget					
BP3	Budgets are used to allocate the resources in the organization.					
BP4	All responsible staffs or functions of the organization are involved in budget preparation.					
BP5	The budgeting process starts with preparation of forecasts of the expected confirmed income/Awards.					
BP6	The organization has documented budgeting process (budget notes) which is referenced during the process					
BP7	The budgets are always approved by the senior management before any execution.					
BP8	The office has adequate number of professionals (budget officers) who prepare plan and budget.					
BP9	Budget is prepared based on reliable data and estimates.					

Part IV: Questions Related to Challenges in Budget Implementation

Using a rating scale of 1 to 5 please indicate the importance of the statement on the challenges of budget implementation: - **Strongly Agree (5), Agree (4), Neutral (3), Disagree (2) and Strongly Disagree (1)**

Code	Challenges in Budget Implementation	1	2	3	4	5
CBI1	Budget variances hinder effective budget implementation					
CBI2	In some period budget include unattainable targets or standards					
CBI3	The budget contain uncertainty which hinders effective implementation					
CBI4	Insufficient funds allocated to department affect budget implementation					
CBI5	Inability of user department to utilize the allocated funds hinders effective implementation of budget					
CBI6	Institutional weakness could hinder effective budget implementation					
CBI7	The budget process is routine and lack meaning					
CBI8	The method used to allocate funds to user department is unsatisfactory					
CBI9	The budget process is time consuming and expensive and may become volatile before implementation					
CBI10	There may be tendency by user department to adhere to budget just to comply with the institution requirement					
CBI11	New reforms in budgeting guidelines keep on changing and come with new set of rules which take time to learn and can be a challenge to budget implementation					

Part V: Questions Related to Budgetary Monitoring and Control

Using a rating of 1 to 5 please indicate your view on the following statement on the budgetary monitoring and control. Where **Strongly Agree (5), Agree (4), Neutral (3), Disagree (2) and Strongly Disagree (1)**

Code	Budgetary Monitoring and Control	1	2	3	4	5
BMC1	The approved budgets are shared with all departments and budget holders and ensure they are understood.					
BMC2	Leadership and support provided by managers to the subordinate throughout budget execution is effective.					
BMC3	While striving to implement project the budget holder consider how their action affect achievement of the set target of the organization as a whole.					
BMC4	There is always reference to budget before any request to undertake an activity is approved to ensure that there are adequate funds.					
BMC5	Recording of actual result is accurate and timely.					
BMC6	Budget vs actual comparison and identification of variances is done regularly.					

BMC7	Budgets are reviewed as need arises to capture the reality during implementation.					
BMC8	Reports on budget variance are shared with budget holders and senior management.					
BMC9	Variances are investigated and justified to take timely corrective actions.					
BMC10	The organization develops solutions to problems revealed by budgetary control.					

Part VI: Questions Related to Budget Utilization

Using a rating of 1 to 5 please indicate your view on the following statements on budgeting process and its utilization of budget. Where - **Strongly Agree (5), Agree (4), Neutral (3), Disagree (2) and Strongly Disagree (1)**

Code	Budget Utilization	1	2	3	4	5
BU1	World Vision Ethiopia utilizes its allocated fund as per proclamation number 621/2009-at least 70% for program cost & at most 30% admin cost.					
BU2	Donor funds are utilized for the purpose it was meant according to their objectives and compliance.					
BU3	Donor has a system of regularly reviewing expenditures against approved budgets.					
BU4	The organization utilizes its fund through continuous utilization control.					
BU5	World Vision Ethiopia utilizes its fund based on its project schedule.					
BU6	World Vision Ethiopia utilizes its fund based on continuous monitoring & evaluation system					

Part VII: Audited budgetary revenue and expenditure reports on World Vision Ethiopia finance office for the last three years.

Fiscal Year	Adjusted Budget	Actual Expenditure	Over (-) or underutilization of budget (+)
2017			
2018			
2019			
2020			

Appendix 2: SPSS Output Results

Table 1: Mean, Standard Deviation, Frequency and Percent of Budget Preparation

Factors

Statistics

		BP1	BP2	BP3	BP4	BP5	BP6	BP7	BP8	BP9
N	Valid	116	116	116	116	116	116	116	116	116
	Missing	0	0	0	0	0	0	0	0	0
Mean		3.9138	3.9052	3.7500	3.9052	3.8879	3.9397	3.8276	3.9397	3.9052
Std. Deviation		.67976	.68497	.64437	.69755	.58639	.64993	.73751	.68890	.68497

BP1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	1.7	1.7	1.7
	Undecided	26	22.4	22.4	24.1
	Agree	68	58.6	58.6	82.8
	Strongly Agree	20	17.2	17.2	100.0
	Total	116	100.0	100.0	

BP2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.6	2.6	2.6
	Undecided	24	20.7	20.7	23.3
	Agree	70	60.3	60.3	83.6
	Strongly Agree	19	16.4	16.4	100.0
	Total	116	100.0	100.0	

BP3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.6	2.6	2.6
	Undecided	33	28.4	28.4	31.0
	Agree	70	60.3	60.3	91.4
	Strongly Agree	10	8.6	8.6	100.0
	Total	116	100.0	100.0	

BP4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.6	2.6	2.6
	Undecided	25	21.6	21.6	24.1
	Agree	68	58.6	58.6	82.8
	Strongly Agree	20	17.2	17.2	100.0
	Total	116	100.0	100.0	

BP5

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Undecided	27	23.3	23.3	23.3
Valid Agree	75	64.7	64.7	87.9
Valid Strongly Agree	14	12.1	12.1	100.0
Total	116	100.0	100.0	

BP6

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	1	.9	.9	.9
Valid Undecided	25	21.6	21.6	22.4
Valid Agree	70	60.3	60.3	82.8
Valid Strongly Agree	20	17.2	17.2	100.0
Total	116	100.0	100.0	

BP7

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	2	1.7	1.7	1.7
Valid Undecided	37	31.9	31.9	33.6
Valid Agree	56	48.3	48.3	81.9
Valid Strongly Agree	21	18.1	18.1	100.0
Total	116	100.0	100.0	

BP8

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Undecided	31	26.7	26.7	26.7
Valid Agree	61	52.6	52.6	79.3
Valid Strongly Agree	24	20.7	20.7	100.0
Total	116	100.0	100.0	

BP9

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	1	.9	.9	.9
Valid Undecided	30	25.9	25.9	26.7
Valid Agree	64	55.2	55.2	81.9
Valid Strongly Agree	21	18.1	18.1	100.0
Total	116	100.0	100.0	

Table 2: Mean, Standard Deviation, Frequency and Percent of Challenges in Budget Implementation Factors

		Statistics										
		CBI1	CBI2	CBI3	CBI4	CBI5	CBI6	CBI7	CBI8	CBI9	CBI10	CBI11
N	Valid	116	116	116	116	116	116	116	116	116	116	116
	Missing	0	0	0	0	0	0	0	0	0	0	0
Mean		3.9052	3.8534	3.8793	3.8534	3.7500	3.9138	3.7328	3.8362	3.7414	3.8362	3.7328
Std. Deviation		.70991	.66273	.71207	.67572	.78988	.77537	.76167	.76833	.66097	.68454	.72661

CBI1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	.9	.9	.9
	Undecided	32	27.6	27.6	28.4
	Agree	60	51.7	51.7	80.2
	Strongly Agree	23	19.8	19.8	100.0
	Total	116	100.0	100.0	

CBI2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Undecided	35	30.2	30.2	30.2
	Agree	63	54.3	54.3	84.5
	Strongly Agree	18	15.5	15.5	100.0
	Total	116	100.0	100.0	

CBI3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	.9	.9	.9
	Undecided	34	29.3	29.3	30.2
	Agree	59	50.9	50.9	81.0
	Strongly Agree	22	19.0	19.0	100.0
	Total	116	100.0	100.0	

CBI4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	1.7	1.7	1.7
	Undecided	30	25.9	25.9	27.6
	Agree	67	57.8	57.8	85.3
	Strongly Agree	17	14.7	14.7	100.0
	Total	116	100.0	100.0	

CBI5

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	4.3	4.3
	Undecided	39	33.6	37.9
	Agree	52	44.8	82.8
	Strongly Agree	20	17.2	100.0
	Total	116	100.0	100.0

CBI6

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	1.7	1.7
	Undecided	34	29.3	31.0
	Agree	52	44.8	75.9
	Strongly Agree	28	24.1	100.0
	Total	116	100.0	100.0

CBI7

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	3.4	3.4
	Undecided	41	35.3	38.8
	Agree	53	45.7	84.5
	Strongly Agree	18	15.5	100.0
	Total	116	100.0	100.0

CBI8

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	3.4	3.4
	Undecided	33	28.4	31.9
	Agree	57	49.1	81.0
	Strongly Agree	22	19.0	100.0
	Total	116	100.0	100.0

CBI9

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.6	2.6
	Undecided	35	30.2	32.8
	Agree	67	57.8	90.5
	Strongly Agree	11	9.5	100.0
	Total	116	100.0	100.0

CBI10

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.6	2.6
	Undecided	29	25.0	27.6
	Agree	68	58.6	86.2
	Strongly Agree	16	13.8	100.0
	Total	116	100.0	100.0

CBI11

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	1.7	1.7
	Undecided	44	37.9	39.7
	Agree	53	45.7	85.3
	Strongly Agree	17	14.7	100.0
	Total	116	100.0	100.0

Table 3: Mean, Standard Deviation, Frequency and Percent of Budgetary Monitoring and Control Factors

Statistics

	BMC1	BMC2	BMC3	BMC4	BMC5	BMC6	BMC7	BMC8	BMC9	BMC10
N	Valid	116	116	116	116	116	116	116	116	116
	Missing	0	0	0	0	0	0	0	0	0
Mean	3.5086	3.8017	3.8276	3.8621	3.7500	3.8103	3.8879	3.8966	3.8276	4.0517
Std. Deviation	.62548	.73685	.77208	.77904	.77880	.79031	.68234	.78441	.70125	.70827

BMC1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	4.3	4.3
	Undecided	50	43.1	47.4
	Agree	58	50.0	97.4
	Strongly Agree	3	2.6	100.0
	Total	116	100.0	100.0

BMC2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	1.7	1.7
	Undecided	39	33.6	35.3
	Agree	55	47.4	82.8
	Strongly Agree	20	17.2	100.0
	Total	116	100.0	100.0

BMC3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.6	2.6
	Undecided	37	31.9	34.5
	Agree	53	45.7	80.2
	Strongly Agree	23	19.8	100.0
	Total	116	100.0	100.0

BMC4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.6	2.6
	Undecided	35	30.2	32.8
	Agree	53	45.7	78.4
	Strongly Agree	25	21.6	100.0
	Total	116	100.0	100.0

BMC5

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.6	2.6
	Undecided	44	37.9	40.5
	Agree	48	41.4	81.9
	Strongly Agree	21	18.1	100.0
	Total	116	100.0	100.0

BMC6

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.6	2.6
	Undecided	40	34.5	37.1
	Agree	49	42.2	79.3
	Strongly Agree	24	20.7	100.0
	Total	116	100.0	100.0

BMC7

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	1.7	1.7
	Undecided	28	24.1	25.9
	Agree	67	57.8	83.6
	Strongly Agree	19	16.4	100.0
	Total	116	100.0	100.0

BMC8

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	1	.9	.9	.9
Valid Undecided	39	33.6	33.6	34.5
Valid Agree	47	40.5	40.5	75.0
Valid Strongly Agree	29	25.0	25.0	100.0
Total	116	100.0	100.0	

BMC9

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	3	2.6	2.6	2.6
Valid Undecided	31	26.7	26.7	29.3
Valid Agree	65	56.0	56.0	85.3
Valid Strongly Agree	17	14.7	14.7	100.0
Total	116	100.0	100.0	

BMC10

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Undecided	26	22.4	22.4	22.4
Valid Agree	58	50.0	50.0	72.4
Valid Strongly Agree	32	27.6	27.6	100.0
Total	116	100.0	100.0	

Appendix 3: Annual Budget versus Expenditure Report of WVE

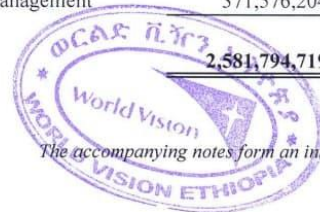
WORLD VISION ETHIOPIA
STATEMENT OF INCOME AND EXPENDITURE
FOR THE PERIOD FROM 01 JULY 2017 TO 31 DECEMBER 2018

	Notes	2018 ETB	30-Jun-17 ETB
INCOME			
Receipts from World Vision International	10	2,854,900,819	1,593,228,010
Local contributions	11	231,112,793	52,822,123
Gifts in kind	12	<u>1,154,395,477</u>	<u>497,620,416</u>
TOTAL INCOME		<u>4,240,409,089</u>	<u>2,143,670,549</u>
EXPENDITURE			
Program expenditure (81%)	13	3,329,481,297	1,624,257,406
Administrative expenditure (19%)	14	<u>774,873,399</u>	<u>486,792,923</u>
TOTAL EXPENDITURE		<u>4,104,354,696</u>	<u>2,111,050,329</u>
Net (deficit) for the year		<u>136,054,392</u>	<u>32,620,220</u>



WORLD VISION ETHIOPIA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
FOR THE YEAR ENDED 31 DECEMBER 2019

	Approved budget		Actual Expenditure ETB	Difference ETB
	Original	Final		
	ETB	ETB		
Education	281,123,953	419,368,952	428,477,719	(9,108,767)
Food security	1,354,369,197	2,020,391,307	2,097,210,797	(76,819,490)
Health and Nutrition	87,304,272	130,236,860	145,611,581	(15,374,721)
Wash and Sanitation	487,421,093	727,114,395	549,853,463	177,260,932
Sponsorship and project management	371,576,204	554,301,836	604,308,466	(50,006,630)
Grand Total	2,581,794,719	3,851,413,351	3,825,462,026	25,951,325



The accompanying notes form an integral part of this financial statement



WORLD VISION ETHIOPIA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
FOR THE YEAR ENDED 31 DECEMBER 2020

	Approved budget		Difference ETB
	Final ETB	Actual Expenditure ETB	
Education	634,806,715	391,437,512	243,369,204
Food security	2,220,613,494	2,488,662,494	(268,049,000)
Health and Nutrition	131,633,716	89,299,791	42,333,925
Wash and Sanitation	732,850,737	591,680,509	141,170,228
Sponsorship and project management	779,623,997	674,476,716	105,147,281
Grand Total	4,499,528,659	4,235,557,021	263,971,638



The accompanying notes form an integral part of this financial statement

