



**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT PUBLIC ADMINISTRATION AND DEVELOPMENT**  
**MANAGEMENT**

**AN ASSESSMENT OF BUDGET PREPARATION AND UTILIZATION IN**  
**PUBLIC SECTOR**

**THE CASE OF**  
**AFAR NATIONAL REGIONAL STATES FINANCE AND ECONOMIC**  
**DEVELOPMENT BUREAU**

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**ADDIS ABABA, ETHIOPIA**

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**AN ASSESSMENT OF BUDGET PREPARATION AND UTILIZATION IN  
PUBLIC SECTOR:-**

*(The Case of Afar National Regional State Finance and Economic Development  
Bureau)*

**A RESEARCH PAPER SUBMITTED TO:**

**ADDIS ABABA UNIVERSITY FOR PARTIAL FULFILLMENT OF MASTER'S  
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SPECIALIZED IN DEVELOPMENT MANAGEMENT**

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**JUNE, 2017**

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## **Declaration**

I, the undersigned, declare that this research paper is my original work by the guidance of Dr. Firehiwot G/hiwot and has not been presented or submitted partially or in full by any other person for a degree in any other university, and that all sources of materials used for the purpose of this thesis have been duly acknowledged.

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## APPROVAL

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## **List of Abbreviations and acronyms**

<b>ABC -</b>	Activity Based Costing
<b>ABM -</b>	Activity Based Management
<b>ANRSOGB</b>	Afar National Regional States Auditor General Bureau
<b>BOFED</b>	Bureau of Finance and Economic Development
<b>CIMA</b>	Chartered Institute Of Management Accounting
<b>EFY</b>	Ethiopian Fiscal year
<b>GTP</b>	Growth and Transformation Plan
<b>IMF</b>	International Monetary Fund
<b>ICAFW</b>	International Conferences on Application of Fractals and Wavelet
<b>MOFED</b>	Ministry of Finance and Economic Development
<b>MTEF</b>	Medium Term Expenditure Framework
<b>OECD</b>	Organization for Economic Co-Operation and Development
<b>PEM</b>	Effective Public Expenditure Management
<b>MEDC</b>	Ministry of Economic Development and Cooperation
<b>MOFEC</b>	Ministry of Finance and Economic Co-Operation
<b>MEFF</b>	Macro-Economic and Fiscal Framework

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## **Abstract**

*The main problems and controversial issues related with government budget are reflected in the budgeting processes, particularly during budget preparation and implementation stages. To the best of the researcher's knowledge, there is no document that reports a study on the probable causes that may hinder the preparation and utilization of budgeting in the Afar National Regional States Government. This is a major motivation to carry out this study. Thus, the general objective of the research paper is to assess the budget preparation and utilization of the Finance and Economic Development Bureau of the region and the study was designed to assess methods and processes of budget preparation in Afar National Regional State of selected Bureaus, to examine effectiveness and efficiency of budget utilization and to assess budget managing, monitoring and control system and to investigate challenges that has been facing during budget preparation and utilization. Three out of eleven main bureaus were taken and four key informants were selected from each bureau with a total of 40 respondents and in addition, six budget experts were also included in collecting primary data through structured questionnaire. More of the qualitative analyses demonstrated that there was no accountability in budget utilization and Lack of adequate and experienced budget experts was other issue that contributes to worsen the problems and also there is no evidence based evaluation mechanisms in the budget utilization at all Bureau under BOFED. Therefore, in order to improve budget preparation and utilization in Afar National Regional States Finance and Economic Development Bureau, it calls for taking any possible and remedial actions in the subsequent years. The study has been applied mixed research methods and used simple statistical tool to present, interpret and analyze collected data.*

**Keyword: - budget preparation, budget utilization and budget**



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## **CHAPTER ONE**

### **1. INTRODUCTION**

#### **1.1. Back ground the study**

Budget Process is a powerful tool in Public finance management for allocating scarce resources to different programs of the State. It is where some of the most important political decisions and activities are made during the year. The process involves consultations and negotiations between the council and various relevant parties. The problems and controversial issue related to Government budgeting are reflected in the preparation, approval, execution, and Audit phase of Budget cycle. A full understanding of the budget planning and preparation system is essential. Since it is much easier to control government expenditures at the "upstream" point of budget preparation than later during the execution of the budget (Porter and diamond, M.E.2003)

For budgeting and utilization processes to be effective and economic, they must be based on well-argued and elaborated plans and program. The inadequacy of hard budget restraints on decision makers at the planning and budget formulation stage of the cycle leads to inadequate funding of operations, poor expenditure control and unpredictability in the flow of budgeted resources to agencies responsible for service delivery. When we see the case of Ethiopian budget classification system, it is possible to see exactly which resources are assigned to which public bodies and to follow up that the money has been used in accordance with the intended priorities.

Budgets are assigned to public bodies or bureaus and their respective departments, divisions, programs or projects, in turn, assign responsibilities for their effective use. With decentralization, it is decisive that the planning and budgeting cycles at each level are harmonized and coordinated. This is also why a basic understanding of the procedures and timelines in preparing the budget at federal level is important in order to understand the budget process at regional and local level. Furthermore, budgets define "use" and "purpose". The purpose or objective of a budget is related to the intended outputs. This means all budget items are related to the planned activities on which the public funds are spent and the purpose of the spending Ketema cited Rebecca, & Natasha, (2011). Besides to this, for effective use of

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

In Ethiopia, the adoption of development planning to guide resource allocation was started in, 1950s, and it has under-gone significant changes in the area of government policies and development priorities (Ghirmai, 1990). But after the military government took power, major industrial and financial activities came under the state control, which were the causes for the creation of huge public sector and expenditure (Teshome, 1994). In general, according to WBs (1998) report excessive capital consumption of public enterprises, over centralization of the economic activities and the existence of continuous war, conflicts, drought and change of international situation made the country one of the poorest countries in the world.

After the fall of the Dergue regime in 1991, the Government of Ethiopia initiated a broad spectrum of economic reforms. The reform programs among others include reorienting the economy from command to market economy, creating policy environment to promote private sector investment, reallocation of expenditure towards to poverty oriented sectors, process of structural adjustment, introduction of Civil service reform, and policy of fiscal decentralization (MOFED, 2002).

The Ethiopian constitution adopted in 1994, established decentralized regional states; which recognizes the right of the regions to formulate and executes their economic and social development policies and strategies, and administer their expenditure planning and certain types of taxes (Getachew, 2006). Even though, the country has undertaken different reforms to address the weaknesses of budget processes to public sector, successful modern budgeting system remains a continuous problems of the country in general and Afar National Region State in particular.

In the modern era debates about public expenditure management have tended to focus on means of making the budget process more responsive to policy direction, focused on the achievement of results, rather than control of resources, and increasing openness, transparency and

accountability(World Bank 1998).According to WB (1998), the broad functions of budgeting that are competing for attention are: control of public resources, planning for the future allocation of resources and management of resources.

A common feature of such systems involves the Ministry of Finance and economic cooperation, keeping spending agencies in check by requesting reports on financial and non-financial performance. The latter is also referred to as the results of government spending, and can be measured at the levels of outputs, outcomes and impacts, which involves defining performance indicators. It is important for governments to define and keep track of indicators to consider what they are trying to achieve with their policies and how far they are progressing and to use the information to plan accordingly. For this reason, there is a strong link between budget monitoring (understanding how public resources are being utilized) and performance-based budgeting (Rebecca, & Natasha, 2011).

Therefore, this study focused on assessing how Government bureaus under Afar National Regional State prepared and utilized budget. After assessing these issues, the paper was also tried to put forward viable recommendations for decision makers regarding strategies to take advantage of existing and emerging opportunities for improved sector financing and budget execution.

## **1.2. Statement of the Problem**

According to (Potter and diamond 2003) the crucial problems and controversial issue related to government budgeting is reflected in the preparation, enactment, execution and review phase of budget cycle. The politics of public budgeting is more serious and challenging particularly in federal democratic countries where there is constitutional power and resource sharing among different levels of government.

The public budget planning is a process by which government sets the level of expenditure, collects revenues and allocates the spending of resources among all sectors to meet national goals (Shah, 2008). Budget implementation on the other hand is the actual execution of the budget and application of funds to the planned activities. During the fiscal year, however, not all

allocated budgets are used as per the proposed plan. These could be cases where the approved funds may not be enough to fully accomplish the intended goal. In other instances, the amount allocated to a project may be more than what the project can consume.

If budgets are not prepared in the organization some difficulties face the organization in coordinating the activities of the various parts of the organization and ensuring that the parts are in harmony with each other, in communicating plan to the various organizational goals in controlling and in evaluating the performance of management. In line with these the above issues Afar BOEFED (2015) report shows, in Afar National Regional State, there is a weak budget preparation and utilization processes and there is a gap in linking sectors plan with available resources during budget preparation processes. Little has done to evaluate the causes that probably affect these problems in Afar National Regional States BOFED and these problems need further investigation with scientific approach how budget preparation and utilization is processed in Afar National Regional states BOFED.

As the best of the researcher knowledge, to date it seems apparent that no research has been conducted which would help pinpoint the problems of budget preparation and utilization in Afar National Regional State. therefor, this research bridges an evident research gap as there is no document that reports any study on probable causes that may hinder budget preparation and utilization in Afar National Regional state BOFED. Hence, the research assess how Regional Government budget preparation and utilization takes place. Consequently, the result will have policy input and pinpoint areas that need ratification and improvement.

### **1.3. Research questions**

In order to examine the stated problem and to achieve the objective of this study the following research questions are designed:-

1. What are methods and processes of budget preparation in Afar National Regional State of Bureaus of Finance and Economic Development?
2. How is budget utilized in the selected Afar National Regional Bureaus?
3. How is the monitoring and control system of budget utilization in Afar National Regional State of Bureau of Finance and Economic Development?
4. What are the challenges that have been facing during budget preparation and utilization?

### **1.4. General Objective of the study**

The main purpose of the study is to assess the budget preparation and utilization processes in the case of Afar National Regional States Bureau of Finance and Economic Development

#### **1.4.1. Specific Objectives of the study**

- To assess methods and processes of budget preparation in Afar National Regional State Bureaus of Finance and Economic Development
- To assess how is budget utilized in Afar National Regional States Government Bureaus
- To assess budget monitoring and control systems in bureaus of finance and economic and development of the region
- To examine challenges face during budget preparation and utilization
- To recommend possible solutions that curbs the challenges in budget preparation and utilization

Therefore, this paper tried to raise the above research questions and addressed the critical Problem by Suggesting possible recommendation for the future action

## **1.5. Significance of the Study**

This study will be important to government leaders, employees and general public and it provides relevant information regarding budget preparation and utilization. In addition, it will present information about how corrective action can be made during budget preparation and utilization. Apart from being the obligatory requirement for fulfillment of this thesis, the research also gives necessary recommendation to have relevant information for Afar National Regional States Finance and Economic Development bureau, on budget preparation and utilization. At large, it may also contribute to create awareness to bureaus, and any other concerned body on the role of budget management and to the success of vision of the National Regional State Government. Moreover, it can be referred and make the base for further research on the same topic for other researchers.

## **1.6. Scope of the study**

The research was conducted at afar national regional states semera town where all regional bureaus are found. Even if, more than 3 main bureaus at Regional, District administrations and local level prepare and utilizes budget in the Region, the study depends wholly on purposively selected three (3) main Government bureaus (Afar national regional states education bureau, Afar national regional states waters resource bureau, Afar national regional states bureau of pastoral agriculture) which prepare and utilize huge amount of budget when compared with other bureaus. Additionally, these bureaus are also suited at one place to collect data which in turn save time. The research has seen how budget is prepared on these bureaus and utilized accordingly. The time horizon of the study has been limited to assess the last five years budget utilization report of bureaus covering from 2003 up to 2007 E.C.

## **1.7. Limitation of the study**

The researcher faced the following problems and limitation while performing this research paper. These are:-getting some organized secondary data in an appropriate way from the concerned targeted offices and lack of some relevant documents related with budget at data collection stage were serious problems encountered during this study. However, the researcher tried to navigate from different secondary sources that related to planning and budgeting.



## **1.8. Organization of the study**

This research was organized into five chapters. The first chapter emphasized on background of the study, statement of the problem, general objectives of the study, and specific objectives of the study, research questions, scope and significant of the study. The second chapter presented review of related literature; the third chapter focused on methodology. The fourth chapter contained data presentation, analysis and interpretation whereas; the last chapter deals with conclusion and recommendation.

## CHAPTER TWO

### 2. LITERATURE REVIEW

#### 2.1. Definitions and concepts of Budget

The English word budget stems from the French word bougette and the Latin word bulga which was a leather bag or a large-sized purse which travelers in medieval times hung on the saddle of their horse. The treasurer's "bougette" was the predecessor to the small leather case from which finance ministries present their yearly financial plan for the state. So after being used to describe the word wallet and then state finances, the meaning of the word "budget" in 19th century slowly shifted to the financial plan itself, initially only for governments and then later for private and legal entities (Banovic, 2005).

It was only then that budgets started to be considered as financial plans. At this time the term budget is used to mean a plan for financing an enterprise or government during a definite period, which is prepared and submitted by a responsible executive to a representative body whose approval and authorization are necessary before the plan may be, executed (Hyde, 1992).

In a broader definition, different scholars define budget from government side in different ways. For instance, according to Vennekens and Govender (2005, p. 4) a 'government budget is a public document that outlines how a government proposes to collect and spend money.' Vennekens and Govender (2007, p. 187) also stated that, 'Budget is a document which deals with allocating funds and is generated during the planning phase by the local authority or any other entity.' According to him in local government context, this document is considered as a vital part of the integrated development planning process. This is a financial plan specifying how objectives set in the plan will be achieved.

In general, a government budget is the financial plan of a government for a given period, usually for a fiscal year, which shows what its resources are, and how they will be generated and used over the fiscal period. The budget is the government's key instrument for promoting its socio-economic objectives. The government budget also refers to the income, expenditures and sources of borrowings of the National Government (NG) that are used to achieve national objectives, strategies and programs.

## **2.2. Overview of Planning Versus Budgeting**

Development policies and plans usually coexisted with resource allocation. After government policies and plan are formulated, the resource allocation is made through budget process. According to Premchand (1983), there are two types of planning: - development planning and fiscal plan. Development planning involves the planning of societal goals and objectives and the mobilization of natural, human, and financial resources needed for their achievements. Fiscal planning is narrow in scope and is the instrument of development planning. It consists of future budget planning, source of finance, methods of obtaining the necessary resources and allocating them in accordance with overall national goals.

As Premch and further explained, both plans and budgets are concerned with policy analysis and allocation of resource. The differences lie in the combination of economic and financial aspects. In planning, economic aspects dominate, while in budgeting, more attention is paid to financial aspects. In most developing countries, government intervention or development plan practiced after the Second World War. The plans were formulated to set out government priorities, objectives, and target of development and help for the guidance of long-term public expenditure programs. However, after more than three decades, the In general, as stated in Kiringai and West (2002), post war unsuccessful development planning and changes of economic environment of the world towards market economy had forced developing countries, particularly African countries to accept medium term expenditure planning and different kinds of expenditure reforms result of development planning in these countries has been generally disappointing (Todaro, 1997).

## **2.3. Budget preparation**

Maitland (2001) mentions that the process of preparing and agreeing on a budget is a means of translating the overall objectives of the organization into detailed, feasible plan of action. Public Budget preparation is one of the tedious tasks that any country should look upon. The preparation process for the annual budget involves a great deal of energy, time, and expense. Hence, it is important that a country must be able to follow accurately all the methods of preparing an annual budget.

In budgeting, the focus is not only to prepare the budget, but more importantly to have a follow-up operation for budgeting and to act according to known data. Falk (1994), states that Budgets are financial expressions of a country's plan for a period of time. It tells where and how the organization will spend money and where the money will come from to pay these expenses. He adds that budgets set limits. Besides setting limits, Andrews and Hill (2003) say that budgets also provides the assurance that the most important needs of a country are met first and less Important needs are deferred until there are sufficient funds in which to pay for them. Even though budget preparation is not the sole thing that needs consideration in budgeting, the basis of it is still needed in order to have at least close estimation.

As per Shah (2007) preparation of the budget usually takes many months and involves all public institutions: the Ministry of finance manages the process; the cabinet/president sets or approves the policy priorities, line ministries plan and advocate for their resource needs and the legislature reviews and approves the final plan. Preparation is at the heart of the political process: it is the decision on how to allocate the state's limited resources to competing demands. Preparing a budget proposal that suggests a set of recommended policies and stays within whatever financial limits are considered politically realistic and has been a prominent issue in public budgeting.

As explained in (Shah ed., 2007a, p. 222), budget preparation is often viewed as a predominantly an executive role and includes the planning, sometimes referred to as pre- preparation and the linkage of plan through MTEF for annual budget establishment of priorities and resources spending envelops. It is concerned with compiling a draft budget that can be submitted to the legislature. This stage is mostly internal to the executive, but it does not have to be a secretive affair. Different role players are typically involved at different stages of the budget process. It is much easier to control government expenditures at the upstream point of budget preparation than later during the execution of the budget (Potter and Diamond, 2008).

In relation to this, (Abebe cited, 2012) an overview of public expenditure management document stated that, to understand the budget preparation process in a given country, it is important to: [First], assess the soundness by judging the budget preparation system against certain internationally acceptable standards or budget principles. [Second], know where to find the rules governing preparation process and [thirdly], from the rules, identifying who has the responsibility for what elements of the budget preparation process.

In addition to this, the document also stated that budget preparation includes specifically the following activities. Those are a) preparation of macroeconomic framework b) preparation of budget circular, which gives guidelines for the preparations of sector budgets and expenditure ceilings by sector; c) preparations of the line ministries budget on the basis of the guidelines; d) budget negotiation between the line ministers and ministry of Finance; e) finalization of draft budget and f) submission of the legislature. Budget undergoes some processes before it becomes both a law and an economic tool. Budgetary preparation or process involves all centers, programmers and administrative units of an entity in the development of periodic budget.

Budget preparation refers to the totality of the processes a budget passes through before it finally becomes a document. It involves all the executive and legislative processes, that is, collection of estimates from the various government departments to the defense before the various committees of the legislature and debates in the floor of the Houses, the passage into law and the final implementation and monitoring (Marygoreth, 2014). Preparation of budget primarily involves identification and setting of developmental goals. That is, it involves setting budgetary thrusts and policies based on the development plan.

In the federal governments like Nigeria, the responsibility of the president for the preparation and submission of budget is well established. At the state level, it is the statutory responsibility of the governor to prepare and submit the budget. In the local government, the chairman forms the government and invariably has complete control over budget preparation but assisted by the Finance Committee and other department heads. The process varies from state to state and is largely dependent on the amount of autonomy enjoyed by the council from the state government. The Budget process commences with a call circular from the Executive Committee consisting the Chairman, the Supervisory Councilors and other officials (Secretary, Treasurer, Head of Personnel and Legal Advisers). They call on all relevant departmental heads to prepare estimates for the coming fiscal year. Subsequently, the Heads of Departments prepare estimates of expenditure in line with the goals and the estimates of revenue expected as well as the sources expected.

As soon as this process is concluded, each department hands its own estimate to the local treasurer or finance officer. The executive having gone through the budget estimates present it to legislature for approval. The method of approval also varies from one council to the other, that is, while some require a simple majority, others would require two-thirds majority for the approval. In every democratic government, the legislature may approve or reject the proposals of the executive and in some cases, may modify the executive proposals. In this case, the legislature holds the executive accountable.

The power of the purse came to reside in the legislature in order to prevent the executive from imposing willful and arbitrary tax payments on its people. It is an expression of ultimate legislative authority. Having approved by the legislature, the budget is forwarded to the state office for local government committee for a review. This practice varies from one state to another. In some states, the budget estimate is reviewed before it is sent to the legislative council while in some others; it is the approved Budget that is sent to the committee for approval.

The essence of the review is to ensure that the council Budget estimate meets with the laid down procedure and practice. Also, it ensures that the Budget is in conformity with the developmental plans of both the local and state governments. This is another indication that shows the state has an input in the running of local government council.

#### **2.4. Budget utilization**

Once a budget has been approved by the legislature, the government embarks on the challenging task of spending funds. Utilizing public funds, effectively to meet stated policy objective while ensuring value for money, is often just as challenging than planning how to spend it. Several reviews of public financial management performance in developing countries shows that countries score significantly better on budget preparation than on budget utilizing. According to Schiavo-Campo and Tommasi (1999) budget utilization is the phase where resources are used to implement policies incorporated in the budget. As they argued, it is possible to utilize badly a Well-prepared budget; it is not possible to utilize well a badly prepared budget.

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

Effective Public Expenditure Management (PEM) highlights the importance of outcomes and sees expenditures as a means to produce outputs which are needed to achieve desired outcomes. Hence, PEM focuses on desired outputs and outcomes and the right processes, rules and incentives to achieve them. The right balance between autonomy/flexibility and accountability should be provided to enable agencies to deliver the outputs and achieve outcomes.

Constrictions in the "plumbing" of the budget are a major cause of poor program and project implementation, of failure to translate strategic priorities into results on the ground and of inefficient resource use (World Bank, 1998.) Even when there is provision in the estimates, Finance Ministries may still make tactical budget cuts by authorizing expenditure levels well below those provided for in the estimates. Even where expenditure has been authorized, there are problems caused by delays in authorizations, by insufficient funds in Ministry or District bank accounts, or by the requirements of government tendering procedures. This will often be the case where expenditure items are under costed in the estimates. Funds maybe misappropriated either directly or indirectly, e.g., where a government vehicle is used for private activities.

Budget implementation is a crucial stage for both regional and Federal governments. This is because money at this point is disbursed to the various departments for expenditure on over head costs. Suffice it to say that the budget proceeds are spent on either capital or recurrent expenditure. Capital expenditure means the fund spent on developmental projects within the fiscal year while recurrent expenditure refers to fund spent on over head cost like wages, rent, etc. The significance of the implementation level in the budgetary process is underscored by the

fact that it is the stage when the council will give flesh to its developmental goals and strategies. Thus, any government that effectively manages this level that such government could be said to have achieved its set goals for the fiscal year. Evidently, most regional governments have failed to excel at this stage due to poor implementation of the budgets.

## **2.5. Concepts of under and over utilization of budget**

Allen and Tommasi (2001) stated that over utilizations are sometimes caused by non-compliance of budget managers with the spending limits defined in the budget, when committing expenditures. Since cash allocated to spending units for appropriated expenditures is generally controlled, these overruns generate spending arrears. Overruns are often the result of off-budget spending mechanisms (payment from special accounts, etc. In some countries, payments made through exceptional procedures are not controlled against the appropriations and are therefore an important cause of overruns; lack of compliance can be addressed through strengthening the audit system, and reporting system, and ensuring the effectiveness of the basic budget execution controls. Moreover, overruns can be caused by deficiencies in budget preparation.

Sound budget preparation processes and adequate institutional arrangements are a prerequisite for avoid in govern runs. On the other hand, (ketema, 2013) expressed that in a number of countries, the official budget is under spent, particularly its non-wages expenditure items. This does not necessarily mean that there is good fiscal discipline in these countries. In some countries with poor governance, under spending of the official budget may coexist with large amounts of budget spending. In most cases, under utilization as well as over utilization is related to insufficiencies in budget preparation and program preparation.

## **2.6. Reason for variations between budgeted and actual expenditure**

As per (ketema cited, 2006), there are a number of factors that can explain why actual expenditure deviates from the levels approved at the beginning of the financial year in any Sector. The reasons for deviations may vary over time. Some of the more common causes are: Deviation in aggregate expenditure; reallocation of fund during budget implementation; policy



changes during the year; an inability to implement policies, program and projects; and a lack of financial discipline contribute for variation in budgeted and actual expenditure.

## **2.7. Internal control**

The council of minister's finical regulation No. 17/1997 defines internal control systems as: "The plan of organizational and all the coordinated methods and measures adopted by management to safeguarded assets ensure the lines, accuracy and reliability of accounting data, promote operational efficiency and maintain adherence to regulation and directives."The two main constituents of internal control system are the administrative and the financial Accounting: control the administrative control comprises the procedures and records that are concerned with decision making process leading to management's authorization of events. On the other hand, the financial control consists of the plan of an entity, producers; and records that deal with protection of assets and the consistency of financial records ascertains logical plan of an entity, new designed and accounting configuration, an internal audit function, and quality and training of personnel's as among the indispensable factor to reinforce internal control arrangement. Strong system of internal control is very essential in achieving certain goals of an organization. Internal control includes all the procedures and actions taken by an organization in order to manage the expiating assets, ensure conformity with organizations policy and governmental rules, evaluate operating efficiency and ensure precise and reliable operating data and accounting records. As explained by Rebecca and Natasha (2011) internal control systems are the policies and Procedures put in place by the management of a government agency in order to ensure the agency achieves its objectives and complies with external laws and regulations. Such policies and procedures tend to cover financial accounting and reporting, performance monitoring, asset management and procurement. Large agencies will have an internal audit unit comprising internal auditors that independently review and report on the implementation of management policies to the head of the agency.

## **2.8. Managing and monitoring budget utilization**

As indicated by Tommasi (2007) there should be distribution of responsibilities for budget utilization, budget appropriation management rules and budget revisions, various special issues related to budget utilization, and the monitoring of budget execution. At the same time budget

execution covers both activities related to the implementation of policies and tasks related to the administration of the budget. Both the central agencies (the ministry of finance, the ministry of Planning in a dual budgeting system, and the prime minister's office) and the spending agencies are involved in these tasks. The distribution of responsibilities in budget management should be organized according to the agencies' respective areas of responsibility and accountability.

Internal controls (within line ministries) should be generally preferred to ex-ante controls performed by central agencies, but the internal controls require a strong monitoring and auditing system. Commitments and verification controls should be internal, to avoid excessive interference by central agencies in budget management. When payment processing and accounting controls are decentralized, central control on cash is required.

When payment processing and accounting controls are centralized, it should be verified that payments are made on time and according to the budget and the cash plan, without additional prioritization. The use of modern technology should make it possible to reconcile the need to decentralize controls for efficiency and the need to centralize data on budget execution for expenditure control. The contracting out of government activities should be considered, but caution is needed in contract preparation and management.

Procurement for activities that are contracted out should be competitive improving budget execution .Budget execution generally needs to be improved in two respects: enhancing expenditure control and creating the conditions for increased efficiency in public spending. An adequate balance between these two different requirements must be found.

## **2.9. Ethiopia's Budget Process**

Ethiopia has a dual budgeting system in which recurrent and capital expenditure are considered separately. Until recently these two budgets were prepared separately by the Ministry of Finance and the Ministry of Economic Development and Cooperation, respectively. In October 2001 these two ministries were merged to form the Ministry of Finance and Economic Development. (FDRE, 2001).The new ministry determines budget ceilings for federal ministries and agencies and for the regions.

In doing so, it takes stock of the performance of the economy for the previous year and makes economic projections for the following year in terms of growth, revenue, and so on. The MOFED does this in consultation with other state agencies, such as the National Bank of Ethiopia and the Central Statistical Authority. It is this macroeconomic framework that, when approved by the Council of Ministers and the Office of the Prime Minister, forms the background to the budgetary process in Ethiopia. At the federal level the amount to be allocated to recurrent and capital expenditure is determined by government priorities, ongoing projects, non-discriminatory expenditure and institutional capacity.

The budget process is guided by a directive (known as Financial Calendar) issued by the Ministry of Finance and Economic Development (MOFED) to all entities listed as public bodies. This directive has a schedule to ensure that planning and budgeting are prepared, approved, appropriated and executed accordingly. Budget preparation is guided by a document known as Macro-Economic and Fiscal Framework (MEFF) prepared by MOFED. The MEFF provides, among others, forecast of government revenue and expenditure, expenditure financing, the split of aggregate expenditures between federal and regional, and the split of federal expenditures between recurrent and capital for the next three years.

Based on this 3 years MOFED prepares annual fiscal plan by January 24, which includes identification of the amount of resources (foreign and domestic) known as the resource envelop, the amount of money needed know as the expenditure requirement, setting the block grant amount for regional governments and administrative councils from all sources (domestic and foreign), and spilt the federal share between capital and recurrent budget.

Following this MOFED prepares the totals of the annual subsidy budgets and notifies the regional governments and administrative councils by February 8 at the latest. This is the starting point of the budget preparation. Ethiopia's budget process has the same four stages budget preparation, budget approval, budget implementation, and budget control at all level of jurisdiction (Federal, Regional, and Woreda government).

The implementation phase of the budgetary process covers not only measures for disbursing funds already allocated but also the monitoring of how funds are spent to ensure that they are used judiciously and for the intended purposes. It is the responsibility of Ministry of finance and

economic development to inform all public bodies of their approved budget. It uses forms to notify each public body of their approved recurrent and capital budget respectively; and between July 8 and 15 (MOFED, 2009). Funds are dispersed to ministries each month on the basis of the allotted budget.

Every Ministry is required to submit a monthly disbursement request in which it reports the previous month's expenditure, detailing what was spent and how it was used, and makes quest for the next month's allocation through a work plan. Although planning and budget processes should be thorough and attempt to anticipate needs of the next year, not all future circumstances can be foreseen with accuracy, when the Budget adjustments are not desirable and can be avoided by proper planning and budgeting. According to (ketema, 2013) there are **two** types of budget **adjustment** permitted by law: these are budget transfer and budget supplement.

### **2.10. Budget Transfer**

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

These include: No transfers are allowed from other recurrent expenditure to salaries, wages or allowances; No transfers are permitted from the capital budget to the recurrent budget; All other transfers must be approved by the authority specified in Part Four of the Financial Administration Proclamation No. 648/2009 and the Financial Regulations No. 17/1997. On the other hand, MOFEC is empowered to transfer funds within items of expenditure of the recurrent budget; and budget from one capital project to another within a public body MOFED (2013).

### **2.11. Budget Supplement**

The total approved budget can be increased with the approval of the Council of Peoples Representatives on recommendation of the Council of Ministers. It is additional authority to spend beyond the original approved budget. During a budget year, while an approved budget is in the process of being implemented, it is possible that an unforeseen or urgent need for

increased expenditures arises, (e.g. a natural disaster) or a new project, not included in the original approved budget, is approved for commencement during the budget year; Additional Resources become available (e.g. from external assistance or loans) that can fund increased total Expenditures, including any new projects.

Any of these circumstances may require additional Expenditures during the budget year by a public body beyond those in the approved budget. In These situations a supplementary budget and appropriation are required. These are also authorized by part four of the financial administration proclamation No. 648/2009 and the financial regulations No. 17/1997.

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

MOFEC coordinates the management and control of public funds in Ethiopia. It is this Ministry that keeps the accounts of the federal budget and prescribes regulations on financial management and control for ministries and government agencies. In addition, ministries are required to manage and control funds allotted to them following the central regulations and directives on financial management set out by MOFEC. The regulatory mechanisms of the budget include Requirements that:

- ✓ Budgetary receipts are recorded in the appropriate budgetary account as prescribed in the financial regulations and in a timely manner;
- ✓ Collected revenue is recorded under the appropriate revenue account;
- ✓ Expenditure only is made in compliance with the financial regulations;
- ✓ All books of accounts are closed each month and a monthly receipt and disbursement be prepared and submitted to MOFEC at the centre and regional finance bureau in the regions;

✓ Periodic financial statements are prepared and submitted to the Council of Ministers and regional executive committees by MOFEC at the centre and regional finance bureau in the regions; A consolidated annual report be prepared and sent to the Council of Ministers and regional executive committees by MOFEC and regional finance bureau. MOFEC can be seen to play a central role in the budgetary process of the country. It controls the formulation and implementation of the budget of line ministries at various levels. During the writing of the budget Calls, it can make changes in the budget allocation of line ministries after review and analysis of the budget estimate submitted by the ministries. It decides the level of the budget to be recommended to the Council of Ministers. During implementation, it has the power to disburse funds.

Through the monthly accounting reports, it scrutinizes the performance of the Ministries in budget implementation and it can decide on the level of funding to be authorized for disbursement. It can also approve transfers and recommend supplementary allocations. As stated by Alemayehu and Dawit (2011), the new fiscal year budget implementation begins with the issuance of budget notification from MOFEC to budgetary institutions. Institutions are expected to submit action plans (financial and physical) for the budget year based on the approved budget spending.

Budget utilization is implemented using a three month rolling disbursement request to MOFEC by the budgetary institutions. MOFEC in turn releases funds according to their request. Previously institutions were obliged to submit their requirement monthly. When we see the annual budget cycle, it is devoted to budget implementation and control. This stage focuses on:

- ✓ Notification of the approved and allocated budget to the budgetary institutions by MOFEC
- ✓ Submission of annual and sub-annual cash flow needs planning by the budgetary institutions and release of fund by MOFEC through zero-balance cash flow management system
- ✓ Evaluation and monitoring of implementation of projects.

- ✓ Comprehensive auditing of Federal Government accounts by the Office of the Federal General
- ✓ Auditor and submission of the audit report to the Parliament; and approval of the report by Parliament; and
- ✓ Take corrective actions based on the audit findings and recommendations by MOFEC.

## **2.12. Regional budget process**

The Ethiopian constitution, adopted in 1994, established decentralized regional states recognizes the right of the regions to formulate and executes their economic and social development policies and strategies, and administer their expenditure planning and certain types of taxes (Abebe, 2006). In order to administer and manage economic and social development, different proclamations were issued in 1992. Proclamation No. 7/1992 provided the basis for the establishment of regional governments the right to prepare, approve and implement their own budget (MEDC, 1999). According to MOFEC budget guide manual, to determine the amount of resources to be transferred to the regions, block grant formula is used; which mean to decide on the amount of annual budgetary resources for each region. This block grant formula has varied over the years and is continuously updated by the federal government and the regions to make it more efficient and equitable.

The Block Grant Formula is approved by House of the Federation. The new block grant transfer formula issued by the House of Federation in May, 2008, is based on the principle of fiscal equalization and effort neutrality. It considers per capita calculation, revenue raising capacity and expenditure needs of regions. It also helps to determine the influence of factors that obligate regions to expend more than the average (MOFED, 2012). In line with this, the Regional Government of Afar is exercising fiscal decentralization, to local government since 1995 EFY.

In order to allocate block grant budget to local governments, the region had utilized the formula that consider three basic elements: Population size, Level of development and revenue generating capacity of local government, from 1995 to 1997 EFY. However, this grant formula does not explain the relationship between the weight of policy indicators and expenditure needs

of local government to provide standardized public services. Therefore, the new unit cost based formula is designed and applied to tackle such problems since 1998 (BOFED, 2007).

However, according to MOFED (2009), a negative aspect of Unit Cost based formula is that it requires an extensive amount of data, which the districts are expected to deliver. Therefore, districts are expected to provide a good quality data. Accordingly, according to BOFED (2007) budget manual, in Afar regional state of local government budget preparation and approval stage have different steps. Those are: first, each sector prepares their annual work plan; secondly, notification of subsidy budget by BOFED; thirdly, budget call by BOFED; fourthly, budget request by public bodies; fifth preparation of recommended budget by BOFED; sixth, budget recommendation by regional cabinets and finally approval of recommended budget by legislatives of the region.

**Budget preparation:** As per the information obtained from BOFED, two budget call letters are usually sent to all sector offices. The first letter is without the budget ceilings so as to help sector offices to prepare their budget plan during April and May. The second call letter is sent at the end of June to disclose the ceilings using the budget forms. The budget preparation should be completed and presented for approval before or on July 15th. The second budget call letter indicates that the first budget draft is subject to revision based on the magnitude of the resource envelope. Bureaus prepare budget plans based on the five-year strategic plan of the region. In addition, budget performance of the previous year and activities not implemented during the previous plan period are also used as inputs.

The planning section of BOFED has the obligation to give briefing to planning experts from all sector offices on how to prepare budget. Based on the first budget call letter, all sector offices, including the finance, prepare their budgets in collaboration with BOFED experts. In addition to the above mentioned inputs, all sector offices prepare their respective budgets in consultation with stakeholder's zonal and district level, and review their performance and unit costs in the first half of the current fiscal year and unit costs. All bureaus also identifies zonal and community needs and priorities with the district representatives and stakeholders.

**Budget utilization:** Once the budget is approved by the house of representative of the region, it is communicated to BOFED, which in turn issues letters to all sector offices announcing the



approved budget and requesting for their implementation plans. In accordance with this, each sector office prepares its annual implementation plan for recurrent and capital budget.

The disbursement of the approved budget is executed based on this plan and subsequent disbursements are made based on timely, regular and reliable reports. Expenditures are managed based on prior requests from sector offices. With this, BOFED prepares purchase plan twice - at the beginning of the first and third quarter. In principle, the budget is not released unless sector offices submit performance reports.

The request for procurements of goods and services are made by sector offices through submitting purchase requisition forms to BOFED. Procurement tenders are floated, once BOFED collects completed forms from all sector offices. Hence, the delay in the submission of the requisition of even a single office will delay the procurement of all sectors offices. All goods and services for all sector offices are purchased under the system.

There is a clear procurement policy at the regional level which calls for undertaking procurements centrally with the logic of reducing the overall costs and improving the efficiency of procurements. Though the structure arrangement of organizations has created a great deal of workload on BOFED employees, it should be taken as a good opportunity by sector offices as it enables one sector office to learn from the best practices and experiences of others.

The system is found to be appropriate as it reduces fragmented order and order-processing costs and corruptions. Whenever there is a need to check for the quality and features of items and/or services to be procured, BOFED invites experts from all bureaus to make quality checks before acquisitions.

**Budget control:** Budget control starts with the follow-up of budget which includes orientation and awareness rising about budgeting and its processes. The region have audit bureau which is established by proclamation having a mission of controlling through internal audit.

### **2.13. Empirical literature**

According Schwartzberg, (2008) and other recent survey show just how valuable budgets can be. They assert that, a study of more than 150 organizations in North America listed budget preparation and utilization as the most frequently used as most important part of budget process. One of the usefulness of the process of budgeting forces manager to become a better administrator and puts planning in the fore front of managers' mind. In the same book, (Horngren,2008) also point out that the result of a survey carried out in the same place (North America) shows that most managers still agree that good budget Preparation and utilization correctly used as significant value to management. They reported that Over 92% of the 150 companies in North America prepared and utilized budget and remarked Budget process as the top among the top activity expected from management.

In the same view, In a roundtable discussions organized by CIMA and ICAEW in 2004 on “The traditional role of Budgeting process in organization”, it is stated that budgeting and the accompanying process are Indispensable and that, research in organizations seems to suggest that this is a commonly held View. It was further stated that, traditional budget process remains widespread. Some claim that as many as 99% of European companies have a budget in place and no intention to abandon it (Kennedy & Dugdale 1999).

An alternative option for incremental budgeting is Better Budgeting. Better budgeting entails five techniques that can be used to overcome some of the limitations of traditional methods (Neely et al. 2003).Activity based budgeting involves planning using value adding activities, following a similar concept to ABC and ABM. In supporting this view Hansen et al. (2006) resources and capital allocation decisions are consistent with ABM analysis, which involves structuring organization activities so that they better meet customers and external need.

Finally, Rolling budgets create frequent budgets to provide more accurate forecasts. Thus, every month or quarter a separate budget is prepared, which means that the budget tends to be more realistic and a legitimate measure for evaluating performance (Garrison et al, 2003). A major problem with better budgeting techniques is that they can actually take more management time to be used effectively, which is likely to cause greater dissatisfaction with the processes. Turyakina

(2004) pointed that, budgets play a highly important role in performance evaluation. Attaining corporate objectives is per amount to success. Performance of any organization is often evaluated by measuring success in meeting the budget objectives. When budget is successfully implemented and executed will enable realization of company objectives and once this has been done the organization is said to have achieved at performance level. Thus, efficient budget management is important for smooth performance of any organization.

In a study, Douglas (1994) used a case study approach and found that budgeting places high importance on budget-actual- comparison for performance evaluation purpose; both at corporate and subordinate levels. Moreover, there are other factors that influence motivation to perform; participation in the whole budgeting process that is involvement of all employees, from subordinate to corporate level in preparation of budget. Budgeting and budgetary control mainly forms and give an organization the structural support to achieve its goals and objectives and maximizing performance through effective resource allocation.

A study by Joye and Blayney (1990) found that budget variances were used by 93% of respondents for setting goals and evaluating performance by Australian firms. Guiding et al. (2000) found that accountants in New Zealand and United Kingdom tend to see variances from budget as being important and performance appraisal was based mainly on budget achievement. According to Joshi et al. (2003), examines budgetary planning, control and performance evaluation in developing countries.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. Research Design**

In this study, the researcher used both qualitative and quantitative approach and a case study method was used to collect and analyze the data. The main reason for selecting this research method is there are many government bureaus in the region and the researcher decided to take only the case of finance and economic development bureau using key informants in attempt to describe and analyze the budget preparation and utilization in Finance and Economic Development Bureau of the Regional State.

The choice of key informants was based on purposively selected bureaus for the assessment of budget preparation and budget utilization and to collect data for the purpose of this study. The research method used was case study method. In light of the objectives of the study, the research design for this assessment was a descriptive method. According to Brocking on 2003 (cited in 2011, p. 24), a descriptive research used to obtain information concerning the status of the phenomena to describe, "What exists" with respect to variables or conditions in a situation. It also used to answers the questions who, what, where, when and how of the research problem. Therefore, in this study descriptive method of research is a fact finding study; where data obtained from respondents were recorded, described, analysed, and interpreted by the researcher. This has provided a quick, cheap and effective means of assessing the desired information for the study.

#### **3.2. Population and Sample of the Study**

Afar National Regional States Finance and Economic Development Bureau manage and control budget of more than eleven main government bureaus of the region and evaluate their performance too. But, the study used purposively selected bureaus. Accordingly, three bureaus from 11 bureaus' i.e. water resource bureau, education bureau and pastoral and semi agriculture bureau were selected with a total of 40(forty) respondents involved by taking ten respondents from each bureaus. Besides to this, for the purpose of more clarification three bureau heads were purposively selected and interviewed from these bureaus to get reliable data and information for

the study. A total of thirty four respondents filled and returned the questioner, of which 28 of them are from the three selected bureaus and, six respondents are plan and budget experts of BOFED.

### **3.3. Sources and Instruments of Data Collection**

Both primary and secondary methods of data collection were used. Primary data was collected from 34 respondents of which 28 of them are experts from the three bureaus, six of them are budget and plan experts of Finance and Economic Development Bureau of the region and additionally ,three leaders of bureaus were also interviewed. Secondary data was reviewed from (BOFED) report, MOFEC documents, books, internet, manuals, annual reports proclamations, and regulations. The questionnaires were distributed to experts of selected three government bureaus, particularly to budget and plan experts of each bureau, BOFED experts and to heads of business process. The questionnaire contained general information, questions related to preparation, implementation, and overall utilization of budget and most of the questions were designed closed-ended, but some open ended questioners were also included to get data that needs detail explanation. Lickert scales of questionnaire having 26 questions were distributed to collect the data from respondents and collected accordingly. The scale was leveled as: “Strongly agree”, "Agree”, “Neutral”, “Disagree”, and “Strongly Disagree”. Moreover, “Yes” and “No” forms were also used. Interview questions were also prepared to the leaders of the bureaus.

### **3.4. Technique of verification**

The questionnaire and interview were developed by the researcher to assess the situation of budget preparation and utilization in the case of Afar National Regional State Bureau of Finance and Economic Development. In the instrument validation process, the questionnaire was distributed to two woreda budget experts in the region for comment and it had been developed according to their comments. On top of this, reliability and validity of findings tried to be ensured by using variety of data collection approaches in combination i.e. the weakness of one approach is offset by the strength of other. As well as it would strengthen the validity of the results. Then the research started with survey with questioner, followed by unstructured interviews and which in turn followed by revision of documents and reports.

### **3.5. Ethical Considerations**

From the planning to the execution stage, the researcher needs to carefully consider the ethical suitability of his/her research (Ababa 2012 cited in Leduka, 2009). Accordingly in this study, several ethical issues were considered. First, the researcher made sure that questions to be asked did not offend the respondents in any way. Second, prior to actual interviews, appointments by telephone and personal visits were made in order to secure informed consents. Third, the personal rights and privacy of the respondents were protected by not using any personal information against their will or using personal information for analysis. The names of respondents were kept anonymous and confidential. In this manner, the researcher managed to observe ethical principles and good research practice and moral behavior at all time.

### **3.6. Methods of data analysis and interpretation**

The data collected through questionnaire were analyzed and presented using descriptive statistics (percentage). Qualitative methods of data analysis were used for open-ended questions and interview response given by respondents of each bureaus and BOFED experts and bureau heads. The literature review was entirely depends on secondary sources whereas; the analysis part relied on primary data that were collected through structured questionnaire and personal interview as well as budget utilization report.

### **3.7. Description of the study Area**

Geographically, Afar National Regional State is located in the northeastern part of Ethiopia. The total geographical area of the region is about 270,000 km<sup>2</sup> (CSA, 2008). The region shares common international boundaries with the State of Eritrea in the north-east and Djibouti in the east, as well as regional boundaries with the Regional States of Tigray in the north-west, Amhara in the south-west, Oromia in the south and Somali in the south-east. Administratively, the Afar National Regional State consists of 5 administrative zones (sub-regions), 32 woredas (administrative districts), 28 towns, and 401 rural and urban kebeles. Afar is the origin of human race, where a 4.4 million years old humanoid is recently discovered. Afar Regional State is populated with roughly 1.4 million people (CSA, 2008). Nearly 87percent of the population are

rural mainly dependent on pastoral and agro-pastoral livelihood systems. Of the total population in the regional state, women constitute about 44%. While men constitute 57%. In terms of age distribution, about 43 percent of the population is young, below the age of 15 years. For the entire region 247,284 households were counted, which results in an average for the Region of 5.7 persons to a household, with urban households having on average 3.9 and rural households 6.1 people (CSA, 2008).

### **3.7.1. The Main Budget utilizing Government Bureaus in Afar National Regional States**

According to BOFED (2006) Afar National Regional States Finance and Economic Development Bureau identified the following main budget executing bodies at the regional level which have Agencies, institutions and commissions under them. These are

- ✓ Afar national regional states health bureau
- ✓ Afar national regional states education bureau
- ✓ Afar national regional states waters resource bureau
- ✓ Afar national regional states trade and transport bureau
- ✓ Afar national regional states women youth bureau
- ✓ Afar national regional states bureau of pastoral agriculture and

Rural development

- ✓ Afar national regional states bureau of finance and economic development
- ✓ Afar national regional states bureau of public administration
- ✓ Afar national regional states bureau culture and tourism
- ✓ Afar national regional states bureau civil service bureau
- ✓ Afar national regional states bureau municipality and the research wholly focused on
  - Afar national regional states education bureau
  - Afar national regional states waters resource bureau
  - Afar national regional states bureau of pastoral agriculture

These budget utilizing bodies are regarded as the major bureaus that hold the direction of the Finance and Economic Development Bureau of the region in terms of activities and having a mission of accomplishing programs and projects government of the regional state needs to achieve within five years. These activities and programs are also implemented through the whole bureaus of the region.

## **CHAPTER FOUR**

### **4. DATA PRESENTATION AND ANALYSIS**

This chapter explains and discusses the result of findings based on analysis made on the data collected. The results of the study are discussed by analyzing the results of different sources such as questioner results, bureau heads interview, as well as report review document. The data were presented and analyzed according to the flow of budgetary process starting from budget preparation, followed by budget utilization and the analysis were also supported by primary data collected from three government bureaus and bureau of finance and economic development. The descriptive analyses were also supported by the open-ended responses given during the collection of data, interview responses, reports, and literature reviews.

#### **4.1. Characteristics of the Respondents**

The respondents used in this research paper were classified into two types namely: Respondents selected from samples of three main government bureaus of the region and budget and planning experts from BOEFED. Hence, structured questionnaires (attached in Appendix A) were sent to 40 respondents which consist of 26 (twenty six) closed ended and 4(four) open ended. From the total questioner 34 were fully completed and returned for use in this analysis due to efforts made and subsequent follow up to collect the distributed questioners and only six questioners were not collected. The respondents were from Afar national regional state education, finance and economic development, pastoral development bureaus. The characteristics of the respondents are presented in table 1 below in terms of gender, education level, and service year.



**Table1. Level of Education, Gender Vs Service year of Respondents**

Level of education	Gender			Service years			
	Male	Female	Total	<5years	6-10 years	10-15 years	15and above
Certificate	1	1	2	0	0	0	2
Diploma	2	1	3	0	1	2	0
Degree	19	8	27	20	5	2	0
Master	2	0	2	0	1	1	0
<b>Total</b>	<b>24</b>	<b>10</b>	<b>34</b>	<b>20</b>	<b>7</b>	<b>5</b>	<b>2</b>

Source *from survey data*

Analysis's of profile of respondent shows that 71% of respondents are male and the remaining are females. Regarding education about 79% of the respondents hold bachelor degree 15% hold diploma and certificate and 6% had educational qualification of master's degree in particular profession. In terms of years of experience 59% of the respondents had less than five years of experience while 21% had six to ten years of experience and the rest 20% have more than ten years of experience.

These figures roughly explained that the study has got an input from well educated employees but less experienced. The position of respondents as it is obtained from survey were 6 of them are core business process leaders, 2 of them are case- team leaders, 3 are supportive business process leader and the rest 23 are officers or experts.

## 4.2. Budget preparation in Finance and Economic Development Bureau

Questions containing issues related to budget preparation and utilization were distributed to the selected three bureau's plan and budget experts to assess the budget preparation process at the regional level. The responses of experts were depicted as follows in relation to budget preparation and summary of the responses were presented in table 2 below.

**Table 2:- Bureaus' response rate on Budget preparation**

Questions	Measurements					Total
	Strongly Agree	Agree	Neutral	Disagree	Strongly	
<b>You have adequate understanding and awareness to prepare plan and budget</b>	6(17%)	2(6%)	6(18%)	18(53%)	2(6%)	34(100%)
<b>Your office has adequate number of professionals with adequate experience (Budget officers) who prepare plan and budget.</b>	5(14%)	4(12%)	6(18%)	15(44%)	4(12%)	34(100%)
<b>Your office prepares its annual plan based on the strategic document of the region</b>	6(18%)	20(58%)	3(9%)	3(9%)	2(6%)	34(100%)
<b>Your office revises its plan frequently in relation to budget</b>	8(23%)	16(47%)	3(9%)	3(9%)	4(12%)	34(100%)
<b>Budget is prepared based on reliable data and estimates</b>	2(6%)	8(23%)	3(9%)	20(59%)	1(3%)	34(100%)
<b>Plan and budget is prepared for each program</b>	1 (3%)	10(29%)	6(18%)	15(44%)	2(6%)	34(100%)
<b>There is problem of matching plan with budget in your office.</b>	7(21%)	15(44%)	8(23%)	4(12%)	0(0%)	34(100%)
<b>Your office has strong relation with finance bureau plan and budget department</b>	5(15%)	12(35%)	7(21%)	4(12%)	6(17%)	34(100%)

Source: - survey data

As it is shown on the table 2 above respondents were asked about the preparation of plan whether it is related with budget or not. As we have seen on the above table from the total of 34 respondents 21% of them strongly agreed and also 44% agreed on the existence of budget prepared in relation to plan. i.e respondents agreed upon on the existence of a relation between plan with budget. On the contrary when we see the question of budget revision, 47 percent of the respondents agreed that they revise their plan frequently in relation to annual budget.

As discussed in the literature part, 'budget preparation is often viewed as a predominantly an executive role and includes the planning, sometimes referred to as pre-preparation and the linkage of plan through medium-term expenditure framework for annual budget establishment of priorities and resources spending envelopes' (Shah, ed. 2007a, p. 222).

Besides to these Lickert scales of questionnaire, there were answers provided by the respondent's for open-ended questions indicating that there were mismatch between plan prepared and annual budget requested. As the respondents stated, because of the mismatch between plan and budget, the bureaus are obligated to revise plan to include new activities. As stated in Kiringai and West (2002), in most of the case low attention is given to the preparations of plan and budget. The cause for the revision of budget was mainly contributed by failing to consider the amount of budget needed for the fiscal year at the beginning of the budget year.

On the other hand, bureaus are considered that plan is always prepared by the planning department only and they left out for themselves. Such situation has resulted in preparing budget without the exact basis of reasonable estimates and base line data. As recognized from their written response, some bureaus' units prepare their annual budget by coping from the previous year budget request because of inexperience.

To achieve mission of the organization, flexible strategic plan has great value. What is complained by bureaus is frequent revision of the strategic plan (or rigidity) periodically has put in burden on annual plan of units. Nevertheless, plan should be a stable but flexible document over time that comprises the administrative outputs required for the management of the institution function including the provision of policy, strategy, plans, program and budgets. On the other hand, interview response revealed by plan and budget department of BOFED and 2008

E.C third quarter report the following problems were observed by bureaus in connection with plan and budget preparation for successive budget years.

The plan and budget was prepared without the participation, discussion, and approval of concerned units and persons, prepared budget did not include the relevant issues and the regional strategic plan fully; there is a tendency of presentation of budget demand without work plan. In addition to this, majority of the respondents confirmed that bureaus have limitations in: budget preparations, timely submissions of budget requests, and on the validity of assumptions taken in preparing the annual budget.

In addition to this, there were questions forwarded to budget experts and some of them are depicted as follows:

- ✓ Do you agree that there is a wide mismatch between plan and budget in your bureau?
- ✓ Are the plans and budgets of bureaus realistic, based on valid assumptions and developed by  
Knowledgeable individuals
- ✓ Do you believe that bureaus give serious attention when they prepare their budget request?
- ✓ Do you think that the department has adequate number of skilled professionals?

The respondents' answers were summarized as the follows: greater part of budget experts agreed on the existence of weaknesses in budget preparation even though there are others who do not agree. Some of the respondents explained that some bureaus prepare their annual budget by over estimating and they do not give priority of activities while preparing the financial plan.

Moreover, most of the time the amount of budget requested for each item is purposely exaggerated. The main reason is they considered as the office responsible for budget approval allocates budget by reducing some percentage from the initial request. So that, according to their intention, if they submitted actual demand without overestimation, the amount approved for that budget year would become less than what is expected. Of the six budget experts, all of them stated that Finance and Economic Bureau Plan and Budget department has no adequate number of experienced persons to conduct budget analysis.

Moreover, for the question on the budget preparation majority do not agree that Bureaus prepare their financial plan based on realistic, valid assumptions, and by knowledgeable individuals general, the practice of bureaus is not on the right truck with the budget preparation principles. In addition to this, it contradicts with what literatures mention on budget preparation. According to (Irene S. Rubin, 1999) the main starting points for the preparation of the annual budget should be a clear definition of fiscal targets and a strategic framework consisting of a comprehensive set of objectives and priorities.

### **4.3. BOFED Budget Utilization**

According to survey data from BOFED experts and bureau heads the following problems were observed in budget utilization for the past budget years. There is weak supervision and control over the budget bureaus under it, almost there is no performance evaluation on budget utilization with bureaus, unable to make continuous and regular evaluation in order to correct the observed problems. According to Allen and Tommasi (2001), to utilize budget successfully it depends on various factors, such as the executing capability of the agencies or institution concerned. As per the survey result, majority of the respondents in the sample bureaus have justified that their existence of under budget utilization and follow-up weaknesses in their respective bureaus as indicated in table 3.

**Table 3:- Bureau’s response rate on budget utilization**

Measurement of budget utilization	Measurements					
	Strongly Agree	Agree	Neutral	Disagree	Strongly	Total
<b>Your office utilizes the approved budget based on its plan.</b>	6 (12%)	16(47%)	3(9%)	13(38%)	0%	34(100%)
<b>Your office has the practice of regular follow up on its budget utilization.</b>	14(41%)	15(44%)	3(9%)	1(3%)	1(3%)	34(100%)
<b>Your office is criticized for accumulation of un utilized budget</b>	12(35%)	16(47%)	4(12%)	1(3%)	1(3%)	34(100%)
<b>Your office faces budget shortage during the budget 2008 Year.</b>	5(15%)	6(18%)	10(29%)	11(32%)	2(6%)	34(100%)
<b>Your office has strong budget control mechanism.</b>	8(23%)	5(15%)	4(12%)	12(35%)	5(15%)	34(100%)
<b>Your office submits repeatedly a request for adjustment of budget allotments after it is approved</b>	10(29%)	11(32%)	9(27%)	2(6%)	2(6%)	34(100%)
<b>There is underutilization of budget in your office</b>	4(12%)	12(35%)	8(23%)	7(21%)	3(9%)	34(100%)
<b>The current budget utilization and control of your office is sufficient.</b>	4(12%)	6(18%)	6(29%)	6(2%)	8(23%)	34(100%)
<b>All documents are sufficiently documented</b>	6(18%)	11(32%)	1(3%)	11(32%)	5(15%)	34(100%)
<b>Your office presents timely, explanatory, a complete budget utilization report.</b>	17(50%)	13(38%)	2(6%)	2(6%)	0(0%)	34(100%)
<b>Budget utilization reports are consistent with plan</b>	8(23%)	15(44%)	7(21%)	2(6%)	2(6%)	34(100%)
<b>Your office has strong relation with finance bureau plan and budget department</b>	7(21%)	19(55%)	6(18%)	0(0%)	2(6%)	34(100%)
<b>Planning and budget department have a means to take corrective action on the weaknesses of budget preparation and utilization</b>	9(27%)	15(44%)	5(15%)	0(0%)	5(15%)	34(100%)

*Source: Survey data*

As it is shown on the table 3 above, on the utilization of budget whether it is according to the plan or not we can see from the response that 44 percent of the respondents are agreed up on the utilization of approved budget based on the annual plan. On the other hand 6 percents considered as they do not agreed up on it. On the other hand 3 percent of the respondents' have disagreed on the opinion with the underutilization of budget during the period, where as more than 12 percent of respondents are neutral for the situation and they have not the information.

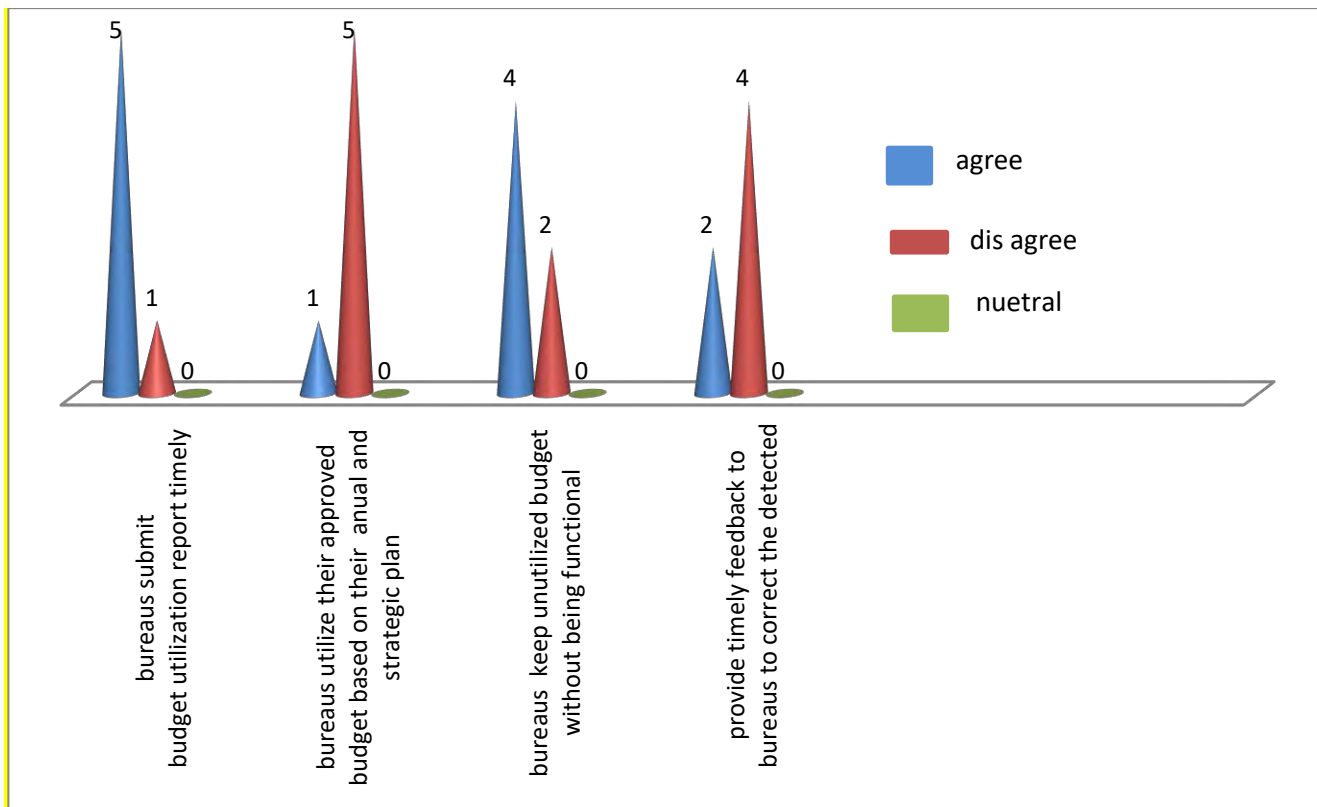
According to (ketema, 2013) under utilization is related to insufficiencies in budget preparation and program preparation. An overestimated budget and unrealistic projections of revenues may lead to budget revisions during budget utilization. As it is explained from the open-ended questions, majority of the respondents also admit occurrence of unutilized budget. Peter (1998) identified that the main weaknesses in resource allocation and use are: poor planning; deficient links between policy making, planning and budgeting; poor expenditure control; inadequate funding of operations and maintenance; little relationship between budget as formulated and budget as utilized; inadequate accounting systems unreliability in the flow of budgeted funds to agencies and to lower levels of government; and poor cash management.

Apart from this, respondents mentioned that many problems related to budget utilization which has not been reflected in the close-ended questions. Of these difficulties, many of the respondents consent that what is planed is not implemented properly. Besides to this, less attention to internal periodic evaluation, during budget utilization, there is complicated procedure in procurement of items i.e. long procedure hinders the purchasing process at the same time leads to under utilization of budget (finance).

Moreover, respondents stated that in open ended question there is some reason for under utilization of budget i.e. shortage of experienced man power or expert exacerbated the problem, lack of coordination between budget and finance sections, untimely expenditure (such as towards the end of the period), and nonexistence of strict accountability were other reasons for the occurrence of budget utilization weaknesses.

According to (ketema ,2013) successful budget utilization depends on the utilizing capability of the agencies concerned and it involves a great number of players than budget preparation, and calls both for assuring that the signs given in the budget are correctly transmitted, and for taking into account feedback from actual experience in implementing the budget.

The main responsibilities of finance bureau planning and budget department are: budget, preparation, budget allocation, distribution and control. With this aspect, budget experts at bureau levels have stated their perceptions on budget utilization, monitoring and evaluation to government bureaus as shown in the graph one below. On the other hand the critical constraints to budget execution, was procurement



Source: Survey data

**Graph -1:** Responses of budget experts of BOEFED on budget utilization, monitoring, and evaluation

The above figures show us clearly that there is existence of discrepancies on budget utilization, especially bureaus keep unutilized budget without being functional, and almost all of the six



respondents disagree on provision of budget utilization report of budget not provided, majority of budget experts do not provide timely feedback to bureaus to correct the detected problems. So, the researcher point out that if there is no interaction and strong feedback mechanism the budget utilization status is not known.

To sum up, as experts mentioned on the open ended question, there was lack of experienced manpower that fetch discrepancies in budget utilization, the experts clued also that the department does not arrange regular short-term training to improve the skill of budget personnel engaged in budget holders bureaus, the structure of budget department is not attractive for skilled budget experts to stay in the department i.e. there is no attractive salary and benefit package as they explained. Under utilization does not necessarily mean that there is good fiscal discipline in the region. Sound budget preparation processes and adequate institutional arrangements are a prerequisite for avoiding these discrepancies.

#### **4.4. Budget performance of bureaus under BOFED**

BOFED is responsible to evaluate and control budget utilization of public bureaus and organizations under the National Regional States. It does this by registering the actual performance budget utilization of all regional p0ublic organization and agencies under the National Regional Government on IBX. According to BOFED report of 2007, the whole approved budget of the year is set for both capital and recurrent budget expenditures and under spent budget has huge amount. Relevant reports explained that such underutilization arose from low capacity to utilize approved budget. As per Allen and Tommasi (2001), under utilization does not necessarily mean that there is good fiscal discipline in the country. Sound budget preparation processes and adequate institutional arrangements are a prerequisite for avoiding these discrepancies.

## CHAPTER FIVE

### 5. FINDINGS, CONCLUSION AND RECOMMENDATION

#### 5.1. Summary of Finding

As it is indicated in introduction part, the general objective of this research paper was to evaluate and assess budget preparation and utilization of Afar National Regional State Finance and Economic Development Bureau and to recommend on the key problem areas that seek attention and improvement. Therefore, the following findings were identified during the analysis;-

- a) 47 percent of the respondents agreed and witnessed on the revision of their plan frequently in relation to annual budget
- b) Numbers of professionals (budget officers) in government institutions of the region are not sufficient.
- c) There is complicated procedure in procurement of items.
- d) Other departments considered all plan is prepared by planning department and they left out planning activity for others as recognized from respondent's written response, some bureaus present their annual budget by Coping from the previous year budget request because of inexperience. Inadequate orientation is presented about plan and budget preparation by Finance and Economic Development Bureau budget department
- e) There is no regular supervision and strict follow up on all government bureaus. The plan and budget were prepared without the participation of all concerned unit
- f) The heads of public bodies did not give much attention for preparation of budget.

#### **On budget utilization**

- a) It was reviled by 2003-2008E.C BOFED report that there were bureaus spent their budget below the appropriation i.e. the bureau had been utilizing below the approved budget.
- b) There is no clear accountability for the occurrence of budget underutilization.
- c) Planning and budget department of Finance and Economic Development Bureau do not arrange short term trainings to improve skill and knowledge of budget experts under it.
- d) There is weak supervision and control by the bureau leaders and their successive subordinates.

- e) Performance evaluation on budget utilization is not continuous to correct the observed problems

## **5.2. Conclusion**

It is known that the study concentrate on budget preparation and utilization of Afar National Regional States Finance and Economic Development Bureau. For this reason, it has been seen relevant literatures review and documents, and gathered primary and secondary data from three bureaus of the region and about their budget preparation and utilization tendencies to finance and economic development bureau and the researcher concluded the following points based on the analysis.

- There is an inadequate and inexperienced budget expert in all bureaus that has been worsening results of plan and budget preparations problems
- There is also lack of awareness of bureaus on budget preparation and utilization.
- Bureaus have various levels of understandings during budget preparations, and also budget

Department does not arrange short-term training to improve the skill of budget personnel engaged in the bureaus.

Lastly, the researcher concluded that the causes for inefficient utilization of budget are mainly due to lack of coordinated effort in purchasing, lack of consistency and delay in purchase processes, inexperienced budget experts in terms of skill and knowledge in each respective budget bureaus and lack of information by management of all to evaluate the budget utilization status which lead towards under utilization of budget.

### **5.3. Recommendation**

The major interest of this research paper is to assess the budget preparation and utilization of Afar National Regional States BOFED, weaknesses observed by Bureaus under it, and to suggest possible recommendation for the future action that helps to overcome such problems. Hence, the following recommendations are suggested.

#### **In budget preparation**

- ✓ The bureau should assign skilled professionals who have adequate knowledge and experience in the budget departments of all bureaus that well fit the position. The right man should be assigned at the right position and create conducive environment for them to stay at that office for a long period of time.
- ✓ Trainings should be arranged and delivered to develop uniform skill among budget workers.
- ✓ The budget workers found at all bureaus should participate during budget preparation period
- ✓ The annual budget should be prepared according to the targeted annual plan.

#### **In budget utilization**

- ✓ Purchase procedure should be shortened and there should be coordinated effort with other departments.
- ✓ There should be strong supervision and control by the bureau leaders and their successive subordinates; on budget utilization in order to correct the observed problems.
- ✓ All Government Bureaus should use opinions suggested on the feedback given by Afar National Regional States Finance and Economic Development Bureau and should be considered thoroughly. In general, Afar National Regional State government should take all possible actions to correct the observed weaknesses, and to avoid repetition of the same problems in subsequent year

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**Appendixes- A**

**Addis Ababa University**  
**College of Business and Economics**  
**Department of Public Administration**  
**And Development Management**

**Questionnaires distributed to planning and budget experts of selected government bureaus in the afar national regional states.**

These questionnaires are prepared to collect information related to budget preparation and utilization process and to suggest some recommendation based on the finding. For anything you have responded on, the privacy is strongly kept. Thank you very much for your time and cooperation

**Part A**

**Profile of the respondent**

1. **Gender:** A/ Male B/ Female
  
2. **Level of Education:** A/ literate B/ Certificate C/ Diploma D/ First Degree  
E/ Masters Degree and above
  
3. **Number of Year Service:** A/  $\leq 5$ years B/ 6 to 10 years C/ 11 to 15 years  
D/  $\geq 16$  years
  
4. **Level of position in your bureau**-----

**Part B**

In the following section, the researcher is requesting for your specific perceptions toward research questions. Please kindly indicate (X) mark to express the extent to which you agree or disagree on the given statement from the choices

**1=STRONGLY AGREE**

**2=AGREE**

**3=DIS AGREE**

**4=NEUTRAL**

**5=STRONGLY DISAGRE**

**About Budget Preparation and utilization**

Sir	Questions	5	4	3	2	1
	<b>Budget Preparation</b>					
1	You have adequate knowledge and skill to prepare plan and Budget.					
2	Your bureau has enough number of budget and plan officers who prepare plan and budget effectively.					
3	Your bureau prepares its annual plan based on the strategic document of Afar National Regional states Government					
4	The budget demand prepared by your bureau is based on approved plans and programs					
5	Budget is prepared based on reliable data and estimates					
6	Plan and budget is prepared for each program in your bureau					
7	The amount of budget prepared for each program line item is over estimated					
8	There is problem of matching plan with budget in your bureau					
9	Your bureau has the habit of regular follow up on its budget Utilization.					
10	Your bureau has adequate capacity to evaluate budget with its main activities					
11	Your bureau is criticized for accumulation of unutilized budget					
12	Your bureau faces budget shortage during the 2004- 2008 E.C Budget year.					

13	Your bureau submits repeatedly a request for adjustment of Budget allotments after it is approved					
	<b>Budget Utilization</b>					
14	There is underutilization of budget in your bureau					
15	The current budget utilization and control of your bureau is sufficient					
16	All expenditures are sufficiently documented in your bureau					
17	Your bureau presents timely, explanatory and complete budget utilization report					
18	Budget utilization reports are consistent with plans					
19	Your bureau has strong relation with finance bureaus plan and budget department					
20	Planning and budget department have a means to take corrective action on the weaknesses of budget preparation and utilization					
21	your bureau give special attention when it prepares budget request					
22	Plan and budget of your bureau are realistic, based on valid assumptions, and developed by knowledgeable individuals					

**Part C BUDGET UTILIZATION**

1. Does your bureau utilize its approved budget based on its plan? A/ Yes B/ No C/ No comment If “No”, what is your opinion -----  
-----
2. Does your department provide timely feedback to correct the detected weaknesses budget utilization? A/ Yes B/ No C/ No Comment If No” what is your opinion? -----
3. Would you please mention some of the main problems in your bureaus in budget utilization?
4. What should be done to improve in your bureaus budget utilization? If you have any other comment-----

#### **D. Open ended questioners**

1. What would you say about the causes of the mismatch between budget and plan in your Bureau, if there is any? What about the solution?
2. What would you say about the causes of unutilized budget, if there is any in your bureau? What about the solution?
3. In your opinion, what are the main weaknesses observed in your office in relation budget preparation and utilization?
4. In general, what should be done to improve finance Bureau budget preparation and utilization process?

Thank you for your time

## Appendices B

**Addis Ababa University**  
**College of Business and Economics**  
**Department Of Public Administration**  
**And Development Management**

The purpose of this questionnaire is used to collect the information related to budget preparation and utilization process and to suggest some recommendation based on the finding. For any thin you have responded on, the confidentiality is strongly kept. Thank you very much for your time and cooperation

**Questionnaires to be distributed to afar national regional states finance and economic development bureau budget and planning section experts.**

### PART A- PROFILE OF THE RESPONDENTS

1. **Gender:** A/ Male B/ Female

2. **Level of Education:** A/ Literate B/ Certificate B/ Diploma C/ First Degree  
D/ Masters Degree and above

3. **Number of Year Services:** A/  $\leq 5$  years B/ 6 to 10 years C/ 11 to 15 years'  
D/  $\geq 16$  years

4. **Level of position in your bureau**-----

**PART B- BUDGET RELATED QUESTIONS**

5. Does your bureau provide a report on budget utilization of all the bureaus to concerned bodies of the region? If so, please describe it?

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

6. In what frequency does your bureau follow on budget utilization of all bureaus in the region? A/ Yearly B/ semi annually C/ quarterly D/ arbitrarily any comment

.....

7. What are your suggestions on budget preparation and utilization trends of all bureaus in the region?

.....

8. What are the weakness observed on the budget preparation and utilization in all bureaus in the region?

.....

.....

9. Do you think that in your observation the finance and economic development bureaus in the region utilize the allocated budget effectively? A/ Yes B/ No comment If your answer is no, what are the reason?

.....

.....

.....

10. What are the major challenges in budget preparation and utilization of all the burea

.....

.....

.....

11. If there are problems in budget preparation and utilization in all sector bureaus, what are the solutions you recommend?

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

12. What are the major jobs and responsibilities of your department with respect to budgetary issues?

13. Do you think that the department has enough number of skilled personnel that conduct budget analysis? A/ Yes B/ No C/ No Comment

14. Do you believe that all bureaus give special attention when they prepare their budget request? A/ Yes B/ No C/ No Comment

15. If “No”, in your opinion, what are the reasons for giving less attention in the budget preparation?

16. Do you agree that there is a wide mismatch between plan and budget in budget users? A/ agree B/ disagree C/ No Comment If “Agree”, what are the reasons, in your opinion

17. Are the plans and budgets of bureaus realistic, based on valid assumptions, and developed by knowledgeable individuals? A/ Yes B/ No C/ No Comment

18. Would you please mention some of the main problems in your bureau budget preparation?--

-----  
-----



## **PART C- BUDGET UTILIZATION**

19. Do budget bureaus submit budget utilization report to your bureaus as per the calendar?

A/ Yes B/ No C/ No Comment If “No”, why?

20. Do bureaus utilize their approved budget based on their plan? A/ Yes B/ No C/

No comment If “No”, what is your opinion?

21. Do bureaus keep unutilized budget without being functional? A/ Yes B/ No C/No

Comment If “Yes”, what is your opinion

22. Does your bureau provide timely feedback to all bureaus in the region, to correct?

A/ Yes B/ No C/ No Comment If “No” what is your opinion?

23. Would you please mention some of the main problems in your bureau in budget utilization?

24. What should be done to improve your bureaus budget utilization problem?

Thank you for your time!!

### **Interview questions**

1. What process or step do you follow in budget preparation?
2. What are the key challenges to effective Budget preparation utilization?
3. If you have additional comments please explain?
4. There is a practice of preparing budget considering the current market price
5. How is the monitoring and control system of budget utilization in your Bureau?



**College of business and economics**

**Department of public administration and development management**

**MA in public management and policy specialize in**

**Development management**

Research Questionnaire

Name of Researcher: Tekliye Kidanu Fantaye

Dear Sir/Madam,

This questionnaire is designed to conduct academic research on assessment of budget preparation and utilization in afar regional states bureau of finance and economic development for the fulfillment of Master's Degree in public management and policy at Addis Ababa University. The main objective of the study is to assess issues related to the preparation and utilization of Budget in afar regional states finance and economic development bureau and to provide suggestions for future actions. The data you provide in response to the questionnaires will be only used for academic purpose in accomplishment of the said study. Thus, respondents are encouraged to provide their opinions objectively, independently and free from any bias. Your responses are strictly kept confidential and they are used exclusively for this research. Your input is highly valuable for completion of this study. If you have any enquiries or clarifications, kindly please contact me in person through:-

My e-mail: [tekliye45@gmail.com](mailto:tekliye45@gmail.com) or Give me a call at 0910560663.

Thank you very much for your valuable time and cooperation in the data supply.

*Yours Sincerely,*

*Tekliye kidanu*