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COLLEG OF FINANCE AND MANAGEMNET STUDY, DEPARTMENT OF
PUBLIC FINANCIAL MANAGEMENT**



**FACTORS AFFECTING BUDGET MANAGEMENT IN THE CASE OF
FEDERAL DEMOCRATIC REPUBLIC OF MINISTRY OF GOVERNMENT
COMMUNICATION SERVICE**

**A Thesis Submitted to Oromia State University College of Finance And
Management Study, Department Of Public Financial Management, In Partial
Fulfillment of the Requirements for the Award of a Master's Degree In Public
Financial Management**

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DECLARATIONS

I, hereby declare that this thesis entitled “Factors Affecting Budget management in the case of Federal Democratic Republic of government communication service” has been carried out by me under the guidance and supervision of Tesfaye Asefa (Ast. prof)

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institution.

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Abstract

The main objective of the study was to identify factors affecting budget management of Ministry of government communication service. The study has also specific objectives to be achieved at the end of the study. These are budget preparation process, budget utilization status, and controlling practice of Ministry of government service. The research design of the study is descriptive and regression research design and a census study was used. To collect primary data the researcher employed questionnaires and interview data gathering instruments. Fifty-eight questionnaires were distributed of which fifty-six were filled and returned genuinely and interviewed key informants of the organization. The data gathered through closed-ended questionnaire was analyzed using SPSS version 20 to make descriptive (mean and standard deviation) and regression data analysis. The study applied multiple linear regression model to analyze the data. Data collected by open ended questionnaires and interview were narrated qualitatively. Based on the data collected and analyzed, the following findings were obtained. The mean value of budget preparation is 3.67, budget utilization scored mean of 3.53, and budget control scored mean of 3.38 from five point Likert scale measure. The result from the regression analysis showed that budget preparation and budget utilization have a positive and significant effect on budget management at ministry of government communication service. It was also revealed that budget control have positive but not significant effect on budget management at ministry of government communication service. The budget preparation, utilization, and control practice in Ministry of government communication service is explained as budget is prepared by each department in three steps ranging from market price analysis to confirmation with budget approved by ministry of finance. Budget utilization practice is at lower stage and no identified group or team control budget utilization performances of the organization. The challenges of budget utilization in the case of the federal ministry of government communication service lack of preparation of clear plan, lack of follow up and commitments of employees and leaders of the organization. Based on the findings of the study, discussion among the employees and leaders of the organization, preparation of

clear plan of budget utilization, and strong and continuous follow-up by ministry of finance were recommended.

Keywords: Identify, Budget, Management, Preparation, Utilization, Control,

CHAPTER ONE

1.1 INTRODUCTION

The first chapter of the study is all about introduction of the study. This chapter includes background of the study, the problem statement, research question, objectives of the study, significance of the study, scope and limitation of the study, and organization of the study.

1.2 Background of the Study

Budgeting involves the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals. A failure to achieve budget targets, the organization may be regarded as inefficient. Budgets in the organizations serve multiple roles of planning, evaluation, coordination, communication, and decision-making (Zebider, 2018).

Budgeting can be defined as the process whereby the plans of industries are interpreted into an itemized, authorized and systematic plan of operation, expressed in monetary terms for a given period. Budgeting, at both management level and operation level looks at the future and lays down what has to be achieved (Zebider, 2016).

Budget preparation and budget utilization passes through stages which start from identification of public needs and stating of the quality of goods and services to satisfy these needs through the political decision, by economic analysis with the overall development plan objectives. It involves the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals (Maheshwari, 2006).

Effective Budget preparation and utilization are tools that measure management performance and promote sound morale financial harmony within an organization. It makes possible for an organization to verify If or not the plans of the company are properly comprehended by all members of staff and implement corrective measures

where in under deviation or the deviation is occurring. Effective budget preparation and utilization promotes sound morale financial harmony within an organization. It makes possible for an organization to verify If or not the plans of the company are properly comprehended by all members of staff and implement corrective measures where in under deviation or the deviation is occurring.

Besides to the preparation and utilization of budget, it is very important to manage budget to make an adjustment to stay on the right track to achieve the desired goals of the organization. Budget management is the process of developing a spending plan and periodically comparing actual expenditures against that plan. Organizations depends on budget management to control their spending activities, and this technique is also used by the public and the private sector as well as private individuals to achieve a desired goal (Dunk, 2009).

Managing a budget necessitates adherence to strict internal organizational protocols on the expenditures. Budget management is sometimes used interchangeably as management control. This term was first used in the 1970s. It was a collective name given to budgeting, product costing and management accounting (Greve, 2009). The steps and tasks included in budget management include, Defining the Budget, Executing the Budget, Controlling the Budget and Updating the Budget.

Effective budget management is the ability of an organization to formulate, adopt and execute a budget and also put in place control measures to ensure achievement of both long term and short term goals and obligations of the organization (Hashem, 2014). Effective management of the Budget is one of the critical aspects in determining the success of a government, a government unit, an organization and even County Government. The qualities of an effective budget are; it should be realistic, consistent with organizational objectives, cost effective and flexible (Nebraska, 2015).

In practice, budgets are rarely effectively managed. This can be for legitimate reasons, such as adjustments in policies in response to changes in economic conditions, or for

negative reasons, including mismanagement, poor budgetary process, unauthorized expenditures, inefficiency, or fraud (Nebraska, 2015).

This research therefore, assesses factors affecting budget management the case of Federal Democratic Republic of Ethiopia Government Communication Service. The population of the study is employees and management bodies of the organization under study.

1.3 Statement of the Problem

Due to lack of the skill of budget forecasting for unforeseen needs inclusion during budget proposal preparation, budget implementation is a challenge to many organizations. Feasible and evidential budget preparation is very important to achieve the desired goal of an organization. Unnecessary allocation of budget, improper utilization and lack of control on the performance of allocated budget whether it is on the right track or not are the major problems organizations are facing in the current time.

Establishing implementing departments recognizing the role of budget and budgetary control has gained attention which has led some organizations to establish departments for implementation. This has attributed budget monitoring and project implementation committees as an integral part of the administrations to governmental organizations in Ethiopia (Mo F, 2009).

In the budget cycle critical problems related to budget preparation, approval, implementation and control are observed. Potter and diamond (2003) stated that the crucial problems and controversial issue related to government budgeting is reflected in the preparation, enactment, execution and review phase of budget cycle. As Yimer (2007) explained the politics of public bud getting is more serious and challenging particularly in federal democratic countries where there is constitutional power and resource sharing among different level. Ethiopian governmental aid down long term, medium term or annual expenditure budget is followed in the preparation and implementation of national budget.

Regarding budget, management practice in public and private organizations are different of which private organizations are mostly profit oriented and control.

Their budget to the extent it achieves its objectives. Therefore, budget is planned and controlled its performance critically. On the contrary, public organizations budget management is not well studied which includes unforeseen activities. There is no continuous budget control to see its effectiveness in respected plan of actions. According to (Taye, 2016) the basic problems of government budget allocation in the public sectors are evolving to more complex forms related to the issues of policy and planning, low capacity of implementing and managing available resources, poor integration planning and budget allocation, budgeting implementation, and standardization.

Different studies were conducted about budget management. As researcher's best of knowledge no studies was conducted in Ethiopian Federal Democratic Republic of government communication service regarding budget preparation, utilization and control. Other studies were not able to see all three pillars of budget management together (preparation, utilization, and control) in a single study.

Some of the studies conducted were mentioned below. First, Ketema (2015) did a study on budget preparation and utilization with special emphasis in Addis Ababa City Administration Health Bureau. This study couldn't include budget control issue. Second, Zebider also studied budget utilization and control in the case of Ethiopian Postal service Enterprise in 2018. It is done on public enterprises which aimed at serving the public and earning profit which may have better budget utilization and control practice than public service organizations. Third, the study conducted by Meseret (2016) also focused on assessment of budget preparation and utilization in the case of Save the Children. This is a non-government and non-profit organization working on serving the society. Here the nature and process of the budget source, planning and controlling practice is more or less different from government budgetary organizations.

Therefore, this research will help in filling the gaps such as conceptual, methodological and time by other studies. The conceptual is related to the concepts in which the study

focused; methodological gaps are related to type and adequacy of data, analysis and interpretation of data; time gaps are focusing on the time frame which the study was conducted. In different times policies, rules, and regulations are revised and these may have an impact on budget management practice of the organization. Due to this, this study can support other study findings and provide additional knowledge.

1.4 Research Question

To this end, there search will try to answer the following research question:

1. What are the weaknesses observed on the budget preparation and utilization of Ministry government communication service?
2. What is status of budget utilization practices in the case of FDRE government communication service?
3. What are the major challenges in budget management of ministry?
4. What are the possible solutions towards solving challenges that are facing the budget management of the ministry?

1.5 Objective of the Study

1.5.1 General Objective of the study

The general objective of this study is to identify factors affecting budget management of Ministry of government communication service.

1.5.2 Specific Objective

Based on the above general objective the following specific objectives were the focus of the study:

1. To identify weaknesses
observedonthebudgetpreparationandutilizationofMinistrygovernment
communication service?
2. To evaluate status of budget utilization practices of the ministry?
3. To identify the major challenges in budget management of the Ministry?
4. To point out possible solutions towards solving challenges that are facing the
budget management of the ministry?

1.6 The Scope of the Study

The research is limited to the data obtained from the rates using questionnaires, reports and unstructured interview in Ministry of government communication service. Regardless of the budget preparation and utilization, the researcher got information from 10 departments' and 3 project offices budget and plan preparers and also from plan and budget experts of the ministry. Moreover, the study used the budget and expenditure report of the ministry from budget and administration directorate in the ministry which is responsible for public bodies' budget preparation and utilization.

1.7 Limitation of the Study

The geographical range of the study is delimited to the political boundary of the Federal Democratic Republic of Ethiopia. The study also assessed factors affecting budget preparation, utilization and control practice of Federal government communication service which is different in its mission from other budgetary organizations. Therefore, the result of the study may not be generalized for other public service organizations.

1.8. Significance of the Study

In spite of, the limitations that any research encounters this study will have a number of areas in which there salt of the study can make contribution to the existing knowledge and understanding. Thus, the study can open the door to create the stage to be a discussion area for different stake holder such as employees of the organization, experts of Ministry of Finance and, researchers and policy makers. The paper expected to shed light on the possibilities for the consolidation of administration mechanism so as to improve the nation's executive working environment. Finally, the finding of the study can serve as a springboard for other researchers who are interested in further research in the area of the study planned to undertake.

1.9 Organization of the Study

This research paper is organized in to five chapters. In the first chapter, background of the study, statement of problem, scope and limitations of the study are included. In the second chapter related literatures are reviewed and presented in a logical order. The third

chapter is composed of the methodologies intended to implement and the research design to carrying out the research. The fourth chapter consisted of the findings of the study and the results. The last chapter (chapter five) presented the conclusions and recommendations of the study.

CHAPTER TWO

2.1 Introduction

This part of the study includes review of different literatures and studies conducted by different scholars. Theoretical and empirical studies regarding budget preparation, utilization and control. The conceptual framework of the study also included in this part of the study. The researcher tried to show research gaps in the area of budget preparation, utilization and control.

2.1.1 Budget

The word budget comes originally from the Latin word bulga, which means purse. However, it got its meaning in England, over two hundred years ago, as the finance minister would carry the state accounts in a leather briefcase, called the bowgette (English version of bulga). After a while, the name of the briefcase was transferred to the content receiving the meaning as we know it today (Greve, 2011).

Ax et al. (2011) define a budget as something that expresses expectations and commitments within an organization in regard to financial consequences for an upcoming time period. It is important to stress that budgets are expressed expectations, as Greve (2011) points out, budgets are future oriented as they strive to predict the future based on a set of criteria and guesses, which is similar to a forecast. However, what differentiates them is that budgets allocate responsibility (commitment), for example the head of the department is responsible for his/her part of the budget. It can also be perceived as a decision, that when the executive management accepts a budget, they automatically decide upon what should be done in the nearest future, a trait not possessed by the forecast (Greve, 2011). Furthermore, the definition states that budgets are connected to financial consequences, which do not necessarily mean that they have to be expressed in a currency; non-financial components can also be a part of the budget, such as number of work hours (Ax et al., 2011). In the past, the budget has always been expressed in monetary terms, and the monetary terms are still the focus when constructing the budget (Greve, 2011).

The final part of the definition refers to time, that the budget is covering a predetermined time period, which goes for all budgets including those covering a specific product or customer (Ax et al., 2011).

2.1.2 Budget Management

Budget management, sometimes called budgetary management, is the overseeing of revenue and expenditure tracking in an organization. Managing a budget involves analyzing current spending, organizing purchases by category, and monitoring cash flow over time.

A medium-to-large business typically has separate budgets for the company and for individual departments. Department heads and budget managers use keen analytical skills and a careful eye for detail to make sure the department maintains positive cash flow and reasonable spending. With proper budget management, an organization can boost profitability and growth. Budget management and forecasting software helps companies organize data and plan for future decisions.

2.1.2.1. Types of budget management

Whether a business is large or small, company leaders must closely manage income and expenses to maximize profit. A single business may have different types of budgets, such as a master budget and an operating budget. They may also use different methods to manage these budgets. Some of these methods include:

Zero-based: This type of system is built from the ground up. Since starting fresh is time-consuming, executives choose to use this method in one department at a time or over the course of several years. This forces a company to evaluate and cut non-essential expenditures.

Activity-based: This one is built from the top down. The goal is to analyze cost drivers and optimize productivity and efficiency. The activity-based method is time-intensive and helps a company save money. Because this type is future-focused, historical data isn't necessary. That means even new organizations can use this approach.

Incremental: This moderate system uses a company's existing budget as a base. Organizations then adjust as needed for the upcoming time period based on inflation and other projected costs. This method is popular due to its simplicity.

Value-proposition: Budget managers or department heads use this type to analyze each line of the budget to determine whether an expense's value is worth the cost. While value can be subjective and tricky to quantify, this method can help leaders tailor a budget to its desired outcomes.

2.1.2.2. Benefits of budget management

Hitting key financial targets requires accurate budget management. Other advantages include:

Assisting in planning: Budget managers can use past budgets as historical data when making decisions for the future. For example, a department head might consider past years' spring expenditures when creating a new budget for April with a rolling forecast.

Monitoring progress: Current budgets can be closely monitored to make sure revenues and expenses work as projected. A manager can catch higher-than-average outflows and suggest smarter spending solutions.

Making decision-making easier: A detailed budget and strong management simplify the decision-making process. For example, looking at projected growth makes it easier to figure out whether funds are available to hire new personnel.

2.2 Theoretical Review

Public budgeting, as a field of study, has grown tremendously in recent years both in form and substance. With such growth comes a need to have a coherent theory or body of theories that allows one to understand the field, its essential core that guides its development, and its scope for dealing with real world problems (Forrester, 2002).

2.2.1 Agency theory

An agency relationship is a contract under which one or more persons; the principal(s) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent (Michael C. Jensen, 1976)

The objective in agency theory is to structure the contractual relationship between these groups so that agents take actions to maximize the welfare of principals. At the heart of public budgeting are relationships among those who provide agency services and those who allocate resources to service providers. Schick (1988) as cited by (Forrester, 2002) has referred to these individuals as claimants and conservers, respectively. Others have entitled them more generally as agents and principals, respectively (Demski, 1998; Baiman, 1982; Holstrom, 1979) as cited by (Forrester, 2002). In other words, those who make claims on governmental resources are agents and those who allocate and ration the resources are principals. In this relationship, the principals contract with agents to provide services to the public, and the main focus for all those involved is the contract (i.e., the budget) itself. Two key questions for both participants are; “What can be done to draw up the most effective contract possible?” and “How can the contract be upheld?” (Forrester, 2002)

The budgeting process is conducted or steered by public servants who undertake that function on behalf of the citizens of a country or a county. Both the agent and the principals have divergent interests and hence the agents do not necessarily act in the best interest of the principals. Agency theory therefore describes the conflict arising between self-interested managers (agents) and the owners (principals). The principals must try to reduce the agent’s actions in advancing their interest through establishment of appropriate incentives for the agent and by incurring monitoring costs designed to limit their self-benefiting activities (Michael C. Jensen, 1976). It was also important to point out that currently, the information asymmetry between the principals and agents in counties are being addressed by increased recognition of the role of county assemblies, civic budget groups and the general public in the budget formulation process. (Mutuma, 2016)

Financial accountability asserted that the implementation of public budgets was based on the interests of the people, as who provide the mandate to the government to plan and implement the budget. Budget in favor of the people is the budget not only in terms of expenditure, which meets the allocation of public services as expected, but also from the revenue side. The Office of controller of budget (COB) in liaison with national treasury exercise financial control in all counties and is required to serve the public interest. County governments can be seen as agents of the people (the principal) because they are required to produce a certain level of public output including the quality of county government expenditure returns in exchange for taxes paid by the people. The objective of COB is to oversee the county government in implementing public expenditure programs and projects. (Mutuma, 2016)

In view of the above explanation of the agency relationship, failure of the agent to act in the best interest of the principal could be one of the reasons of not attaining effective management of the budget. Public participation and strict adherence to government regulations should be applied to ensure that the agents act in the best interest of the principals who are the citizens. This will ensure an effective management of the budget. The staff should also be capacity built to a high competence level of understanding the law in regard to budgetary provisions.

2.2.2 Stewardship theory

Agency theory argues that shareholder interests require protection by separation of incumbency of roles of board chair and CEO. Stewardship theory argues shareholder interests are maximized by shared incumbency of these roles. Results of an empirical test fail to support agency theory and provide some support for stewardship theory (Donaldson, 1991)

These theoretical considerations argue a view of managerial motivation alternative to agency theory and which may be termed stewardship theory (Donaldson 1990a, 1990b; Barney 1990). The executive manager, under this theory, far from being an opportunistic

shirker, essentially wants to do a good job, to be a good steward of the corporate assets. Thus, stewardship theory holds that there is no inherent, general problem of executive motivation. Given the absence of an inner motivational problem among executives, there is the question of how far executives can achieve the good corporate performance to which they aspire. Thus, stewardship theory holds that performance variations arise from whether the structural situation in which the executive is located facilitates effective action by the executive. (Donaldson, 1991)

The issue becomes whether or not the organization structure helps the executive to formulate and implement plans for high corporate performance (Donaldson 1985). Structures will be facilitative of this goal to the extent that they provide clear, consistent role expectations and authorize and empower senior management. Specifically, as regards the role of the CEO, structures will assist those to attain superior performance by their corporations to the extent that the CEO exercises complete authority over the corporation and that their role is unambiguous and unchallenged. This situation is attained more readily where the CEO is also chair of the board. Power and authority are concentrated in one person. There is no room for doubt as to who has authority or responsibility over a particular matter. Similarly, the expectations about corporate leadership will be clearer and more consistent both for subordinate managers and for other members of the corporate board. (Donaldson, 1991) The organization will enjoy the classic benefits of unity of direction and of strong command and control. Thus, stewardship theory focuses not on motivation of the CEO but rather facilitative, empowering structures, and holds that fusion of the incumbency of the roles of chair and CEO will enhance effectiveness and produce, as a result, superior returns to shareholders than separation of the roles of chair and CEO (Donaldson, 1991)

In the context of the study, the CEO manages the organization on behalf of the other stakeholders. For the county governments, they manage resources on behalf of the national government and for the interest of the citizens. The governor been the CEO of the county should execute the interests of the citizens through a budget. Public participation

and strict adherence to government regulations should be applied to ensure that the agents act in the best interest of the principals who are the citizens. The staff should also be capacity built to a high competence level of understanding the law in regard to budgetary provisions.

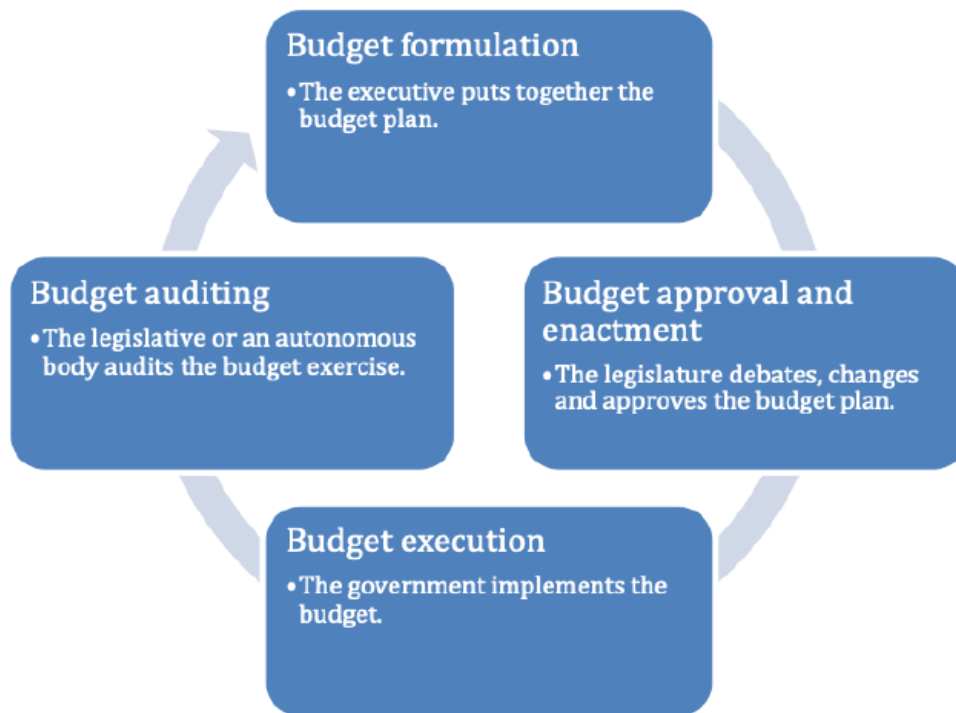
2.2.3. Public interest theory.

Public interest theory is an economic theory that holds that regulation is supplied in response to the demand of the public for the correction of inefficient or inequitable market practices (Christensen, 2010). It is believed that the regulations are prepared in the public interest when they are demanded by the public for correcting inefficient practices. Regulations are understood to do good to the whole society rather than any individual's interest. Regulation is one of the state's core functions. It is also one of its classical functions. In a historical perspective the state engaged in regulation long before government also took upon it to provide welfare services to its citizens. Regulation defines the border between state and society, government and market. Therefore, regulation represents government's attempt to set limits to the scope of private activities (Christensen, 2010)

2.3 The Budget Cycle

To provide for responsible government, budgeting is geared to a cycle. The cycle allows the system to absorb and respond to new information and, therefore, allows government to be held accountable for its actions. Although existing budget systems may be less than perfect in guaranteeing adherence to this principle of resistibility, the argument stands that periodicity contributes to achieving and maintaining limited government. The budget cycle consists of four phases: (1) preparation or formulation, (2) approval, (3) execution, and (4) audit and evaluation.

Figure 2.1 Budget cycle



Source: open budgets India (openbudgetsindia.org)

2.3.1. Preparation or formulation

The first stage of the budgetary process takes place completely with the executive branch of Government, and can include numerous actors within the branch. At this stage the parameters of the budget are set and decisions are taken about how the revenue generated will be distributed across programmers and activities. The outcome of this process is the proposed budget, which is essentially the action plan of the Government for the coming fiscal year, as well as a statement of the Government's priorities and commitments.

2.3.2. Approval

The formulation of the annual budget generally happens behind closed doors, but occasionally, the Government engages in consultations with different stakeholders such as subject matter experts, businesses, trade groups, labour Unions, civil society organizations, etc.

This step refers to the presentation of the budget in Parliament/the State Assembly by the finance minister.

The budget presentation highlights the priorities of the Government, as well as its policy choices. Approval by the legislature is required for two different items:

- a. The Finance Bill
- b. The Appropriation Bill

The Finance Bill provides the Government legal authority to raise resources, mainly through taxation. The Appropriation Bill, on the other hand, provides the Government legal authority to incur expenditure as stated in the budget and approved by the legislatures. According to the Constitution, no expenditure can be incurred from the ‘Consolidated Fund of India’ without authorization of legislature and passing of the Appropriation Bill.

2.3.3. Execution/ Implementation

The stage refers to the Government implementing the budget proposals, i.e., raising resources as envisioned in the budget, as well as incurring expenditure according to the budget. The receipts in the budget are estimates, and actual collections are often different from the estimates. In such cases, one part of implementation also requires balancing receipts and expenditure throughout the year to meet the deficit targets mentioned in the budget. On the expenditure side of the budget, the key issues are whether the expenditure is likely to be within the budget figure, whether changes in expenditure priorities (as against past patterns) are being implemented in specific areas as planned, and whether problems are being encountered in budget execution, such as the build-up of payment arrears.

2.3.4. Audit and evaluation

Public financial management and good practices of budgetary control require that a body that is independent from the executive evaluate the Government’s budget execution and issue an annual audit report. The institution vested with this responsibility is often re-

ferred to as the supreme audit institution (SAI) or the office of the Auditor and Comptroller General of India. The basic purpose behind the audit is to make sure the Government is following the rules and regulations governing the overall processes related to raising money and expenditure. These reports help in holding the Government accountable and also help in improving budgetary processes.

2.4 Empirical review

In this part, studies conducted in respect of effectiveness of budgets in Governments were reviewed. The review adopted a funnel approach where global, regional, and local studies were reviewed. Researches were conducted in different countries and in different time across the world. Some of the studies conducted regarding budget preparation, utilization and control are mentioned below. Lambeetal. (2015) did systematic review of budgeting and budgetary control in government owned organizations with attention focused on the Nigerian national petroleum corporation researcher, because of the need to have comparative and in-depth assessment of the issue used survey research design and percentage statistics method to review the budgeting and budgetary control in government owned organizations. The findings revealed that NNPC is well-planned organization because it utilizes most relevant management theories but still how efficient or effective system may be but there is always room for improvement because of ever changing circumstances in the world for which periodic reviews are necessary.

Manoharanetal. (2017) in his research of Budgeting and budgetary control system and organizational performance in the case of selected Indian companies examined relationship between budgetary control and effectiveness of the organization, using statistical method. In spite of there being a strong relationship between budgetary control system and organizational operation efficiency, the researcher concluded that there is still gap in proper implementation of budgetary control system in the organization.

Doreen, D. (2014) determined the effectiveness of Budgeting process in achieving organizational goals in case of Tanzanian Electrical Mechanical and Electronics service

Agency using a case study research design strategy with the objective of investigating how Budgeting process helps organization in achieving its goals.

It was concluded that the role of Budgeting process that make an organization attains its goals should be effective by having active support for Budgeting process from the top management.

Ida Haryanti Binti Mohd Noor (2012) studied budgetary participation by focusing on how it affects performance and commitment in order to determine the relationship between budgetary participation and managerial performance with organizational commitment as the intervening variable in a Malaysian public sector organization using a pilot study. The study found that the budgetary participation process implemented does have significant positive effects on managerial performance. Moreover, the intervening variable of organizational commitment has a significant role in mediating the relationship between budgetary participation and managerial performance and organizational commitment leads to improved managerial performances in cemory committed employees are more motivated and dedicated.

Ida Harianti Binti Mohd (2012) studied how budgetary participation affects organizational performance with organizational commitment as the intervening variable and the study identified that budgetary participation has a significant effect on managerial performance by enhancing organizational commitment.

The challenges as found out included insufficient funds, institutional weakness, the method used to allocate budget was unsatisfactory and budget included unattainable targets. The study further found out that the institutions used the budget to serves the multiple roles of planning, controlling, coordination and communication. The study established that participation in budget preparation is another important issue because it reflects degree of consensus and ownership from the persons involved. The study concluded that University of Nairobi faces various challenges in budget implementation especially reduced revenue leading to shortage of available resource for its operation.

Nicoletta (2010) conducted a study on public Budgeting on Republic of Moldova as a case study by reviewing both theoretical and practical analysis done by World Bank with the objectives of illustrating if public Budget is efficient or not and impact of applications of practice. The study found that the general trend concerning the Budget method and procedures is directed to the achievement of results, performance indicators and performance information.

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

1. Lack of proper medium term perspective;
2. Lack of properly integration of capital and recurrent budget;
3. The head of public bodies did not give much attention for preparation of budget;
4. Budget doesn't give incentives for efficiency;
5. During budget utilization performance measures is not applied;
6. The relationship between budget and macro-economic policy framework is insufficient;
7. Preparation of budget based on unreliable data and estimation;
8. The budget system was ineffective to ensure financial accountability; and
9. Involvement of stakeholder and Political commitment in the budget process are limited.

In line with this Abdu (2009) conducted a study on the assessment of budget process in kobo woreda. The main aim of the research was to enhance understanding on the government budget preparation, budget approval, budget implementation and budget control. The study concludes that there is a problem in preparation of medium term expenditure planning and Priority setting was not according to the national and regional

objectives. The legislature did not make any serious deliberation and has no influence in the priority setting of the budget. With regard to the budget implementation, even though the public sectors preparing the action plan for purchasing of goods and services it is not practical operational. Finally the researcher identifies that there was no well qualified and professional auditor. Most of the time sectors were not audited on time. The audit standards like professional skills, and independence were not properly functioning.

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.

Guinding 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. A questionnaire survey of 54 medium and large sized firms including both listed and non-listed firms was conducted. His findings revealed that most of the firms prepare long-range plans and operating budgets, and use budget variance

to measure performance for timely recognition of problems and to improve the next period's budget. Moreover, findings showed that the main purposes of budgeting in most companies are to: maximization and the control performance by investigating variances. Poor cooperation and in effective planning are the main reasons for not achieving the required standard targets.

According to Ketema (2015) who conduct a study on assessment of budget preparation and utilization in Addis Ababa Health Bureau, the findings of the study show that preparation of budget do not consider current market price, there are no adequate budget and plan experts, in adequate orientation about budget preparation and utilization by Addis Ababa city administration finance bureau, budget and plan preparation lacks participation of concerned bodies, and because of follow-up weakness, budget is underutilized.

Kassahun (2019) also studied on effect of budget and budgetary control on non-financial performance of Ethiopian banking industry to fulfill the bank objectives and maintain accountability of bank operating costs is referred. From this study researcher concluded that budgetary control systems played major role in saving the operational costs thus improving the non-financial performance of the bank but it was also observed by the researcher that the controls had no significant effect on the motivation of bank employees. Managerial commitment to budgetary control and complete acceptance had positive effect on the performance of the banks was observed.

Birhanu (2011) conducted a study on evaluation of budget practice of Ethiopia in comparison with two Kenya and Uganda focusing on budget practice and transparency by using qualitative research approach and revealed that the level of transparency with regard to full disclosure of all relevant budget information is very poor Ethiopia, Kenya and Uganda.

Tilahun (2010) also conducted an investigation of budget management and control at Ethiopian ministry of national defense. Descriptive and qualitative analyses demonstrate that there was no strict accountability, which allow creating sense of institutional budget perception. There is no reasonable cost estimation practice. Lack of adequate and experienced budget workers is other issue that contributes to worsen the problems.

Zebider (2018) studied on budget utilization and control of Ethiopian Postal Service Enterprise. The findings of the study revealed that there is weak consideration of regular follow up on budget utilization as a result programs and activities are not implemented according to the schedule.

Zerihun (2014) studied budget preparation and utilization of educational finance in public secondary schools of Shashemene town, Oromia region by employing descriptive survey and the study revealed that the level of controlling the budget process and effectiveness and efficiency in utilization of budget is more or less positively related.

Meseret (2016) conducted a study on budget preparation and utilization in the case of save the Children, Ethiopia. This result of study show that the organization did not allow participation of staff in budget preparation which results low utilization status. In addition, finance department couldn't provide timely financial reports for concerned bodies. The reports help to revise the budget plan and improve its utilization status. Budget monitoring is not also practiced in regular base as it shows the state of budget utilization to take appropriate measures.

2.5 Research gap

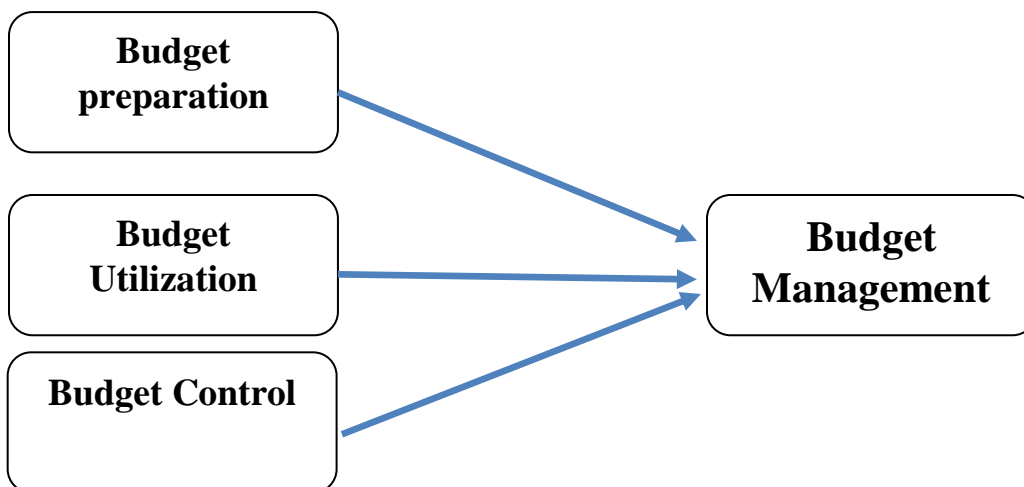
Different things related to budget preparation, utilization and control will discussed in theoretical and empirical literatures. Here different researchers were identified government budget preparation, utilization and control in different organizations in different countries. In the case of our country, Ethiopia, different studies were more concentrated on public service organizations which have branch offices having common budget resource. However, those studies have limitation in showing how single

organization allocates and controls budgetary issues for respective departments. Besides, the aforementioned researches have gaps in explaining the roles and responsibilities of finance department experts and team leaders in budget preparation, utilization and control practice at federal level.

The politics of budgeting highly influences the achievement of objectives designed as decisions were made by political leaders. In the case of Ethiopia, the 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 (i.e. the right to prepare, approve and implement their own budget). For the focus of this study, the researcher wants to study budget preparation, utilization, and control in the case of Ministry of government communication service. The practice of budget preparation, utilization and control in each department were discussed. In the course of reviewing theoretical and empirical literatures, in researchers best of knowledge no researches were conducted in federal organizations which have regional branches. Therefore, the study conducted to fill the gap on the practice of budget preparation, utilization and control in Federal government communication service.

2.6 Conceptual framework

Figure 2.2 conceptual framework



Source: Developed by the Author

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

This chapter outlines the methodology used in the collection of data and describes the research design, data collection methods, sampling techniques, data analysis and interpretation.

3.2. Research Approach

Research approaches are mechanisms of attaining research objectives. The approaches are adopted to achieve the best possible of the research objectives. Research approaches are also adopted based on the feasibility of these selected approaches. The common research approaches are quantitative, qualitative and mixed research approaches.

Quantitative approach uses surveys of cross-sectional or longitudinal using self-administered semi structured questionnaires or structured interviews for data collection, with the intent of generalizing from a sample to population (Babbie, 1990)

A qualitative research approach uses strategies inquiry including narratives, ethnographies, case studies, observations, interviews, and the results are communicated subjectively through descriptions using words rather than numbers (Creswell, 2003). Moreover Qualitative researchers tend to use open-ended questions so that Participants can express their views. Under this method contact with the field of research may be based on interviews, observations, or analysis of documents and other artifacts. In addition, literature studies are performed to the extent required to develop sensitivity in observation and interpretation (Atkinson and Hamersley, 1994).

Finally, a mixed methods approach is one in which the researcher tends to base knowledge claims on pragmatic grounds (e.g., consequence-oriented, problem-centered, and pluralistic). It employs strategies of inquiry that involve collecting data either simultaneously or sequentially to best understand research problem (Creswell, 2009).

The data collection also involves gathering both numeric information (e.g., on instruments) as well as text information (e.g., on interviews) so that the final database represents both quantitative and qualitative information. The advantage of a quantitative research approach may be limitations for a qualitative approach and vice versa.

Mixed research approach, is supposed to tap the limitations of quantitative and qualitative approaches, based on pragmatic knowledge claims (Sale et al, 2002). The goal for researchers using the mixed methods approach is to draw from the strengths and minimize the weaknesses of the quantitative and qualitative research approaches by combining them (Carrie, 2007).

Because this study focuses on the effect of an independent variable (budget preparation, budget utilization and budget control) on a dependent variable (budget management), quantitative research approach will be well fitted to conduct this study. Therefore mixed research approach will be applied to conduct this study.

3.1. Research Design

The types of research designs used under this study are descriptive and inferential. This study describes and critically assesses budget preparation and utilization problems. Descriptive research studies are designed to obtain information, which concerns the present status of phenomenon (Saunders, Lewis, and Thorn hill, 2007). This approach is chosen because of their search or would not control the variable but to describe the phenomenon that existed at the time of the study. The use of descriptive research enables the researcher to bring to light the determinants that contribute to the budget control practice. It also describes the extent to which these elements stated above can affect the work of budget control in the public sector.. In addition to this the regression method was used to know cause and effect relation between variables. To know the relationship between the determinants factors and budget management the study use Pearson correlation.

3.2. Population and Sampling

3.2.1. Target Population

According to ministry's HR department there are 72 employees in Ministry of government communication service. With this context the population of this study is professional employees of Ministry of government communication service that directly participate in the process of budget. The study found out the professional employees of the ministry who participate in budget process are 58. Therefore the target population of the study is 58.

3.2.2. Sample Size

As per Glenn (1992) the sample size is very important in order to be representative of the population which ultimately enables to draw generalizable conclusions from selected sample members. In this study the size of population is small; due to it was found realistic to make a census research than use a sample. Therefore all officials and experts (58 in total) engaged on the budget management activities were participants of this research.

3.2.3. Survey Instrument

The types of instruments used to collect data were through questionnaire which contains both open and closed ended questions. The format of the questionnaire was adopted from prior authors and literatures. There is four open ended question that gives the respondent freedom to indicate the area not mentioned in the close ended questionnaire. The close ended questionnaires are developed in three sections.

The first one is on the general aspect of the respondent and the second one is developed based on standard of budget preparation, utilization and controlling to evaluate whether the status and experience of the respondents has the challenge of integration of budget and plan & also used the reason for budget variation from actual performance and the third one is how to conducting performance audit and internal control are in those

samples of G.C.S.

This section uses questions ranging from strongly agree to strongly disagree. Finally this method of data collection was considered appropriate because the information sought is not publicly available and the employees in G.C.S are in a good position to know the answers to the questions asked.

3.3. Data Sources

The type of data collection method is a great value to interpret them properly. The data will gathered through primary and secondary methods will analyze using both mixed data analysis methods. The data will collect in the course of questionnaire, analyze and present through descriptive statistics such as tables, charts, and percentages. Qualitative method of data analysis will also.

Employed for feedbacks obtained using open-ended questionnaires and unstructured interviews for each of response given by respondent's explanatory way issued.

For possible achievement of the objective of the paper there searcher used both primary and secondary data, Primary data was obtained from oral interview and questionnaire and observations. Secondary data would be collect from that have been already collected and readily available from other sources. It covers all published such as books and journals.

3.4. Data Collection Methods

In order to gather the data, the researcher employed both open and closed questionnaires since it is more convenient and easy to collect the required information.

Questionnaires: The questionnaire which comprises both close ended and open-ended was prepared in English that respondents easily understand the question and give appropriate answer.

Interview: There searcher used unstructured interview with some senior employees of the ministry to get more explanation for the questions in the close ended questions and

also to make more discussion with some of the responsible persons in the organization.

3.5. Data Analysis

To achieve its objective, the study used descriptive statistics and econometric modeling. The descriptive analysis was performed using mean, standard deviation, percentage and frequency distributions. Additionally the descriptive statistics mean was used to describe the variables influence on budget management in ministry of government communication service. The data analysis, interpretation and discussion depended on the dependent and explanatory variables. The study used multivariable regression analysis method to assess the cause and effect relationship between the independent variables (budget preparation, budget utilization, and budget control) and dependent variable (Budget management). Pearson correlation method was used to know the relationship between independent variables and dependent variable. To change the collected data in to useful information the analysis was done by statistical package for social science SPSS.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1 Introduction

The main objective of the study was to investigate the practice of budget management in the case of Ministry of government communication service. To conduct this study the researcher collected data from the target population of the study via a structured questionnaire using a Likert scale and semi-structured interviews for key informants. The gathered data were presented, analyzed and interpreted accordingly. Data were analyzed in three steps using SPSS version20 software. Here, the analysis was performed; firstly, demographic features of respondents. Secondly, descriptive data analysis was made by using mean of responses given by respondents. Thirdly to indicate the factors affecting budget management in ministry of government communication service regression analysis was made using Pearson correlation, ANOVA and multiple linear regression analysis. Finally, the qualitative analysis also performed to narrate open-ended questions and semi-structured interview questions.

Table4.1 Response Rate of Respondents

Here in the table below the researcher presented the rate of the response of the questionnaires distributed for the target population of the study.

Table4.1 Response Rate

Items	Frequency	Percentage
Number of questionnaire distributed	58	100%
Number of questionnaire received	56	96.55

Source: own survey (2023)

From table 4.1, we can observe that from the total number of questionnaires distributed for target population of the study (58), a total of 56(96.55%) questionnaires were received. According to Yiran & Chao-Ying (2013), missing data occur at the unit level and at the itemlevel. A unit-level and an item non-response occur when no information is

collected from a respondent for the former and when the incomplete information collected from a respondent for the later. In this study, problems of an item non response happened. Statistics scholars suggested that there is no established cutoff regarding an acceptable percentage of missing data in a dataset of valid statistical inferences (Yiran & ChaoYing, 2013). Despite this, others like Schafer (1999) asserted that a missing rate of 5% or less is not significant to affect the study. Bennett (2001) also outlined that statistical analysis is likely to be biased when more than 10% of data is missing. Therefore the study has a good response rate and can proceed to the next step of the analysis.

4.2 Demographic Data

Here the general demographic characteristics of respondents such as gender, age, marital status, educational qualification, and work experience are analyzed.

4.2.1 Gender and Marital Status of Respondents

The gender and marital status of respondents is presented in the frequency table below.

Table 4.2 Gender and Marital Status of Respondents

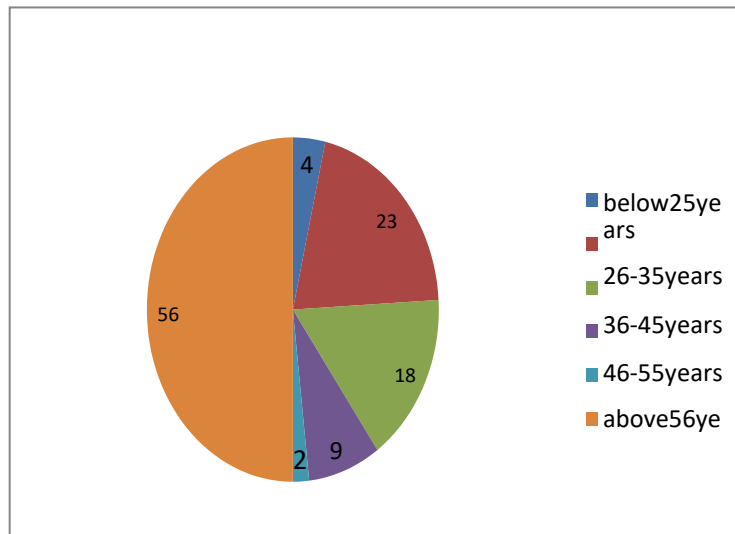
Gender				
		Frequency	Percentage	Valid Percentage
Valid	Male	35	62.5	62.5
	Female	21	37.5	37.5
	Total	56	100.0	100.0
Marital Status				
		Frequency	Percentage	Valid Percentage
Valid	Married	39	69.6	69.6
	Unmarried	17	30.4	30.4
	Total	56	100.0	100.0

Source: survey, 2023

While reviewing the gender mix of the respondents it could be summarized that 35 respondents having 62.5% were male and the remaining 21 female respondents shared 37.5% of the ratio. The analysis result reflected that the gender mix in Ministry of

government communication service were male and female and out of it, the lion share, 62.5%, was represented by male employees. The majority of respondents which accounts 39 (69.6%) were married. Whereas, the proportion of those who are unmarried (single) shows 17(30.4%) of the respondent's. However, the researcher couldn't find any respondents under the category of divorced or widowed.

Figure 4.1 Ages of Respondents



Source: survey, 2023

Regarding age group of the respondents" the minimum age of participants is 21 years old and the maximum age of participants is 60 years. The mean of ages of participants is 37.4286.

Table 4.3 Education Level of Respondents

Education				
		Frequency	Percentage	Valid Percentage
Valid	Masters and Above	16	28.6	28.6
	BA Degree	27	48.2	48.2
	Diploma and TVET	13	23.2	23.2
	Total	56	100.0	100.0

Field of Study				
		Frequency	Percentage	Valid Percentage
Valid	Business and Economics	30	53.6	53.6
	Food and Beverage	1	1.8	1.8
	Agriculture	2	3.6	3.6
	Construction	2	3.6	3.6
	HR	2	3.6	3.6
	Others	19	33.9	33.9
	Total	56	100.0	100.0

Source: survey, 2023

It is important for the study to determine the educational levels of the respondents as that could determine to what extent they are involved in Budget management. From table4.3.it can be seen that respondents hold arrange of educational qualifications from College Diploma/TVET to Masters Level. Majority of the sample respondents were holding first Degree which accounted 27 of the respondents i.e. 48.2%. The next 16 (28.6%) from the total respondents were Master holders. Among the respondents there are 13 in number (23.2%) are Diploma/TVET graduates. This suggests that people of different educational qualifications are present in the organization. This implies that there were different levels of understanding and involvement in Budget management. Among the participants of the study, 30 (53.6%) have studies Business and Economics. Those respondents who have studied Agriculture, Construction, and human resource management are two each which shared3.6%each. The other one (1.8%) studied food and beverage. The remaining 19 in number or (33.9%) of respondents studied other fields other than mentioned above.

Table4.4 Department of Respondents

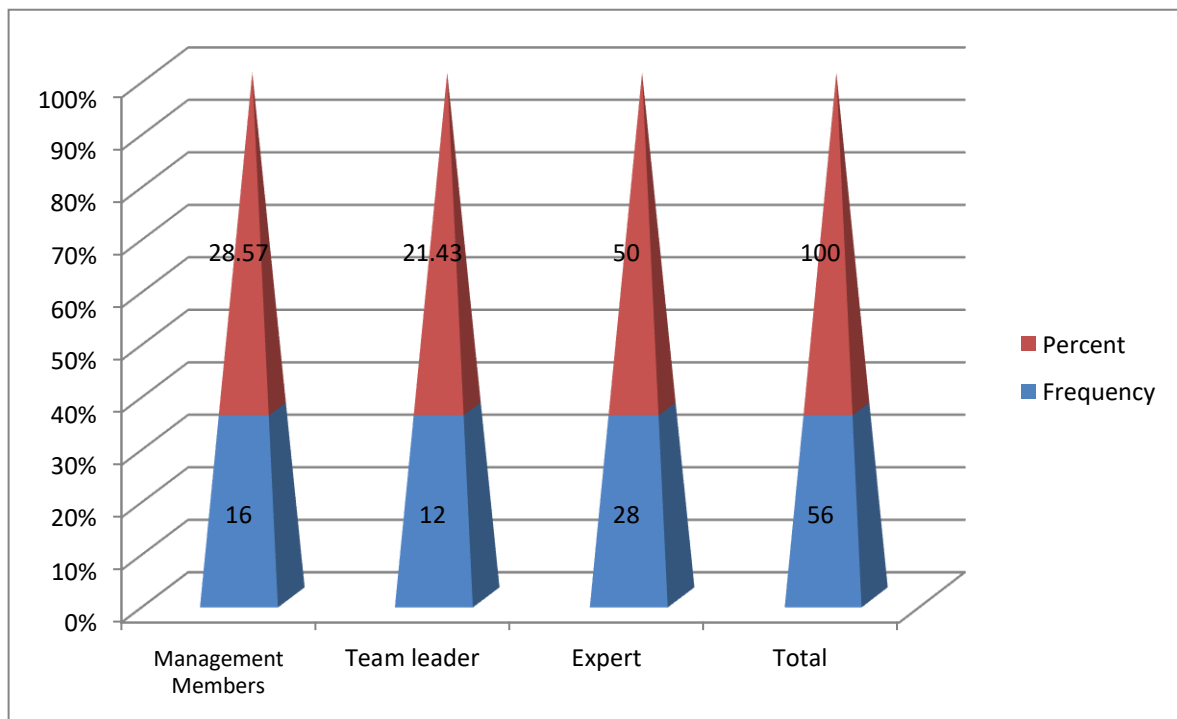
Department					
		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Ministry office	3	5.4	5.4	5.4
	Finance Directorate	14	25.0	25.0	30.4
	Audit Service Directorate	3	5.4	5.4	35.7
	Planning and Budget Directorate	3	5.4	5.4	41.1
	Procurement and Property Directorate	10	17.9	17.9	58.9
	Human Resource Directorate	5	8.9	8.9	67.9
	Media communication and content preparation directorate	6	10.7	10.7	78.6
	Law directorate	1	1.8	1.8	80.4
	Media follow-up	3	5.4	5.4	85.7
	Communication study and agenda preparation	8	14.3	14.3	100.0
	Total	56	100.0	100.0	

Source: Survey, 2023

Table4.4. reveals that 14(25%) of respondents were working in Finance Administration department of Federal Democratic Republic Ministry of government communication service. The other 10 (17.9%) of participants of the study are from department of Procurement and Property Administration Directorate. Participants from Communication study and agenda preparation department account about 8 (14.3%). From Media communication and content preparation directorate accounts about 6(0.7%) of

participants were involved in this study. Media follow-up, Planning and Budget Department, Audit Service and General Manager and Corporate Manager Department are contributing 3participants each in the study 5.4%. The remainig1 participant was from law directorate 1.8%.

Figure4.2Position of Respondents in the Organization



Source: survey, 2023

Figure 4.2.summarizes the Position of participants of this study in their organization. Thus, the majority of participants are under the category of expert. As mentioned above the educational qualifications of most respondents are Degree of which they are mostly at expertise level. In this data 28 (50%) were experts in different department. The second highest share dropped on the position of Management members (Directors and Corporate Director) which accounts 16(28.57%). Among six teen directors, one is corporate director and the remaining fifteen are directors or department heads. The remaining 12(21.43%)

of respondents were team leaders. Directors or department heads and Team leaders have more responsible than experts in the activities of budget management.

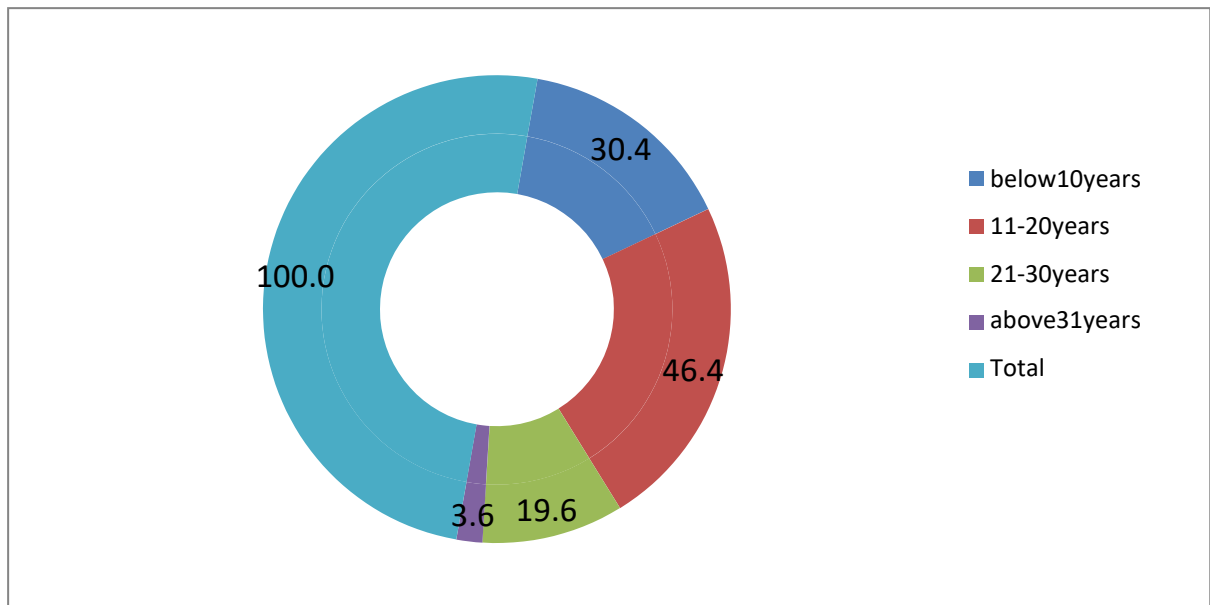


Figure4.3 Work Experiences of Respondents

Source: survey, 2023

The study also sought to find out the years of service the respondents have provided to the current or previous organizations to enable us put their responses into proper perspective. Figure 4.3 above represents the categories of years of service as indicated by the respondents.

The respondents have served in the current and previous organizations from below ten years to above 31 years. This means the organization has different employees with different years of experiences who have different experiences in budgeting. It can be seen that respondents who have served for below 10 years representing 17 (30.4%) formed the second highest number of experiences next to 11-20 years of service which accounts 26 (46.4%) of the total respondents. Those employees who provide service from 21-30 years accounts 11 (19.6%) of the total respondents. There are also employees whose experiences are above 31 years which accounts two (3.6%). From this data it can be concluded that most of employees have long years of work experiences which can help

them to participate in budget management. This can be done by considering other factors remain constant such as personal qualification, leadership commitment, and absence of literal political intervention etc. Thus, they probably have better budgeting experiences.

4.2 Descriptive Analysis

Table: 4.5 descriptive statistics of budget effectiveness

budget management factors	Mean	S. dev	Strongly disagree		Disagree		Not sure		Agree	
			freq uency	%	freq uency	%	freq uency	%	freq uency	%
Regular follow up	2.33	.883	10	17.8	22	39.2	18	32.2	6	10.7
Responsible team	2.47	.900	11	19.4	27	49	15	26.5	3	5.1
Improvement	2.15	.780	8	14.3	19	34	23	41	6	10.7

Source: - own computation 2023

The study sought to investigate the perception of workers and managers on budget management. In this variable the three questions rose for the respondents in Likert scale and based on the response the following point is presented.

According to the data for the question “There is practice of regular follow up on the budget approved” 39.2% of the respondents disagree, 32.2% were not sure and 17.8% of the respondents strongly disagree and 10.7% of the respondents strongly agree, this indicates there is no practice of regular follow up on the budget approved and the ministry workers and managers agreed there is a problem of follow up. For the question “There is a team that is responsible for budget management in the organization” was disagreed by 49% of the respondents, 26.5% are not sure, 19.4% strongly disagree and

5.1% of the respondents agreed, this indicates there is no team that is assembled to manage the budget of the ministry and majority of finance office workers and managers agreed on the problem. Furthermore, the practice of budget management have improved from time to time was disagreed by 34%, 41% not sure, 14.3% strongly disagree and 10.7% of the respondents agree. This indicates there is no improvement in budget management in the ministry. Therefore above data perception of workers and managers on budget effectiveness implies there is poor budget management in the ministry.

Table 4.6 the Mean Score and Standard Deviation Summarized Results of Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Budget Preparation	56	1	5	3.67	.947
Budget Utilization	56	1	5	3.53	.876
Budget Control	56	1	5	3.38	.941
Valid N(list wise)	56				

Source: survey, 2023

As it can be observed from Table 4.6 the highest mean score is on Budget Preparation which have a mean of 3.67 with std. deviation of .947. This result implies that respondents at Ministry of government communication service have better experiences of Budget Preparation than Utilization and Control. This can be elaborated as experts and leader can prepare a good budget plan but due to different factors implementation and controlling has limitations. The second highest mean score is obtained from Budget Utilization which is 3.53 with std. deviation of .876. The remaining variable which is budget control scores mean value of 3.38 and std. deviation of .941. Therefore; Budget Control needs due consideration to implement planned budget effectively. In general, the mean score of the whole three variables are not exceed from 3.67 which is an agree level based on five point Likert scale measures even though there is variation among responses.

Table4.7 Budget Preparation

No.	Budget Preparation	SD%	D%	N%	A%	SA%	Mean
A1	Effort	5.4	8.9	12.5	35.7	37.5	3.91
A2	Analyze and prepare plan	8.9	14.3	12.5	37.5	26.8	3.59
A3	budget calendar	7.1	7.1	1.8	37.5	46.4	4.09
A4	Management position	7.1	8.9	17.9	39.3	26.8	3.69
A5	Without exaggeration	5.4	19.6	23.2	25	26.8	3.48
A6	employee participation	14.3	19.6	19.6	28.6	17.9	3.16
A7	consults budget experts	17.9	17.9	21.4	7.9	25	3.14
A8	analyses budget allocation	3.6	21.4	14.3	33.9	26.8	3.59
A9	Program Budgeting	3.6	8.9	17.9	32.1	37.5	3.91
A10	IFMIS	3.6	1.8	14.3	33.9	46.4	4.18

Source: survey, 2023

Table 4.7.The highest mean score obtained from the use of IFMIS role played during Budget Preparation which is 4.18. Experts and leaders (Directors and Team Leaders) use IFMIS to prepare budget plan. It has led to a better budgeting process within the organization. The second highest mean score is on the variable “The office strictly follow the budget calendar of the federal government” with mean value of 4.09. The

guiding principle for budget preparation is mostly common for federal budgetary organizations but still there is difference among organizations in implementation as the variations among responses also show. On the other hand, the lowest mean value scored on the variable “Management committee consults budget experts and leaders”. The mean value for this item is 3.14. It implies that management do not always support and consult in budget preparation process. The variables mentioned under budget preparation score a mean value from 3.14 to 4.18 which is around neutral to agree remembering that there is high variation among responses which includes from one to five point likert scale measure.

Table 4.8 Budget Utilization

No.	Budget Utilization	SD%	D%	N%	A%	SA%	Mean
B1	Utilizes the approved budget	8.9	19.6	17.9	28.6	25	3.41
B2	communicated	5.4	17.9	25	30.4	21.4	3.45
B3	Expenditures are documented	5.4	5.4	12.5	39.3	37.5	3.98
B4	without plan	3.6	8.9	32.1	30.4	25	3.64
B5	exceptional procedure	3.6	19.6	25	23.2	28.6	3.54
B6	Regular follow-up	3.6	5.4	21.4	42.9	26.8	3.84
B7	deadline	8.9	19.6	16.1	32.1	23.2	3.41
B8	cash management	10.7	16.1	8.9	35.7	28.6	3.55
B9	resources (facilities)	8.9	10.7	32.1	37.5	10.7	3.30
B10	unutilized budget	14.3	16.1	21.4	32.1	16.1	3.19

Source: survey, 2023

The highest mean score among the variables mentioned under Budget Utilization is obtained from “all Expenditures are sufficiently documented” which is 3.98. As it is budgetary government organization, all expenditure should be documented and reported quarterly and annually. The second highest mean value is “regular follow up on budget utilization” which is 3.84. There is regular follow up to check the extent to which departments utilize their planned budget for planned activities which are organizational priorities. The amount of budget unutilized time to time is decreasing scored a mean value of 3.19. This implies that the budget prepared and planned are not utilized effectively and returned back. By effectively utilizing budget, organizations can reduce unutilized budget return the end of budgetary year. The other thing which scores low mean value is availability of facilities for effective budget utilization which is 3.30. Without necessary facilities and conducive working environment, it is difficult to implement the planned budget on planned activities.

Table 4.9 Budget Control

No.	Budget Control	SD%	D%	N%	A%	SA%	Mean
C1	Mechanism	10.7	8.9	26.8	32.1	21.4	3.45
C2	report	7.1	8.9	25	32.1	26.8	3.63
C3	consistent	5.4	16.1	26.8	32.1	19.6	3.45
C4	budget executions	7.1	21.4	28.6	26.8	16.1	3.23
C5	Budget deviations	14.3	21.4	28.6	14.3	21.4	3.07
C6	Regular control	8.9	21.4	28.6	17.9	23.2	3.25
C7	uniform	12.5	25	23.2	28.6	10.7	3.00

C8	transparency and accountability	14.3	21.4	19.6	30.4	14.3	3.09
C9	corrective action	7.1	19.6	16.1	33.9	23.2	3.46
C10	IFMIS	5.4	1.8	8.9	35.7	48.2	4.19

Source: Survey, 2023

Table 4.9 reveals the mean score obtained from the items included under budget control. The three processes of budgeting are interrelated and very important to achieve the goal of the organization. Here leaders and experts should work together to prepare good budget plan, utilize it and control whether it is implemented as planned or not. In this part the highest mean score is 4.19. IFMIS play great role in controlling budget preparation as it is time saving and reliable. Therefore most of the respondents agreed on the use of IFMIS for budget controlling. Next to this, timely budget, explanatory and budget report is available at Ministry of government communication service. The mean score for this variable is 3.63. The lowest mean values obtained in this part are 3.09 and 3.07 which are “there is clear and transparent accountability in budgeting process” and department budget deviations are reported for evaluation on timely basis” respectively. It implies that there is timely budget report but it is not evaluated and corrective measures taken. Besides, there is no system for making accountable that makes budgetary problems and even the controlling practice is not transparent. In controlling activity transparency and accountability should be placed to take corrective measures on the existing challenges.

4.3 Correlation Analysis

In this study, correlation analysis was conducted to understand the factors affecting budget management in Ministry of government communication service. Pearson’s correlation coefficient was used to indicate the strength of the effect. In addition, the p-value was used to indicate the significance of the relationship. Pearson correlation coefficient was used to gauge the relationship between independent variables (Budget preparation, Budget utilization and Budget control) and dependent variables (Budget

management). The results indicated that Budget preparation, Budget utilization and Budget control have a significant effect (positive relationship) on Budget management. The table below indicated that the p-value was at $p=.000$ and this meets the threshold since $p<0.05$.

Table 4. 10 Correlation Matrix

		BM	BP	BU	BC
BM	Pearson	1	.600**	.750**	.442**
	Correlation				
	Sig. (2-tailed)		.000	.000	.001
	N	50	50	50	50
BP	Pearson	.600**	1	.567**	.631**
	Correlation				
	Sig. (2-tailed)	.000		.000	.000
	N	50	50	50	50
BU	Pearson	.750**	.567**	1	.591**
	Correlation				
	Sig. (2-tailed)	.000	.000		.000
	N	50	50	50	50
BC	Pearson	.442**	.631**	.591**	1
	Correlation				
	Sig. (2-tailed)	.001	.000	.000	
	N	50	50	50	50

**. Correlation is significant at the 0.01 level (2-tailed). Source: - own computation

2023

According to the above table, Pearson correlation results shown on that budget utilization factor is leading with the highest influence on budget management with a correlation of 0.750, followed by budget preparation factor at 0.600, and finally budget control factor with a correlation of 0.442.

4.4 Regression Analysis

The study further carried out regression analysis to establish the statistical significance relationship between the independent variables Budget preparation, Budget utilization and Budget control on the dependent variable which was budget management. Regression is a technique that can be used to investigate the effect of one or more predictor variables on an outcome variable. Regression allows us to make statements about how well one or more independent variables will predict the value of a dependent variable. The regression analysis results were presented using regression model summary tables, Analysis of Variance (ANOVA) table and beta coefficients tables.

4.5 Combined Effect Model

4.5.1 Multi-co linearity

One importance assumption that applies in multiple regression analysis is the existence of a very high correlation between the independent variables of the study which is termed as Multi-co linearity. In this research multi-co linearity was checked with tolerance and VIF statistics. In this study, all of the independent variables were found to have a tolerance of more than 0.1 and a VIF value of less than 10 (see table 4.12 below) which indicates that Multi-co linearity is not an issue in this study.

Table 4.11 result of Multi co linearity test

Model	Co-linearity Statistics	
	Tolerance	VIF
1 (Constant)		
BP	.568	1.760
BU	.531	1.882
BC	.517	1.935

Source: - own computation 2023

4.5.2 Assessing Normality Assumption

Highly skewed or kurtosis data can inflate bootstrapped standard error estimates, underestimating the statistical significance of the path coefficients (Chernick, 2011). Because multiple regression requires normally distributed independent variables in the analysis, normality was checked using Kurtosis, which measures whether the data is heavily tailed or lightly tailed to the normal distribution, and skewness, which is a measure of symmetry, prior to running the regression. As a rule of thumb, skewness and kurtosis should be between -2 and 2 if the data is normally distributed.

Table 4.12 result of normality test

	BP	BU	BC
Skewness	.383	.420	.609
Std. Error of Skewness	.152	.152	.152
Kurtosis	.201	-.564	.079
Std. Error of Kurtosis	.303	.303	.303

Source: - own computation 2023

4.5.3 Multiple Linear Regression Result

The study aimed at finding out the overall effect of the independent variables that is Budget preparation, Budget utilization and Budget control on budget management. The model $Y = \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$ explained 60.3% of the variations in budget effectiveness as shown in Table 4.14. This showed that Budget preparation, Budget utilization and Budget control explained 60.3% of the variation in budget management.

Table 4.13 Model Summary

Model Summary

Mode	R	R	Adjusted R Square	Std. Error of the Estimate
------	---	---	-------------------	----------------------------

1		Square		
1	.797 ^a	.635	.603	.41545

Predictors: (Constant), MB, BP, BU, BC

Source: - own computation 2023

The analysis of variance results Table 4.15 indicates that the model fit is significant at $p=0.000$, $F=19.598$ with 49 degrees of freedom. This implies Budget preparation, Budget utilization and Budget control has a significant and positive combined effect on budget management.

Table 4.14 Analysis of variance (ANOVA)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.531	4	3.383	19.598	.000 ^b
	Residual	7.767	45	.173		
	Total	21.298	49			

Source: - own computation 2023

a. Dependent Variable: BM

b. Predictors: (Constant), BP, BU, BC

The overall model as shown on Table 4.16 indicated that Budget preparation, Budget utilization and Budget control were highly significant at $p=0.696$, $p=0.000$, $p=0.021$ and $p=0.102$, respectively. The fitted model was $Y=0.119+0.768x_1+0.378x_2+0.320x_3$

Table 4.15 Combined Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.119	.304		.391	.698
BP	.768	.147	.625	5.230	.000
BU	.378	.158	.296	2.394	.021
BC	.320	.192	.230	1.671	.102

Dependent Variable: BM

Source: - own computation 2023

4.5.4 Regression Coefficients

The findings on the individual coefficients shown in Table 4.16 above revealed that two independent variables (budget preparation and budget utilization), had a positive and significant impact on budget management in Ministry of government communication service while budget control had a fairly small impact on budget management in the ministry which was not significant.

The results obtained on individual coefficients indicated that budget preparation had a positive and significant relationship on budget management in Ministry of government communication service with a coefficient of correlation (0.7681, $P=0.000$) at 5% significance level. This implied that budget preparation contributed about 76.8% towards effectiveness of budget in Ministry of government communication service. Budget utilization had a positive and significant relationship on budget management in Ministry of government communication service with a coefficient of correlation (0.378, $P=0.021$) at 5% significance level. This implied that budget preparation contributed about 37.8% towards budget management in Ministry of government communication service. Budget control had a fairly low positive impact towards budget management Ministry of government communication service with a coefficient correlation of (0.320, $P=0.102$) at

5% significance level.

The findings from the result indicated that budget preparation had the highest impact on budget management. It contributed about 76.8% towards management of budget Ministry of government communication service. It implies that a unit increase in budget preparation led to 76.8% improvement in budget management in Ministry of government communication service. A unit increase in budget utilization led to 37.8% improvement in budget management practice in Ministry of government communication service.

1.8. Analysis of Open-Ended Questions and Interview Data

In addition to structured closed-ended questions, open-ended questions and interviews were conducted to triangulate the data and to obtain more information about the issue under study. Open-ended questions were administered with closed-ended questions. Besides, interview was conducted with key informants basically department heads and budget experts. Based on the data collected, the following analysis and interpretation was made.

Regarding the process of budget preparation in Federal Ministry of government communication service, respondents stated that in order to the next fiscal year, the budget department is called upon by all budget departments to prepare the budget for the next fiscal year by October 30. This is due to the fact that the Ministry of Finance has been working on our institution for a long time, as it is expected that the budget will help prepare the budget for the next fiscal year. Following the arrival of the budget ceiling, the divisions are called upon to make adjustments to the budget ceiling by February 20. The final budget has discussed with the department and will be sent to the Ministry of Finance the deadline of March 15. Budget department head summarizes budget preparation process in to three main steps: analyzing market price of goods and services, prepare and send draft budget plan, and make adjustment with the budget approved by Ministry of Finance.

Another question posed in this study is the challenges of effective budget management

within the organization. He said most budget preparations are not considered as important and will not be implemented as planned but will be implemented with the consent of our senior officials. In addition, experts make this plan non-professional preparation and do it regularly. Respondents cited leadership constraints, lack of clear planning, lack of budget (in accessible sources), lack of discussion with stakeholders and colleges, and over-planning and over-planning. According to the head of the Department of Financial Management, the budget structure of the Federal Parliament is at a low level due to its focus on unplanned and routine activities. The budget turned to another less important activity. Program leaders do not monitor or report on budget usage on a monthly or quarterly basis. Respondents stated that the budget was returned to the Ministry of Finance due to lack of budget allocation, lack of planning control, inadequate monitoring of budget preparation and use, lack of adequate training in program budgeting and plans to increase the organization's budget utilization.

The head of the budget department said the budget control will be done jointly by the budget, planning and finance department. These sections relate to budget control over the above mentioned departments and members of the administration. Departments perform budget control by developing guidelines and using regular monitoring reports to determine how and when to use the budget.

There are challenges to creating effective budget control in a research organization. Challenges raised by budget experts include lack of clear budget planning, lack of regular and timely budget reporting, budget changes too there departments or activities, and budget control efficiency challenges. Although there is no standing committee too verse the budget implementation of the departments, the budget directorate has struggled to adjust the budget due to the fact that the budget beneficiaries of each directorate are not aware of the approved budget and make unauthorized purchases.

According to the Head of the Department of Financial management and Budget Experts, there is a strong commitment to budget planning, use and control in the Ministry of government communication service, team work, competent and accountable manpower,

and clear budget direction. These and other activities, such as ongoing performance monitoring, should be evaluated and corrected for the purpose of organizational success.

CHAPTER FIVE

Summary, Conclusion and Recommendation of the Study

5.1. Introduction

The fifth part of this study is about summarizing the major findings of the study and possible recommendations forwarded by the researcher. From the findings of the study, gaps were identified and tried to indicate future research areas for anyone who is interested in the issue under study. The results of the study would support Ministry of government communication service to make right decision regarding budget management.

5.2. Summary of Major Findings

This study has attempted to assess the practice of budget preparation, utilization, and control in the case of Ministry of government communication service. To conduct the study, the researcher distributed 58 questionnaires for directors, team leaders and experts of Ministry of government communication service. Among the distributed questionnaires, 56 workable data was added on the SPSS version 20 programs where the descriptive analysis of the data assigned respondents to the different categories of gender, age, educational qualification, marital status and work experiences. The gathered data through questionnaire has been analyzed by means of descriptive statistics and data gathered by interview and open-ended questionnaire were narrated accordingly.

In the course of the study, elements of budget preparation, utilization, and control were distinguished and grouped under three main categories (budget management). The study also identified which elements scored highest mean value under each category.

The study has four predesigned specific objectives. These are:-examining budget preparation, assessing the budget utilization practices, explaining the budget control practices, and identifying challenges that affect budget management practices of Ministry of government communication service. The primary objective of this study was

examining budget preparation processing Ministry of government communication service. Based on the data collected and analyzed, the process includes conduct study on current market to prepare draft budget plan, send to plan and budget department, make adjustment with budget plan of Ministry of Finance and proceed to implementation. Based on prepared budget plan, planned activities are performed by utilizing the allocated budget. Budget department with management members conducted supervision and control budget allocation, utilization status, and its effectiveness. The budget is controlled by aligning the action plans, proposals and budget utilization practice. The finding regarding budget control reveals that there are three programs in the organization and leaders of these programs (members of management) control the performance of budget utilization and report for plan and budget department. The second objective is about status of budget utilization practice of Ministry of government communication service. Regarding this, budget utilization practice of the organization is not satisfactory and it needs improvement. Because of anticipated and unanticipated problem so occurred in the organization, budget utilization practice is at lower status. Besides, budget are still returned to Ministry of finance at the end of budget year as all allocated budget are not utilized according to the specified time and activity. Sometimes budget rotation is practiced due to misallocation of budget for unnecessary activities. Currently, leaders are not functioning or controlling well as there are gaps observed in the budget plan and its utilization. The third objective of the study was identifying challenges of budget preparation and utilization of Ministry of government communication service. The respondents mentioned that misallocation of budget, unplanned purchasing, lack of strong follow-up and controlling on budget preparation and utilization practice, lack of adequate training on program budgeting, because of this problem large budget return.

Finally, to solve the aforementioned challenges of effective and efficient budget preparation, utilization, and control in Ministry of government communication service, respondents recommended the following: provide training for leaders and experts about planning and budgeting, form strong supervision committee working on budget preparation and utilization, activity and budget planning should be participatory, and

Ministry of Finance(MOF) should take appropriate measure on the gaps observed on budget utilization of organizations.

A. Summary of Demographic Characteristics of Respondents

The gender mix of the respondents is 35 respondents having 62.5% were male and the remaining 21 female respondents shared 37.5% of the ratio. Regarding age group of the respondents "26-35 years old dominated with 41.1% share from the total respondents followed by 36-45 years old with (18) 32.1% share. The lowest age group above 56 years accounts two (3.6%). Majority of the sample respondents were holding first degree which accounted 27 of the respondents i.e. 48.2% followed by masters accounting 16(28.6%). 39(69.6%) were married and 17(30.4%) were single. Among the position of respondents 21 (37.5%) were experts. Regarding work experience of the respondents, those respondents' having 11-20 years of work experience is the highest.

B. Summary of Descriptive Statistics

The data gathered by questionnaire was analyzed by using descriptive statistics (mean and standard deviation) for each category. The highest mean score is on budget preparation which is 3.67 with std. deviation of .947. The second highest mean score is obtained from budget utilization which is 3.53 with variation of .876. The remaining variable which is budget controls scores mean value of 3.38 and variation of .941.

C. Regression Analysis

The correlation analysis indicated that there is a positive significant relationship between budget preparation and budget management. The correlation analysis also indicated that there is a positive significant relationship between budget utilization and budget management. Budget control had a fairly small impact on budget management in the ministry which was not significant.

D. Summary of Open-Ended and Interview Questions

To prepare budget, market price analysis made first, followed by preparation of draft

budget plan, and finally make an adjustment with the plan of MOF. The status of budget utilization is at very low stage because of unplanned decisions made by officials and mismatch between plan and practice. To solve these problems making aware of best planning, utilizing, and controlling budgeting for program leaders are practiced.

5.3 Conclusion

This study was conducted on assessment of budget preparation, utilization, and control in the case of Ministry of government communication service. The objectives of this study were examining budget preparation practice, assessing budget utilization practice, assessing budget control practice and, identifying challenges of budget preparation and utilization in the study organization. To collect data, questionnaires were distributed directors of the organization. To analyze the data collected from 56 participants of the study, SPSS version 20 was employed to produce descriptive statistics (mean and standard deviation) results from each category (budget preparation, utilization, and control).

The descriptive data analysis reveals budget preparation obtained highest mean score 3.67 followed by budget utilization with mean score of 3.53. Budget control scored smallest mean value. Thus, the organization has better budget preparation practice than utilization and control. The data collected through interview also summarizes that budget preparation is better than utilization and control as budget is not implemented as planned and no strong controlling practice of budget utilization. Finally, the budget was returned to the Ministry of Finance as it did not make the purchase as planned to increase the organization's budget utilization and performance.

The regression analysis showed that budget preparation and budget utilization had a positive and significant effect on budget management in Ministry of government communication service. It was also found that budget control have a positive but not significant effect on the betterment of budget management practice in Ministry of government communication service

5.4 Recommendation

Based on the data finding and conclusion made, the study suggests the following recommendations.

- ✚ Budget should be prepared in cooperation with experts in respective departments and appropriate evaluations should be made on prepared budget plan. Whether it is implementable or not? To make some improvements on the prepared budget plan.
- ✚ Program leaders should discuss with budget implementation progress of departments and make supervision in each quarter to take appropriate measures.
- ✚ There should be budget controlling team established by the organization to control budget utilization performance of each department. Having budget plan prepared, the team should cross check which activity and what plan of action executed and not executed. The report should also be seen by the management council of the organization.
- ✚ If the budget approved by the Ministry of Finance is used for unplanned purchases, it is better to implement it as planned as it will reduce the transfer of funds from program to program, reduce the shortage of funds and prevent the return of funds. Based on this, it is better to get an education and work for the next year.
- ✚ The leadership of the organization should strive for organizational achievement instead of providing attention for routine activities and unplanned activities.
- ✚ Ministry of Finance should assign strong and committed department or committee working on supervision and making decision on organizational budget preparation, utilization and control practice.

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Introduction

Dear respondent, this questionnaire has been designed for the purpose of collecting data on factors affecting budget management in the Federal Democratic Republic of government communication service. I respectfully request you to read all of the questions carefully and respond as honestly and truthfully as possible, as this is critical to the study paper's validity and general effectiveness.

Your responses will be kept confidential. Please respond to the questions honestly by ticking the most appropriate response.

Instructions: Please circle on the relevant alternatives of your respective answers.

PartI:Socio-Demographic Characteristics of Respondents

1.Gender _____	5.Marital status _____
2.Age _____	6.Department _____
3.EducationLevel _____	7.Position _____
4.FieldofStudy _____	8.Job Experience _____

PartII: Indicate your level of agreement to each of the following Likert scale items using;

1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

No	Question	Response				
A	Budget Management	1	2	3	4	5
1	There is practice of regular follow up on the budget approved					
2	There is a team that is responsible for budget management in the organization					
3	The practice of budget management have improved from time to time					

No	Question	Response				
B	Budget Preparation	1	2	3	4	5
1	High effort will be made to align organizational plan to government Priority area					
2	Each department seriously analyze and prepare their annual work plan Based on organizational priorities					
3	The office strictly follow the budget calendar of the federal government					
4	The management position seriously analyze and approve the Departments plan					
5	Department heads present budget plan without exaggeration					
6	There is high employee participation in planning and budgeting					
7	In reviewing the budget, the management committee consults budget experts and respective department heads and team leaders and utilize their knowledge					
8	The management committee of the organization analyzes budget Allocation in light of strategic/annual plan before providing for Approval.					
9	Program Budgeting is properly used in the preparation of annual Budget					
10	The use of IFMIS has great role in preparing consolidated budget					
B	Budget Utilization					
1	The organization utilizes the approved budget based on its plan					
2	The allocated budget will be communicated to each department well in advance					
3	All Expenditures are sufficiently documented					
4	There is no budget request without a plan					
5	No Payments are made through exceptional procedure					
6	There is a practice of regular follow up on budget utilization					

7	The organization executes its projects within the stipulated deadline					
8	There is proper cash management practice for resource allocation					
9	There are necessary resources (facilities) for budget utilization process					
10	The amount of unutilized budget is decreasing from time to time					
C	Budget Control					
1	The organization has strong budget control Mechanism					
2	There is timely, explanatory, and complete budget utilization report					
3	The budget utilization reports are consistent with the plans					
4	There is a practice of taking corrective action on weak budget executions					
5	Department Budget deviations are reported for valuation on timely basis					
6	Regular control of the budget activities is done by department ahead					
7	There is a uniform budgetary report and control formats among departments					
8	There is clear and transparent accountability in budgeting process					
9	Departments take a corrective action if variance occurred					
10	The use of IFMIS has contributed a lot in budget control at your department					

Part III. Open ended questions

1. Kindly provide challenges in budget management (preparation, utilization and control) in your organization or department other than those mentioned above

2. What recommendation do you give to solve the challenges mentioned above
