

# Assessing the Government Budget Utilization and Control Mechanism in Case of Guto Gida Woreda Finance and Economic Development Office

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**Abstract:** Budgeting is a plan of resources which is available to a person or an organization and how it was spent over a particular period. Budget is a planning process that involves making decision under condition of uncertainty and has consequences for period of time. The main objective of the study is to assess the government budget utilization and control mechanism in case of Guto Gida woreda finance and economic development office. Judgmental sampling was used for this study because the researchers have complete freedom in choosing sample according to their wishes and desired and also this sampling technique enables to obtain more information. The researchers selected 16 of employees from a total of 25 employees of the organization. The target population for this study was employees of Guto Gida woreda finance and economic development office. The findings of the study were Daliance in budget preparation, Lack of experienced and skilled man power on budget preparation and implementation, Shortage of budget amount, lack of budget control and budget administration and also the recommendations for this study were Hiring new professional personnel Encouraging and facilitating the ways for existing employees for further education, this is why most of the employees and different sections are diploma and certificate holders. Giving training for the workers or employees in the field of their work frequently.

**Keywords:** Budget Utilization, Budget, Government Budget, Implementing Budget

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## 1. Introduction

### 1.1. Back Ground of the Study

Budgeting is a plan of resources which is available to a person or an organization and how it was spent over a particular period. Budget is a planning process that involves making decision under condition of uncertainty and has consequences for period of time. [1]

Budgeting process of an organization faces different problems of; how to allocation the budget, budget deficit, variation in budget distribution and etc in order to assess such kind of problem and giving a solution to the problems giving attention to budget process in a good manner.

The first mention of government budget in Ethiopian law was in 1931 constitution, article 55. The first governmental budget was prepared at the end of 1944 and covered the 1945 fiscal year. [8]

Generally speaking, Ethiopia has experienced more than half a century in budgeting process. Currently there are responsible government bodies for budget preparation, execution, administration and adaptation activities.

In Ethiopia the fiscal year is from July 7 of this to July 6 of the coming year {hamle 1- sene 30 in Ethiopian calendar} commonly government budget is prepared for a year known as fiscal year. [10]

This study attempts to give an important suggestion and possible solution to the problems related to budgeting process.

The study also shows the amendment of assessing the government budget utilization and control mechanism in case of Guto Gida woreda finance and economic development office.

Finally, budget is the common accounting table the organization uses for planning and controlling what they must do in order to achieve the goals and objectives of the organization. [12]

## 1.2. Statement of the Problem

The study is supposed to help the researcher to find out the factors which affect the budgeting process in the organization.

The study also intended to find out whether there is proper preparation of budget or proper implementation of budget and to find out the problems relating to budgeting process in assess the government budget utilization and control mechanism in case of Guto Gida woreda finance and economic development office. Not only this but also this study gives suggestion and solution for the problems.

## 1.3. Research Question

The study raises such like question as follows:-

1. What is the importance of budget for this organization?
2. What problems encountered on budgeting process?
3. Does the organization effecting process?
4. How budget is reported to top management?
5. How budget is used for the organization?

## 1.4. Objective of the Study

### 1.4.1. General Objective of the Study

The general objective of the study is to assess the government budget utilization and control mechanism in case of Guto Gida woreda finance and economic development office.

### 1.4.2. Specific Objective of the Study

The specific objective of the study is the followings:-

1. To evaluate the importance of budget for the organization.
2. To assess budget effecting process or practically.
3. To assess how budget is prepared and implemented.
4. To indicate the organization properly manage the budget.

## 1.5. Significance of the Study

The main significance of the study is to utilize the available budget in order to achieve the proposed goal.

Especially the study significance can be on the following areas:-

- 1) It support to the budget problem faced by the organization and help the management to make corrective action and improve efficiency when actual result are unsatisfactory.
- 2) It strength public about budget process and budget implementation.
- 3) It enhances the organization to continue preparing budget with budget committee.
- 4) It enhances financing office to manage short term, long term and medium term of financing budgeting needs.
- 5) It may support possible solution and recommendation with regards to.

## 1.6. Scope of the Study

The study addresses the nature of budget with a relative steps. Budget control is over view in relation to budget process.

To get a real process of budget sampling assess the government budget utilization and control mechanism and also sampling some sector, the study is limited only to in case of Guto Gida woreda finance and economic development office.

## 1.7. Limitation of the Study

In preparation of research paper the researcher fused the following limitation:

- 1) Financial constraints.
- 2) Limitation of time.
- 3) Unwillingness of some respondents.

## 1.8. Organization of Paper

The component of this paper consists of four chapters. These includes in the chapter one introduction, statement of problem, objective of study, research questions, significance of the study, delimitation (scope of study), limitation of study and the organization of the paper included. In the chapter two the review of related works, journals, and other different findings concerning statement of problem discussed in detail. In the chapter three the research methodology, study populations, research designs, sampling methods.

## 2. Literature Review

### 2.1. Definition of Budget

The Dictionary of Oxford English defined the word budget as a plan how to spend an amount of money over a particular period of time, the amount of money that is mentioned. [7]

Budget is planning document which is created before anticipatory transaction occurs. The primary objective of budget is to forecaster the future financial to non financed transaction and events while the secondary of budget is to develop information that is as accurate and meaningful to the receipt as possible. To accomplish these objectives a budget should present information in an ordinary manner [2].

Budget is the common accounting table that organizations use for planning and controlling what they must do to fulfill their goals [5].

### 2.2. Advantage of Budget

Budgets are brief parts of most management control system, when administrated wisely, a budget has the following the following advantages.

- 1) Compels strategic planning.
- 2) Provides a frame work for judging performance.
- 3) Motivating managers and employs Promotes coordination and communication among sub units within the organization [5].

### 2.3. Budgeting Process

The budget process has 4 (four) phases:

- 1) Preparation

Refers to estimating revenue and deciding how much to spend for what purpose.

#### 2) Legislative Enactment

The approval budgeting is made by responsible authority.

#### 3) Administration

Checking to see what the approved budget is being adhered to.

4) Reporting and letting the responsible authority (body) to know the result of budget's post audit examination of the transaction and events which have already occurred on which report is based.

*Budget process provides a base for:[4]*

#### 1) Coordinating and implementing the problems

In large and diverse organizations, the problem of coordination becomes critical and important roles. The coordinated plan or budget provides a blueprint for implementation and control.

#### 2) Motivating the organization members to perform well

This is generally associated with reward and punishments rather than with budgeting.

A budget also plays a potential role in motivation because of the fact that its goal properties and goal setting is related to performance.

If budget is used properly, it can as performance goal and therefore it can be a significant factor in motivation.

3) Control and Maintaining control over the activities occurring within an organization is an important responsibility of management. The purpose of budgets in managerial control is to specify the level of acceptable performance and understand in of organizational goals comes during the development of the budget as each management his/ her organizational unit.

Strategy is originally a Greek word coming from the military origins. Over the years, marketing strategies have served as the fundamental underpinning of marketing plans that are designed to fill market needs and reach marketing objectives. Today, marketing is the biggest paradigmatic shift in marketing theory and practice, but marketing cannot be discussed without considering market performance and customer satisfaction [14].

Marketing strategy can be illustrated as an action of analyzing the business environment to understand specific customers need, internal and external, matching activities or products to the customers' segments and implementing programs that achieve the goal of the company. Marketing strategy includes all basic and long-term activities in the field of marketing and thus contributes to the goals of the company and its marketing objectives. According to Lewalski (2008), marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. [11]

### 2.4. Steps in Preparing Budget

Budgets are prepared in a series of steps of steps the major of which are listed below:[13]

1. Selecting the budget period of time for which budget is

prepared and used which depends on the type of budget and circumstance.

2. Setting objectives to be reached by end of the budget period were relevant during the budget period.
3. Determining the organizational policies; for example, normal hour of work per week, channels of distribution, research and development operation..... etc.
4. Computing from the forecasted or budget already prepared the requirements in terms of economic quantities needed to meet the objectives where complying with policies and subsequently converting those quantities in to monetary values.
5. Reviewing the budget with regard to the planned objectives or policies.
6. Finally adopting the budget.

### 2.5. Importance of Budget Preparation

The preparation of an organization [3]

- 1) Preparing budget forces the management to look plan both long term and short term goals.
- 2) Entire management team works together to move and carry out the plan.
- 3) By comparing the budget with actual results it is possible to review performance of all levels of management.

### 2.6. Basic Principles of Budgeting

There are three basic principles of budgeting [2]

#### 1) Long range principles

Annual operating plans cannot be made unless those preparing the budget know the direction that top management expects for the organization's long range goals, projection covering a five to ten years period must be by top management.

#### 2) Short range goals and strategic principles

Once the management has set the short range goals, the controller or budget director takes charge of preparing budgets. These persons design complete set of budget development plans and time with deadlines for all levels and parts of the year's operating plan.

#### 3) Human responsibility and interaction principle.

First the section of budget director is a very important section to an effective budgeting system. This person must be able to communicate with people both and below in the organization hierarchy.

Second, we have mentioned that all participants should be identified and informed of their responsibilities. This identification process begins with the high level managers. [6]

### 2.7. Managers and Budget

Budgets are synonymous with managing the activities of the organization. The term organization is important because budgets are used in non-profit organizations as well as profit oriented business. [9]

All types of organization rely on plans to help them to accomplish their objectives. All types of organization have

managers whose responsibilities are determined by top management or board of directors. Budgets used to measure managers performance.

The budgeting process pushes managers to take time, to create targets and goals before activities begin. Budget preparation helps managers focused on the next months or the entire coming year. [15]

The budgeting process helps managers to assess current operating conditions and aid in forecasting needed change. Budget preparation is also excellent vertically with which to work with all supervised personnel by requesting their inputs and suggestions. One developed budget provides managers to evaluate performance, locate problems area and provide solutions to those problems. [13]

### 3. Methodology of the Study

#### 3.1. Description of the Study Area

Guto Gida woreda finance and economic development office is one of the financial institution which provides general financial service and development activity under takes in neketetown. Basically gutogida woreda established and recognized in 1989 E. C. Since then it has been playing a great role in controlling public resources and leads to use a scarce resource wisely.

The managing system was revised variety of times and the revising through time have brought major challenges in recording, summarizing and reporting of the governmental budget utilization and controlling system.

#### 3.2. Source of Data

The study is mainly focused on two kinds of source of data, there are:-

##### 3.2.1. Primary Sources of Data

Primary Data Were Gathered from Accountants, Managers, Budget Experts, by Using Survey Questionnaires.

##### 3.2.2. Secondary Source of Data

Secondary data were obtained from different published and unpublished materials including books, reports, brochures, and statistical figures held by the finance office.

#### 3.3. Target Source of Population

The target populations for this study was employees of Guto Gida woreda finance and economic development office.

#### 3.4. Sample Size

For the purpose of this study, the researchers selected 16 out of 25 employees of Guto Gida woreda finance and economic development office.

#### 3.5. Sampling Techniques

The sampling techniques used probability sampling due to time constraints, less complicated mainly judgmental sampling was used for this study because the researchers

have complete freedom in choosing sample according to their wishes and desired and also this sampling technique enables to obtained more information. Thus to assess the budget control and utilization of Guto Gida woreda finance and economic development the researchers was select 16 of employees from a total of 25 employees of the organization.

#### 3.6. Method of Data Collection

In these study methods of data collection was used by questionnaires. The questionnaire contains both open-ended and closed-ended questions that are distributed to respondents.

#### 3.7. Method of Data Analysis

After data is collected, data analysis was made. The researchers used the data that was describe and analyzed to examine the finding of the study. The data was organized, summarized, and described by using words, numbers, percentages, and rates. After the data is collected and analyzed, the researchers will present the data by using percentages and tables.

### 4. Presentation and Analysis of Data

Presentation of the data collected and analyzed in the following manner; one that should be kept in mind is that the researcher tried to use the data obtained through questionnaires and secondary data available to him for arriving at the conclusion devices from findings.

This chapter deals with the major findings of the study and tried to put all respondents' answer which is collected by using questionnaires.

#### *back ground of respondents*

##### 1. General characteristics of the respondents

*Table 1. Respondents sex structure.*

Sex	No of respondents	Percentage%
Male	12	75%
Female	4	25%
Total	16	100%

Source: Sample survey, 2021

As per presented in table 1 indicates that about 75% of the respondents of the organization employees are male and remaining 25% of the employees are female. From the above table 1 the researcher concludes that most of the respondents are male.

*Table 2. Age distribution of the respondents.*

No	Age	Frequency	Percentage
1	18-23	2	12.5%
2	24-29	9	56.25%
3	30-35	3	18.75%
4	36-41	1	6.25%
5	Above 41	1	6.25%
	Total	16	100%

Source: primary data, 2021

As per presented in table 2 indicates that, majority of respondents 9 (56.25%) were between 24-29 age groups. While 3 (18.75%) of them were between 30-35 years and the remaining respondents were 2 (12.5%) of them were between 18-23 years, 36-41 years, above 41 years respectively.

**Table 3.** The educational qualification and demographic characteristics of the respondents.

Sex	MA Degree		BA Degree		Diploma		Total	
	NO	%	NO	%	NO	%	NO	%
Male	1	6.25	11	68.75	-	-	12	75
Female	-	-	3	18.75	1	6.25	4	25
TOTAL	1	6.25	15	93.75	1	6.25	16	100

The table 3 shows the educational status women's as compared to men's.

Among the respondents the educational level of the female are 6.25% (1) in diploma, no males are the in diploma, the 18.75 (3) are female while 68.75% (11) are male in BA degree and MA the only respondent is male and it covers 6.25% (1) among the totals but there is no MA holder of female in the organization.

The overall academic status of female as compared with males is in a good proportion Guto Gida woreda finance and economic development office in planning and budgeting department.

**Table 4.** Respondent's department activity within the organization.

Type of department	No of respondents	%
Planning of budget	10	62.5
Accounting	4	25
Head of the office	2	12.5
Total	16	100

From table above out the total 16 respondents 62.5 (10) of the respondents are assigned in planning and budgeting and 25 (4) and 12.5 (2) respondents are assigned in accounting and head office respectively.

**Table 5.** Duration of workers in the department.

Duration of time in year	No of respondents	%
0-1	3	18.75
1-3	5	31.25
2-3	6	37.5
3-4	2	12.5
Total	16	100

Table 5 shows the employees stay in the organization.

The above table shows the duration of time that the respondents stay in the department in which they are working now. In this table out of the total of 16 respondents 37.5 (6) are stay in the department from 2-3 years and also 31.25 (5), 12.5 (2) are stays in the department in which they are working now from 1-2, 0-1, and 3-4 years respectively.

#### QUESTIONS REGARDING THE BUDGET

##### 1. The importance the budget /usage of budget

All the respondents reply that the organization use budget for following purpose:

- 1) To allocate scarce resource efficiently and effectively

in giving priority to sector to archive the goals of the organization.

- 2) To achieve policy issues through implementing different projects and programs.
- 3) In order to run the performance of the organization efficiently and effectively.
- 4) To attain the planned goal of the organization.
- 5) To encourage coordination and communication among sub-departments.
- 6) To implement activities and programs. This help to attain organization goals, such activities and programs are administration activities, and etc.
- 7) In short the importance of budget for the Guto Gida woreda finance and economic development officeis summarized in the table below:

**Table 6.** The importance of budget for the organization.

No	Importance of budget for the organization
1	To allocate scarce resource
2	To encourage coordination and communication
3	To attain the planned goal of the organization
4	To implement activities and programs

##### 2. Types of budget

###### a) Budgeting types relative to time

There are long range, medium and short term budgeting which this organization uses are identified the below table.

**Table 7.** types of budget relative to time the organization uses.

Type of to time	No of respondents	%
Long range budget	0	0
Medium range	0	0
Short terms budget	16	100

From the above table the research understand that the organization use short term budget. Short term budget. Short terms budget is the budget which is used for one fiscal year.

The organization use annual budget, that the budget is normally proclaimed for only one fiscal year in our region, woreda and even in our country proclaimed for only one fiscal year in our region, woreda and even in our country context. In Ethiopia the fiscal years is from July 7 of this year to July 6 of the coming year (hamle 1-sene 30).

###### b). Types of budget relative to their nature

The two type of budget relation to nature are regular budget and capital budget. Regular budget is budget for regular expenditure while capital budget is for capital expenditure.

The regular budget is also called recurrent budget that structure by implementing agencies (public bodies) under four (4) function categories: administration and general service, economic service, social and other expenditures.

*The capital budget is presented under functional groups:*

- 1) Economic development: includes production activities (agriculture, industry), economic infrastructure activities (mining, energy, road), commerce, communication and so on.
- 2) Social development includes education, health, urban

development, welfare and so on.

- 3) General development includes service like cartography statics, public and administrative building and like. problems encountered on preparing of budget

The respondent’s response for question number 4 indicates some problems encountered on the preparing of budget are as follows.

- 1) Lack of experienced and skilled man power.
- 2) Different sector in woredas not properly consider all activities that need a budget on time (dalliance budget preparation).
- 3) Lack of budget control and budget implementation.
- 4) Shortage of budget amount in some amount.

*Budget deficit*

Most of the response is there are budget deficit in the organization. Among the total number of respondents in the organization depending on budget deficit mentioned as the following table:

*Table 8. The existence or absence of budget deficit in the organization.*

Type of respondents	No of respondents	%
Yes	10	62.5
No	6	37.5
Total	16	100

Budget deficit is occurs the organization due to the problem which is mentioned in the above like lack of budget control, lack of experienced and skilled man power ..... etc.

However out of the total 16 respondents 37.5 (6) of them response there is no budgeting deficit in the organization but a problem for preparing abudget is as it required.

Level of budget deficit Respondents response on evaluation of the budget deficit:

*Table 9. The level budget deficit in the organization.*

Respondents evaluation	No of respondents	%
High	0	0
Medium	16	100
Low	0	0

Respondents evaluation on budget deficit within the organization from the above tables (that who respondents on question No 5 by saying yes.) respondents of 100%(16) budget deficit is medium within the organization.

*3. Budget elements*

There are different elements that are available for non-profit organization. There is revenue estimation, planning service and allocation resource on three main budget elements that is available in the organization.

*Table 10. Types of budget elements relating to the organization.*

Types of budget elements	No of respondents		%
	yes	No	
Estimating revenue	16	16	100
Planning service and Allocating resource	16	-	100
Evaluating effectiveness	16	-	100

From the responses of respondents in the table above, the

researcher understands that the three main elements of budget is budget is used in the organization.

Those three elements of budget are referred as follows:

- 1) Estimating Revenue

The amount of revenue to be allocated determines the potential service to be provided. This finance office relies on tax revenue and fees charged to grant, endowment earning and contribution. The organization’s ability to collect revenue is partially affected by qualities of service provided.

- 2) Planning Service and Allocating Resources

There are two general formats and used for the spending portion of budget such as line item budgets and program budget. A line item budget is also called an objective classification budgets which focuses on expense elements. In this types of budget all budgets are arranged in lines; when finance office uses this budget the program budget is also used. Then, line item budget is especially used for but in recent time, a budget reform budget for capital budget but in recent time budget.

- 3) Evaluating Effectiveness

There are several different measures and budgeting techniques that can be used to evaluate program effectiveness.

*4. The Time that Management Takes to Approve the Proposed Budget and Steps Used Preparing Budget*

Respondents on question number 9 the management of the organization has no authority to approve the proposed budget. After the sector which is found in the woreda proposed the previous budget and also having a current issue, that budget is allocated to the member council of people representative of the woreda as they approve the proposed budget. However, before preparing the proposal budget, the oromia Bureau Releases the ceiling for woreda s FEDO in planning and budgeting department.

The oromia grants from federal government in the form of subside. This subsidy for region is calculated based on three parameters. Population, level of deployment and revenue generating capacity which are given a relative with of 60% 25% and 15 respectively. This allocation was first prepared by MOED, then reviewed by the PMO and approved by the council of people’s representatives.

Generally, the researcher understands the serious o steps in which the budget are prepared in the office as follows.

- 1) Selecting the budget period of time for serious of steps in which the budget is prepared.
- 2) Setting objectives of the budget to be reached at the end of budget period.
- 3) Determining the organizational poleis; like normal hour of work per. Week, channels of distribution, development operations..... etc.
- 4) Reviewing the budget with regard to the planed objectives or policies.
- 5) Finally allocating the budget to the planned plan.

*5. Technique of Budget Report to Top Management and Types of Budget*

Types of budget reported as the respondent’s response for question number 10 some of the type of reports in the organization is as follows.

- 1) Performance report: is techniques used to report the

result of operation in which individual is effectively evaluated.

- 2) Planning report: planning report projected activities status at some point in the future.
- 3) Control report: it compares actual performance against expected performance.

Budget is reported monthly by the budget title and item to top level management through the report format and budget information system and to transfer it to regional finance bureau. Among types of report performance report is effective unless there is a continues flow of reports. This reports should be prepared at regular to shows comparison of actual with that budget.

From this point of view the researcher wants to know to know for many times does the organization prepare performance report within a year and this question number 11 reply the respondents the following table.

**Table 11.** Repetitiveness of performance budget within a year in the organization.

Response	No of respondents	%
Every month	16	100
For quarters	-	-
For semi-annual	-	-
Once a year	-	-
Total	16	100

The respondent reply for this question stated that the performance budget reports reported monthly in the organization because the performance budget report is the result of operation and also the respondents as follows.

- 1) The monthly report from finance and economic development office of woreda must be prepared within two weeks to Guto Gida woreda finance and economic development office. The FEDO of woreda combines this report of woreda and the sector of woreda.
- 2) When the FEDO of woreda received the report from FEDO of woreda the following action must be occur.
- 3) All the accounting report must be checked.
- 4) The report of total revenue, expenditure, receivables and payment are must be checked whether its transferred to trial or not.

The types of report which is prepared monthly is as follows:

- 1) Report of revenue: this refers to the revenue of FEDO from the year of budget up to the report prepared.
- 2) Report of expenditure: is the report of expenditure prepared by the title of budget that is identified by the planning and budgeting department.
- 3) Report receivable. This gives the information that is collected from different workers.
- 4) Payable report: provide information of expense that the other body requires from the organization up to the report is prepared.
- 5) Trial balance: it provide an information that the debit and credit and credit in the general ledger is equal or

not.

#### 6. Budget Committee

The budget committee is composed to several key executives from various segments of the organization. The people from finance, sales, purchasing, and accounting are usually represented.

This finance office has a budget committee. This is according to the researcher questionnaire and obtained response as the following table for the question: is the budget committee in the organization?

**Table 12.** Shows that here is a budget committee in the organization.

No of respondents say:	In No	%
Yes	16	100
No	-	-
Total	16	100

According to the respondents response for the question who are the budget committee? The researcher obtain areponse that the members of the budget committee are the followings:

- 1) Budget team leader;
- 2) Budget expert;
- 3) One expert from accounting section;
- 4) Administrative and finance head section.

#### 7. Factors Considered in Budget Implementation

The following discussion is analyzed for the question “what are the constrain and what factor do you consider in budget implementation? And also the successfulness of budget preparation and implementation.

Implementing the plan involves the today activities of operating the business. Discussion about personnel, production, product and market equipment and finance must be done frequently through the day, month and year. Each discussion must be made so that the organization can move towards achievement of its annual operating long term objectives.

In the office there are many factor that considered during implementation among.

Other some are:

- 1) Some sectors do not give a serious attention to utilize the allocated budget effectively. They do not give attention to the result; wasting the budget unnecessarily and they do not give attention to control it. Standing from this high follow up is considered to prevent and reduce such problem.
- 2) In budget implementation: budget devising and budget transfer are transfer are important factor in budget implementation.
- 3) Constraint in budget implementation; the critical problem in budget implementation is the shortage of money against actual development plan.

Because of the above factors the success fullness of the preparation of the budget and implementation of budget is not enough (sufficient): not only the above factors but also the problems which is identified related to question number 4 is the for unsuccessfulness of the budget preparation.

The following table shows the number of respondents who says there is or there is no problem in budget preparation to budget implementation:

**Table 13.** Shows the respondents response in budget preparation and implementation.

Response	No of respondents	%
Yes	11	68.25
No	5	31.25
Total	16	100

From the above table the researcher understand out of 16 respondents 68.75 (11) of respondents responses that the budget preparation and implementation is not successful due to the above factors while out of 16 respondents 31.25 (5) of respondents response the budget preparation implementation is the organization is successful but budget preparation is not successful as it required above.

**8. Budget Format**

There are general format used for spending position of the budget; such as line item budget and program budget. A line item focuses on expense elements like wage, rent, supplies, transportation and fringe benefit. A program budget focuses on expenses elements categorized within each programs.

This organization uses both line item and program budget. They use line item for regular budget that means for employees or workers payment and to cover running cost. In this budget format budget is budgeted to each budget title such as salary, rent, office equipment, transport, telephone, electricity, wage, etc to each department office and to fulfill government activities.

In the case of program budget they use to replace the given by the word that use up to working class A program budget format is generally considered to be superior to the line item budget because it permits the decision maker to judge the appropriateness of the matched with the funds budget because it permits the decision maker to judge the appropriateness of the resource allocated to each activities. It also allows actual spending to matched with the funds budgeted and permits the effectiveness of the program.

**5. Summary and Recommendation**

**5.1. Summary**

In this research, the process of budget assessed for Guto gida woreda FEDO in planning and budgeting department and also the main factors that influence the organization’s budget preparation and implementation action activities are listed out.

There are 16 employees in the organization out of which 30%were selected as sample respondents.

Among the respondents, 62.5% are males while the remaining 37.5%were female.

From the total respondents, 6.25% have an M. A Degree, 37.5% have B. A. Degree and 56.25% have diploma.

From the total, 65.5% respondents believed that there is no budget deficit in the organization.

The three elements of budget that the organization uses are followings;

- 1) Estimating revenue the amount of revenue to be collected determines the potential service to be provided.
- 2) Planning service and allocating resources; there are two general formats used for the spending portion of budget are line item budget and program budget.
- 3) Evaluating effectiveness: there are several different measures and budgeting techniques that can be used to evaluate program effectiveness.

The budget is reported monthly by the budget title and item to top management through the report format and budget information system.

The monthly report from FEDO of woredas must be prepared within two weeks for the FEDO of woreda. Then the FEDO of the woreda combinesthis report within one week and at the end of the month report to the finance office of oromia.

The FEDO has the budget committee which comprises of budget team leader, budget expert, one expert from accounting section and administrative and finance head section.

Implementing the plan involves the day activities of operating the business that the business can move towards achievement of its annual operating plan and long term objectives.

Among the total 68.75% of the respondents responded that successfulness of the preparation and implementation of the budget is not sufficient.

The problems in the budget process that found in the organization are as follows:

- 1) Dalliance in budget preparation.
- 2) Lack of experienced and skilled man power on budget preparation and implementation.
- 3) Shortage of budget amount.
- 4) Lack of budget control and budget administration.

**5.2. Recommendation**

As mention earlier. there are problems which hinder the smooth flow of budgeting process. The researcher gives recommendation as solutions that are assumed to avoid or reduce the identified problems. These are the followings;

- 1) Dalliance in budget preparation is one of the problems encountered during the budget preparation in the organization but the sequence of budget preparation is the broadest one that takes more time and cost. So the budget team and management of the organization must be notify to different sectors as they try to prepare their budget on time and develop the habit of preparing a budget on time for preventing the dalliance in budget preparation and also for reducing the cost and time the organization must use a computer.
- 2) As the research understands from table 3. the educational level of the employees of the organization are greater in certificate and diploma than degree and also from table 5 the research understands that only

12.5% of the respondents have an experience of more than three years. These points imply that there is a lack of experienced and well trained manpower in the organization. There fore, it is highly recommended that the organization has to employ a qualified staff in order to carry out their activities efficiently.

- 3) For the problems of shortage of budget amount; the organization should try to use that amount effectively and the higher government body for additional budget by identifying the budget items which have higher impact due to the shortage of budget for the organizational goal.
- 4) In the organization budget control is mostly done during the budget transfer and there is a shortage skilled man power. For this priority should be gives for budget control through budgeting process, i.e. from preparation to implementation. Regarding the problems of skilled man power, they should use one or more of the following mechanisms.
  - a) Hiring new professional personnel.
  - b) Encouraging and facilitating the ways for existing employees for further education, this is why most of the employees and different sections are diploma and certificate holders.
  - c) Giving training for the workers or employees in the field of their work frequently.

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