

Budget Practice, Control And Problems With Reference To Ministry Of Peace In Ethiopia

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Abstract

This study sought to assess the budget practice, control, and problems in the case of ministry of peace. To achieve this objective a descriptive survey design has been used with primary and secondary data by using mixed research method by employing quantitative and qualitative research methods. Purposive sampling techniques also employed. The quantitative research method used through 144 usable self-administered questionnaires and distributed to the Ministry of Peace staffs and to triangulate the data additional secondary data were used and analyzed using SPSS statistical software were presented in form of frequency, tables and charts. The qualitative research method used through documents review and interview. The linear regression model was used to analysis the collected data. According to the findings of the study; in the ministry the budget used for work planning and accomplishment, decision making and apply budget as the basis for controlling tool important as; coordination and accomplishment of activities, limitation of expenditure and to some extent for control of organizational activities are important, but not concern for plans for future growth. Whereas lacks regular follow up and evaluation practice lags to enhance the budget performance, budget participation and involvement does not address all, short of accountability and transparency. Mainly the problems and constraints of the budgetary system is improper allocations of budget in essence, and failure to involve experts and departments, lack of adequate skill about budget administration (experts, officials), improper allocation of budget, weak monitoring and controlling systems, lack of planning and budgeting, insufficient budget for the ministry, poor analyze and feedback system, lack of flexible budgetary structure. And, for the effectiveness of budget control particularly budgeting and planning, legitimacy and delegation, effective utilization of budget, and follow up and monitoring are the main contributing factors.

Keywords : *Budgetary control, Ministry of Peace, Ethiopia.*

Introduction

Budget is the most important tool for addressing of public objectives and needs to count and implementing the required data. Thus, in the 20th century several studies had appeared to give theoretical and practical explanations for the need for budgeting (Bagdigen, M. (2001). Because budget as a financial plan summarizing the financial experience of the past, stating the current plan, and projecting it over a specified period of time in future. Thus, it is the bedrock of financial administration through which different operations in the field of public finance are linked. Thus, it entails the entire financial operations of the government sectors, which may form the basis of future fiscal planning for the economy (Mbabazize and Twesige, 2014). Moreover, budget must be aligned with the organization's strategies, appropriate strategic planning and performance management

processes introduced and must involve processes that are value based, consequential and continuous (Igbinosun and Ohiokha, 2012).

According to World Bank, (1998), the evolution of budgeting over the past hundred years has influenced the practice of resources allocation and use in all countries. It is easy to say that developing countries are different but all countries need effective fiscal discipline, a capacity to allocate resources to strategic priorities and to use resources efficiently and effectively. According to Hager and Hobson (2001), various types of government budgeting systems have been developed to serve multiple purposes including financial control, management, planning, priority setting for scarce resources and accountability in using the limited public resource's.

According to this fact, budgetary control is therefore important as it makes this possible through coordinating and monitoring of the various functions (Abdullahi, et al., 2015) for government sectors. Hence, budgetary control system is an important tool used in monitoring the performance of the organization, which is done through variance analysis i.e. assessing and devising possible reasons that have caused actual results to be different from what was budgeted and taking necessary corrective actions to prevent or minimize future reoccurrence (Sidik, 2012). So, budgetary control methods are having a significant role to make plans to do implementing the future with enabling the management team and that to applicable of monitoring activities. Additionally, valuable implementation of budgetary control is an essential assurance for the effective implementation of budget in the organization (Carr and Joseph, 2000) So, further emphasis should be paid to budgeting and budgetary control systems for more efficient and effective organizational performance (Silavwe, 2012).

STATEMENT OF THE PROBLEM

Developing countries should use the integrated and modernized budgeting controlling system to enhance their controlling performance. Because the main component that important in implements budgetary control system is ensures to improve developing countries to build up budgetary control and planning relations (Nair & Kaab, 2017).

According to GFOA (1999) notes that budget practice is a method that makes a help in accomplishing a principle and component of in the budget process, that can be progressive that's, single practice can assist through another practice. Budget components ordinarily have different practices related with it. Budgetary practices must be unmistakably connected to the activities distinguished within the budget process definition. A design is not a budget practice unless it particularly contributes to the improvement, description, understanding, execution and evaluation of plan for a plan of administrations and capital resources.

REVIEW OF LITERATURE:

The Budget is a substantial of policy document of government, that display how it will prioritize and achieve its yearly and multi-annual objectives. Apart from financing new and existing programs, the budget is the main instrument for implementing fiscal policy, and thereby determining the economic system as a whole. Budget is a contract between citizens and the province, showing how resources are produced and allocated for the delivery of public inspection and repairs. Such a document must be well-defined, articulate, and realistic if it is to command trust, and to serve as a foundation of accountability (OECD Officials, 2014).

According to Badu, D. (2011) states the budget is a purposeful statement prepared to proceed for a predetermined period of the policy to be pursued during that period for the purpose of obtaining given goals. According to Samuel and Wilfred (2009) a budget is an extensive document that outlines what government

economic and non-economic activities a government wants to undertake with special focus on policies, targets and strategies for accomplishments that are supported with revenue and spending projections. They further add that: Budget is an important tool in governance and most relevant to the economic policy. It is the second most important document after the establishment in any state. It is an expression of the constitution and legislative acts of a government which endows the executive and legislature with designated financial and managerial responsibilities.

Budgetary control is the system of controlling costs through budgets. It involves comparison of actual performance with the budgeted with the view of ascertaining whether what was planned agrees with actual performance. If deviations occur, reasons for difference are ascertained and recommendation of remedial action to match actual performance with plans is done. The basic objectives of budgetary control are planning, coordination and control. It is difficult to discuss one without mentioning the * other (Kipkemboi, 2013). Budgetary control involves the preparation of a budget, recording of actual achievements, ascertaining and investigating the differences between actual and budgeted performance and taking suitable remedial action so that budgeted performance may be achieved (Kimani, 2014).

In the view of CIPFA (2017), PFM is “the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals”.

OBJECTIVES OF THE STUDY

The objectives of the study are:

- To assess the budget Practices of the Ministry of Peace
- To analyse the effectiveness of the budget control in Ministry of Peace
- To identify the problems and constraints of the budgetary system in Ministry of Peace

DATA ANALYSIS

The secondary data source also collected from six years financial reports from 2015 up to 2020 Ethiopian budget years of the ministry that started from Ministry of Federal Affairs up to the current name of Ministry of Peace. The secondary data indicates to analyze the budgeting and actual utilization of the organizational practice, and to show the controlling system with its implementing problems for the purpose of study discussion.

Multiple linear regression analysis is used to test hypothesis 1 with model $y = \beta_0 + \beta_1\chi_1 + \varepsilon$ in the representation of y = effectiveness of budget control, χ_1 = Budgeting and planning, Participatory and coordination, Legitimacy and delegation, Effective utilization of budget, Follow up and monitoring and ε = error. Multiple regression analysis is used to test research questions based on the following model:

$Y = \beta_0 + \beta_1BP + \beta_2PC + \beta_3LD + \beta_4EUB + \beta_5FM + \varepsilon$ Where Y = overall effectiveness of budget control, is the dependent variable which are evaluated using the questionnaire by measuring the practice of effectiveness of budget control in the Ministry of Peace.

Based on the collected data this part explains about the demographic composition of respondents' information in sex, age, marital status, educational level, work experience, and their monthly income. Therefore, the statistical result was discussed under following section in the form of narrative text, and table. demonstrates that the study respondents were made of 67.4 % males and 32.6% females, indicating dominance of males in the sample used. On the other hand, concerning the age of the participants the highest percentage is between 31 and 40 years old (36.2%). And the lowest age was between 51 and 60 years old (12.6%). Regarding the marital status the majority were married (61.7%) from the respondents. About the respondent's educational level 56.4% obtain a bachelor degree and also 43.6% obtain a master's degree, which shows almost all the respondents were educated that have the ability to understand and answer the questions. Or else the majorities of the respondents were educated/or professional and can contribute more for the effectiveness of their intended work. In addition to this, the 39 respondents have remarkable work experience in view of the fact that 56.4% have above 10 years work experience and 34.7% have from 5 to 9 years work experience. This implies the majority of the respondents were experience on the area. The last on demographic is monthly income of the respondent that half of the respondents were above 10,000 birr monthly salary employed, the other 33.4% were rang their income between 8,001 and 10,000 birr, as well 8.9% of the respondent income under the category of 6,001 to 8,000 birr and the rest 4.3% were 4,001 to 6,000 birr were monthly salary from the respondents.

FINDING AND DISCUSSION

Based on the findings and conclusion of the study, the following recommendations to improve and ensure effective budget control are suggested. Enhance awareness and competency of the ministry staff should be trained on the existing budgetary control techniques, budget manuals and technologies to enhance budget decision making, improve efficiency and productivity. The budget implementation process should be reviewed periodically to ensure that programs are implemented effectively and to identify any financial or policy slip-ups. Enhance the follow-up practice on the budget allocations on recommendations from budget analysis work and budget expert forecasts. So, priority should be given for those which are most important work planned, continuous budget feedback system for every budget, facilitate coordination and communication within the ministry, other sector and stakeholders.

CONCLUSION

Managing and administering the sectors budget at federal, regional or municipal levels are the crucial challenging assignment to undertaking multitask operational achievement. Hence budget is a resource that requires proper control and utilization. Due to this reality, this study asses the budget practice, budget control and related constraints in the Ministry of Peace. Then, the following conclusions drawn according to the specific objective designed for the study.

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