ASSESSMENT OF THE EFFECTIVENESS OF BUDGETING AND BUDGETARY CONTROL IN CASE OF HAWASSA UNIVERSITY, SIDAMA NATIONAL REGIONAL STATE, ETHIOPIA

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Abstract
This study assessed the effectiveness of budgeting and budgetary control in case of Hawassa University. Data were collected through questionnaire from seventy five budget holder. The data collected from different unit were analyses using percentage analysis method, to see the effectiveness of budgeting and budgetary control. Based on source analysis and findings, the researcher assessed the effectiveness of budgeting and budgetary control and the researcher gave a possible conclusion and recommendations, which the University shall take as measurements. This study serve as stepping stone for further study on similar topics and it may fill the literature gap.

Key words: Budget, Budgetary Control, Hawassa, Hawassa University.

1. INTRODUCTION

1.1. Background of the Study

The fiscal policy as a part of economic policy deals with taxation, public expenditure, public borrowing and debt management. The budgetary policy and the budget documents are important parts of fiscal policy. That is why, the budgetary policy and the budget documents, to a significant extent, influence the functioning of a financial system of a country (Routiya, 2013).

Now days, organizations have developed a variety of processes and techniques designed to contribute to the planning and control functions. One of the most important and widely used of these processes is budgeting.
Budgeting involves the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals (Geletaw, 2017).

CIMA official terminology has defined the terms „budget” as “Quantitative expression of a plan for a defined period of time. It may include planned sales volumes and revenues; resource quantities, costs and expenses; assets, liabilities and cash flows”. It is a means of coordinating the combined intelligence of an entire organization into a plan of action based on past performance and governed by rational judgment of factors that will influence the course of business in the future.

Budgeting involves the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals. Budgetary control systems are universal and have been considered an essential tool for financial planning. The purpose of budgetary control is to provide a forecast of revenues and expenditures this is achieved through constructing a model of how our business might perform financially speaking if certain strategies, events and plans are carried out (Nyambura, 2014).

Traditionally, budgeting has always been viewed as a way of limiting expenditure, hence a great part of management’s time is devoted to the allocation of fund. However, empirical evidences in today’s globalized world, suggest that budgeting goes beyond merely showing expected revenue and project expenditure. Rather, a budget protects and controls the way management reacts to proposals brought before it, while also examining the present and future cost as well as benefits associated with such a proposal. In achieving this though, it must not lose sight of the environment in which it operates. This same principle goes with the preparation of a budget, such that in preparing a budget, management of businesses must realize that it is indeed a part of the economic system and as such, can influence as well as be influenced by activities within the economic system (Lambe, 2014).

Since many years, budgets are used throughout private and public organizations to set objectives and to control and align managers’ behavior. Depending on whether the organization is operating in the private or public sector, the budget is established in order to fulfill certain requirements. Considering the performance requirement for the budget, the private sector is profit orientated, whereas the public sectors budget achievements are evaluated based on services provided by the organization (Fadi, 2013).

Budgeting is a key policy instrument for public management and management of the firm; it is a familiar activity to many as it is practiced in our private lives as well as in businesses, government and voluntary groups. The use of budgets in government circle long preceded its application in enterprises or the business sector. In the stable economic environment of the period before the world wars, few large companies particularly in the U.S.A and U.K used budgets for variety of purposes. The use of budgets created its own
conflicts, as some pioneer companies reported budgeting as a significant tool to management, while others reported same as having an ill or even a negative effect on efficiency and productivity. However, the world depression of the 1920s and its attendant negative effects that created “business worries and troubles” made the use of budgeting imperative in order to plan the overall growth of an economy and the enterprise (Theresa, 2014).

The Public Budget is a process by which government sets levels of expenditure, allocates the spending of resources among all sectors to meet national objectives. It is the financial plan of action for the year reflecting government priorities on expenditure, revenue, and overall macroeconomic policy. Policies, programs, and projects would remain as wishful aspirations of government unless they receive the required funding to translate them into practice. For these reasons, the public budget is considered as an important process that attracts the attention and consideration of the public at large. The government needs to prepare a budget since it has to plan the extent of its expenditure and revenue (Esayas, 2014). Budgetary control is a technique applied to the control of total expenditure on materials, wages and overhead by comparing actual performance with planned performance. This technique is also believed to be another valuable aid in cost control and coordination (Mkrue, 2013).

Ethiopia started the practice of government budget early at the regime of Hailesilase I. However, at the beginning, it was not structured in such a way as to permit efficient financial administration, but through time period continuous modification of the budget system was made before it attained its present status (Miju and Girma, 2014).

Ethiopia has a dual budgeting system in which recurrent and capital expenditure are considered separately. Until recently these two budgets were prepared separately by the Ministry of Finance (MoF) and the Ministry of Economic Development and Cooperation (MoEDaC), respectively. In October 2001 these two ministries were merged to form the Ministry of Finance and Economic Development (MoFED). The new ministry determines budget ceilings for federal ministries and agencies and for the regions. In doing so, it takes stock of the performance of the economy for the previous year and makes economic projections for the following year in terms of growth, revenue, and so on. The MoFED does this in consultation with other state agencies, such as the National Bank of Ethiopia (NBE) and the Central Statistical Authority (CSA). It is this macroeconomic framework that, when approved by the Council of Ministers and the Office of the Prime Minister, forms the background to the budgetary process in Ethiopia (FDREP, 2001).

The MoFED can be seen to play a central role in the budgetary process of the country. It controls the formulation and implementation of the budget of line ministries at various levels. During the writing of the Budget Calls it is instrumental in the setting of budget ceilings. It can make 4 changes in the budget allocation
of line ministries after review and analysis of the budget estimate submitted by the ministries. It decides the level of the budget to be recommended to the Council of Ministers. During implementation, it has the power to disburse funds. Through the monthly accounting reports, it scrutinizes the performance of the ministries in budget implementation, and it can decide on the level of funding to be authorized for disbursement. It can also approve transfers and recommend supplementary allocations (MoEDaC, 2018).

1.2. Statements of the Problem

In developing countries, it has become increasingly complex to manage public expenditure allocation because the roles of the government have been expanded and financial resources are in scarce supply to meet this ever-increasing social needs and population growth. Due to inadequate financial resources as opposed to an increasing demand for public service, there is a need to improve resource allocation through proper economic policy and expenditure planning (Mohammed, 2015).

Zayol (2017) carried out a study on Budgeting and Budgetary control in the public sector using literature review and personal observations as the main source of data and found out that budget and budgetary control has failed because of dependence on federation account, untrained budget 5 staff, non-adherence to budgetary control measures, corruption, inflation and political environment.

Similarly, Yesuf (2015) studied the practice of budgeting and budget monitoring as a management tool for managing variances in NGOs operating in Ethiopia. According to the result, the overall budgeting system in the sample organizations misses the important participation of concerned staffs. Also, Tilahun (2010) in his study on budget management and control in Ethiopia ministry of defense found that there were inefficiencies in budget implementation due to problems of experienced man power, application of policy and procedures, lack of monitoring budget timely.

Despite the existence of a budget calendar and an elaborate budgeting process, exercise carried out by Hawassa university every fiscal year, with the aim of having minimal budget/actual variances of over or under expenditure, budget performance variances (8%-16% of over expenditure) and (8%-16% of under expenditure) consistently continue to exist during implementation of the university activities (The Financial Report: 2004-2006). The above variance, if not checked would affect overall long-term performance of the institution and therefore the motivation is that, what was missing in the budgeting process that caused significant consistent budget performance variations during budget implementation fiscal year.

Contemporarily ministry of finance and economic development declared the universities under federal government execute program budget for the past three years starting 2004, whereas the budget utilization process to implement it in respect of the perspectives plan of result oriented program faced challenges.
1.2.1. Research questions

1. What is the process of budget planning looks like in Hawassa?
2. Does budget monitoring and control contribute for effectiveness of Hawassa University?
3. Is budget participation being practiced in Hawassa University
4. What are the causes for mismatch between plan and budget in the units?
5. What deviations are observed in budgetary records compared to the country’s rules and regulations?
6. Is there performance auditing practice to evaluate the effectiveness and efficiency of the university’s budget utilization?

1.3. Objective of the Study

1.3.1. General objective

The general objective of this study is to assess the effectiveness of budgeting and budgetary control in case of Hawassa University.

1.3.2. Specific Objectives

1. To assess the integration of planning and budgeting
2. To examine budget utilization and controlling in BoFED; and
3. To see how auditing is performed in BoFED for Allocated Budget
4. To indicate whether there is performance audit practice as a means to control budget; and
5. To suggest possible recommendations on the observed problems and gaps.

1.4. Significance of the Study

The study is important because it provides more understanding of the best practices in Budgeting and Budgetary control for public Universities and Colleges. It also provides insights to other firms in the finance sector on how to prepare and control Budget to achieve the organizational objectives. The government also might use the findings of this study to set policies that ensure the proper preparation and utilization of public finance. This research work also contributes to the literature on assessment of the effectiveness of budgeting and budgetary control in public universities and therefore forms the basis for further research on this area.
1.5. Scope of the Study

This study was an assessment of the effectiveness of budgeting and budgetary control in the case of Hawassa University. This study considered only the effectiveness of budget and budgetary control in terms of budget planning, budget monitoring and control, budget evaluation and participative budget on the effectiveness of public University, particularly Hawassa University.

2. Materials and Methods

This section presents the methodology that will be used in carrying out the study. This will begin with describing the research design, population and sample of the study, instrument of data collections procedures of data collection and methods of data analysis that will be employed in the study.

2.1. Research Design

The study used a descriptive survey study research design which was aimed at effectiveness of budgeting and budgetary control in the case of Hawassa University. A descriptive survey is usually concerned with describing a population with respect to important variables with the major emphasis being establishing the relationship between the variables. The advantage of this type of research design is that it is easy to understand as recommended by (Kothari, 2005). This design attempts to collect data from members of the population and describes existing phenomenon with reference to pre-established objectives.

2.2. Population and Sample of the Study

The target population of the study is all budget holders and users of Hawassa University. From the nature of the institution, colleges, schools and departments are inhabited all over the corners of the university. There are 5 (five) budget holders in the university with hundreds of budget user units in each budget holder. It is possible to consider all budget holders in the sample even though the spread of the population is scattered. Moreover, most of the budget users are homogeneous in nature except the proportion of budget allotted to them. Accordingly, the sample will be selected purposely. Of these budget holders, 5 (five) will be taken as a sample with a total of 75 (seventy five) respondents. The respondents could be determined as the size of Teaching and learning, Administration and management, community service and research and development perspectives, Planning and Budget Directorate budget experts is manageable. The sample size will be taken to be the representative of total population, i.e. 10 (ten) budget experts. On the other hand, 6 (six) auditors have been taken from office of Audit Directorate based on the organizational structure of the university and 40
budget users from different departments and administration sections in the university. The internal Auditors are organized at different campuses to strength the internal control system to be closer into even line departments. Among the audit experts found in this directorate and teams, only 6 (six) will be selected of these, federal auditors are responsible for the audit of the university. Professionals have audited university account in different years. Thus, it will be appropriate and convenient to take all these professionals as a sample.

2.3. **Instruments of data collection**

Once the total sample size from each population by random sampling will be determined, possible techniques could be employed, that are both primary and secondary methods will be used in order to gather relevant data. The primary data will be collected through a structured questionnaire as well as personal interview. The questionnaire would be distributed to 75 (seventy five) budget users and holders, particularly to teachers, personnel and heads in the university. Out of these questionnaires will also sent out to 10 finance and budget experts of Planning and Budget Directorates of colleges and the whole colleges and 6 audit experts of the internal auditor. Personal interview will be conducted with the officials of Planning and Budget Department.

2.4. **Procedure of Data collection**

Most of the questions will be designed to be closed-ended. Likert scales of questionnaire will be applied to collect the data from all respondents. The scale will be leveled as: “Strongly Agree”, “Agree”, “Neutral”, “Disagree”, and “Strongly Disagree”. Moreover, “Yes” or “No” forms will be used. The questionnaires will also include open-ended questions. The questionnaires for internal Auditors will be related with expenditure control and audit findings on the university. The secondary data would be collected from manuals, audited annual reports, proclamations, and regulations.

2.5. **Methods of Data Analysis**

The researcher reviewed the appropriate statistical data analysis tools namely descriptive, and before analyzing the data, raw data collected was cleaned and edited for completeness and consistency. It then systematically organized to confirm if it represents the target population and to facilitate objective interpretation of data at a later stage. The responses from the employees of the organization also screened for correctness and accuracy and then they filled and analyzed using Microsoft excel.

2.6. **Organization of the paper**

Generally, the paper will be organized into four chapters. The first chapter will start with an introduction followed by statement of the problem and will continue with, objective of the study, significance of the study, the research methodology and the scope and limitation of the study. The second chapter will look into some previously conducted related researches and literatures on the subject. The third chapter will dwell on analysis
and interpretation of the data collected. The last and the fourth chapter will surface the conclusions reached and the recommendations forwarded.

3. RESULT AND DISCUSSION

This section discusses the analysis of data collected from various sources related with assessment of the effectiveness of budgeting and budgetary control in case of Hawassa University. The data were presented and analyzed according to the flow of budgetary process starting from planning and budget preparation, followed by monitoring and control, analyzing and feedback. The presentation started with overview of the current budget process and pursued by structure of the ministry’s budget executing bodies. As indicated in the introductory part of the paper, Microsoft excel application has been applied to analyze the data.

Initially the researcher distributed questionnaires to seventy five respondents however; the data used for analysis were obtained from fifty (50) respondents from Hawassa University staff. Twenty five respondent did not return the questionnaire, therefore the response rate is 50/75 = 66.67 percent and the non-response rate is 33.34 percent.

3.1. University Budget Preparation and Planning

In principle, there are different types of budget presentation systems. However, Hawassa University uses zero-budget system. It is a mechanism that begins with a new scratch of budget request every fiscal year rather than adding on the previous one. Annual budget ceiling is decided by the Ministry of Finance and Economic development office. While the Ministry prepares leading strategic plan at institutional level, budget holders are required to set up their own leading plan based on the Ministry’s strategy. The successive units follow the same procedure to prepare their budget.

Table: 1 Budget users’ response rate on Budget Preparation and Planning

<table>
<thead>
<tr>
<th>Questions</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>Directorates departments always prepares budget</td>
<td>25</td>
</tr>
<tr>
<td>I am involved in the budget setting process</td>
<td>20</td>
</tr>
<tr>
<td>We are sensitized on the budget</td>
<td>7</td>
</tr>
<tr>
<td>Process</td>
<td>Percentage</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Resource allocation is based on the performance indicators</td>
<td>20%</td>
</tr>
<tr>
<td>All the stakeholders to the budget are involved</td>
<td>23%</td>
</tr>
<tr>
<td>Budget take into account the three year development plan</td>
<td>10%</td>
</tr>
<tr>
<td>Our budget emphasize outcomes</td>
<td>25%</td>
</tr>
<tr>
<td>The line managers are always involved in the budgeting process</td>
<td>21%</td>
</tr>
<tr>
<td>The budget committee of the university is knowledgeable on budgeting</td>
<td>5%</td>
</tr>
<tr>
<td>We normally publish the budget after approval</td>
<td>6%</td>
</tr>
<tr>
<td>Budget are always used as a standard of measuring financial performance</td>
<td>25%</td>
</tr>
<tr>
<td>Our budgets are based on the needs identified by our section/departments</td>
<td>20%</td>
</tr>
<tr>
<td>Our budgets are for more than one year</td>
<td>30%</td>
</tr>
<tr>
<td>The budget facilitates the estimation of future cost implications</td>
<td>5%</td>
</tr>
<tr>
<td>We have clear result targets in the budget</td>
<td>10%</td>
</tr>
<tr>
<td>Each budget activity is allocated appropriate resources</td>
<td>5%</td>
</tr>
<tr>
<td>Budgeting outcome goals and objectives are linked to programs</td>
<td>25%</td>
</tr>
<tr>
<td>We start with planning for our programs</td>
<td>23%</td>
</tr>
<tr>
<td>We combine planning with the budgeting process</td>
<td>10%</td>
</tr>
<tr>
<td>Programs and plans are the bases for</td>
<td>10%</td>
</tr>
</tbody>
</table>
allocating financial resources

| Programs and plans are the bases of getting financial resources | 21 | 14 | 10 | 5 | 5 | 50 |
| Planning helps us to know the type and level of resources to provide | 5 | 8 | 20 | 7 | 10 | 50 |
| Expenditures made here are based on plans and programs in the budget | 25 | 15 | 0 | 5 | 5 | 50 |
| Planning of the budget activities is done by the department/directorate | 5 | 5 | 10 | 8 | 12 | 50 |

In order to verify whether the above responses are factual or not, 31.75 percent of the respondents are strongly disagreed for the budget preparation and planning, this means that budget preparation and planning process is not transparent, 21.58 percent of the respondents disagreed, 20.17 percent of the respondents are neutral and on the contrary 12.5 percent of the respondent are agreed and 12.25 percent of the respondents are strongly agreed for the budget preparation and planning. This implies that different budget holder and users did not participate in the preparation of budget and planning process in the university.

Accordingly, Allen and Tommasi (2001) expressed in most cases, under spending, as well as overruns, is related to insufficiencies in budget preparation and programme preparation. An overestimated budget and unrealistic projections of revenues may lead to budget revisions during budget execution and to a practice known as “repetitive budgeting”.

### 3.2. Monitoring and Control

According to Larry M. (2009) clearly, each action on your part is in response to you having monitored conditions and adopted an adjusting response. Likewise, business managers must rely on systematic monitoring tools to maintain awareness of where the business is headed. Managerial accounting provides these monitoring tools, and establishes a logical basis for making adjustments to business operations. Budget monitoring and variance analysis should be made on regular bases in line with the monthly close of financial system to compare budget versus expenditure by budget holders and finance who are responsible for managing the projects budget and activities with clear justification and action points. So that managers are able to prevent over or under spends timely and take corrective actions (Yesuf A., 2015).

Larry, M. Walther, (2009) stated that things rarely go exactly as planned; management must make a concerted effort to monitor and adjust for deviations. The managerial accountant is a major facilitator of this control
process, including exploration of alternative corrective strategies to remedy unfavorable situations. In addition, recent trend (brought about in the USA by financial legislation most commonly known as Sarbanes-Oxley or SOX) is for enhanced internal controls and mandatory certifications by CEOs (chief executive officer) and CFOs (chief financial officer) as to the accuracy of financial reports.

Table: 2 Budget users’ response rate on Monitoring and Control

<table>
<thead>
<tr>
<th>Questions</th>
<th>Measurement</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>We often receive guidelines from the ministry of finance on the budget process</td>
<td>4</td>
<td>8</td>
<td>25</td>
<td>5</td>
<td>8</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Funding of budget programs is based on the university approved budget</td>
<td>0</td>
<td>8</td>
<td>18</td>
<td>15</td>
<td>9</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>The budget performance is always communicated</td>
<td>15</td>
<td>7</td>
<td>20</td>
<td>2</td>
<td>6</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>The perceived level of budget monitoring and control in my institution is excellent</td>
<td>10</td>
<td>7</td>
<td>23</td>
<td>5</td>
<td>5</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>The perceived level of budget monitoring and control in my institution is adequate</td>
<td>23</td>
<td>12</td>
<td>5</td>
<td>7</td>
<td>3</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>The level of budget monitoring and control in my office is inadequate</td>
<td>10</td>
<td>11</td>
<td>20</td>
<td>6</td>
<td>3</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>We always make adjustments regarding budget performance</td>
<td>10</td>
<td>15</td>
<td>15</td>
<td>5</td>
<td>5</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>We often monitor the budget devotions</td>
<td>17</td>
<td>13</td>
<td>20</td>
<td>0</td>
<td>0</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Control of the budget activities is done by only the head of department</td>
<td>35</td>
<td>8</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>We often hold budget conference to review performance</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>2</td>
<td>3</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

Table 2 showed confirmatory responses almost to all of the questions. However, the extent of their accuracy is in doubt, as per the researcher’s view, because some of the answers differ from what the researcher expected and written responses and the report issued by the budget controlling body of the institution, PBD. In their
opinions for the open ended questions, most respondents did not know whether there is monitoring and control in the budget process. Thus, it is not possible to say that payment is executed always based on full documents and evidences. Moreover, if records were supported by computerized systems, repetitive manual errors would not occur though corrected later by cross checking.

Carr, (2000), argues that in order to achieve the expected output results, monitoring and evaluation is necessary. Monitoring and evaluation maintains stability under many competing forces, hence important to lower local government effectiveness (Hokal and Shaw, 1999). However, Hokal and Shaw continue to note that monitoring and evaluation requires only raw data to test and examine performance which is time consuming yet contributes little to performance. Hence, the need to establish the level of monitoring and control in realizing sound budget management and performance at Hawassa university.

3.3. Analyzing and feedback

Analysis is the process of examining variances by sub-dividing the total variance into smaller parts in such a way that management can assign responsibility for any off budget performance. An aspect of variance analysis is the need to separate controllable from uncontrollable variances. A detailed analysis of controllable variances will help the management to identify the persons responsible for its occurrence so that corrective action can be taken. Through variance analysis it is established whether over expenditure is caused by deliberate actions or inadequate controls by management (Arora, 1995). Feedback is an important role of budgeting for attaining the expected quality and standards in planning, control and leadership and staffing. According to Cook (1968), feedback is generally positively associated with budget performance.

Table 3: Budget users’ response rate on Analyzing and feedback

<table>
<thead>
<tr>
<th>Questions</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>The budget performance reports are prepared regularly in my institution</td>
<td>14</td>
</tr>
<tr>
<td>The budget devotions are reported to college or university top management</td>
<td>10</td>
</tr>
<tr>
<td>The devotions from the budget targets are frequently reported</td>
<td>15</td>
</tr>
</tbody>
</table>
Management always takes timely corrective actions when advance variances are reported &nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&n
effectiveness of budget utilization unless the responsible budget holders show commitments and sense of accountability.

Nevertheless, the intentions of the institution are somehow impaired by poor practices of some budget users. The researcher concluded the following points based on the analysis.

- Even if MoFEC issued budget guideline, the concerned body did not move to enforce the practicability of the rule. If it were, the above summary findings would not occur.
- Unavailability of adequate and experienced manpower has added for the worsening results of plan and budget preparations disparities.
- Lack of awareness of budget users about the role of plan and budget to the institution.
- Budget holders have various understandings during budget preparations.
- Budgets are prepared without considering reasonable estimations and current market prices.
- The researcher concluded that the causes for idle cash are mainly due to the lack of consistent purchase programs which lead to rush expenditure towards the end of the budget year.
- Although the nature of the institution forces to consider unforeseen situations, additional duties of budget users are not usually backed up by supplementary budgets.
- Planning and Budget Department does not arrange regular workshops and short-term training to improve the skill of budget personnel engaged in budget holders.
- Apart from accountability of the specific budget users, the Department takes the lion’s share of responsibility for budget preparation and implementation problems.
- Although much deviation has not been observed in budgetary records, the adoption of modified cash basis of accounting system has not been implemented fully.
- There is no carrot-and-stick strategy. No incentive mechanism is employed for good performers, and punishment as well for poor achievements unlike what is observed in other counterparts.
- Audit opinions given by OFAG are signals of the institution’s weak compliance with the rules and regulations of the country.

5. Recommendations

This research examined assessment of the effectiveness of budgeting and budgetary control in case of Hawassa University. Based on the result of the study, the following recommendation are provided with the assumption that this will help public University and colleges particularly Hawassa University to improve the Budget planning, Monitoring and control budget evaluation and participative budget of its organization so that this will improve effectiveness in the organization. Therefore:
Planning and budget department in Hawassa University should arrange continuous training for budget holders at the beginning of every budget period to enlighten employees on budget planning to improve problem of matching budget with plan.

Management of the University should give serious attention for budget monitoring and control to improve budget implementation so that effectiveness of the organization is enhanced.

The University should regularly evaluate budget implementation and management team—should discuss this result for taking corrective actions for organizational effectiveness.

The Public University and College should give enough chance for workers to participate in budget planning and utilizations. This motivates employees to perform better.

Performance should be assessed and compared with budget frequently during a budget—period. The University should not wait until period of implementation is over as mistakes can no longer be corrected at the end of the period or continuous evaluation is important. This help to verify budget implementation by using audit to help for organizational effectiveness successful.

The Institution need also to investigate other factors that contribute to better for budgetary controls, in order to improve their efficiency and effectiveness, like employees motivation and invest more in staff development and participation.

References


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