

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

An Assessment of Factors Affecting Budget and Expenditure Management in Government Organizations: A Case Study of Batu Municipality

Abebe Negesse Bantu

Instructor & Trainer, Public Service College of Oromia, Ethiopia
College of Business and Economics, School of Management and Accounting, Ethiopia

Abstract:

The aim of this paper is to examine and point out factors affecting the efficient allocation and utilization of budget and effective management of expenditure in Batu Municipality. Owing these objective this study tries to answer three important questions: How efficient the municipality in allocating resource to different activities meet budget and expected expenditure (recurrent and capital) objectives? How efficient and effective the municipality is in budget utilization and expenditure management? What are the factors that affect the municipality's budget utilization and expenditure management? With these objectives, the descriptive research method was employed. data was gathered through questionnaire, face-to-face-interview FGD and from review of both published and unpublished data sources. The information collected through from 40 workers stratified into four strata and, interview & FGD conducted with officials and residents of Batu town selected purposively. Both quantitative and qualitative data were collected from primary and secondary data sources and analyzed using Excel Micro-software packages like percentages, ratios, tables, graphs and diagrams.

After thorough analysis, the paper finds out the factors that affect budget and expenditure management of Batu Municipality such as; the existence of lack competency, lack commitments and existence of skill gap and rent-seeking behavior by the employees and leaders; absence of public participation in planning and budgeting, existence of time gaps between budget receipt and actual expenditure and inefficient budget allocation and utilization among functions. To enhance the efficiency of budget utilization and the effectiveness of expenditure management of Batu Municipality should increase the resource to be allotted for developmental project, encourage citizen participation in planning and resource allocation, improve leadership qualities and employee's commitment, and establish a system to fight against rent-seeking behavior of employees. Finally, the paper addressed the need for improving the budget utilization and expenditure management, based on findings, recommendations to Batu Municipality and its workers together with the concerned government bodies, and suggestions for other researchers are forwarded.

Keywords: Budget utilization, Public expenditure, fiscal discipline, efficiency and effectiveness

1.1. Background of the Study

Budget, the engine and pillar for all activities of a given country is a primary issue of government that needs special emphasis as the operation of government is mainly linked with resource to influence every activity in its domain. But, public resources are always limited and inevitably fall short of meeting all the needs of society. For this reason, the budgeting process is used by the government to assess competing claims on the budget and to facilitate difficult trade offs. Meeting this challenge successfully requires that budgeting achieves and maintains fiscal discipline, the strategic prioritization of public funds, as well as sound operational management (Department of International Development: Practice paper, January 2007).

If budget is efficiently utilized and expenditure is effectively managed according to the laws, rules and regulations, government functions will effectively have accomplished, different objectives of government like social welfare, political and developmental objectives will be maintained and good governance will be assured. On the other hand, failure to adequately understand and efficiently utilize budget and effectively management expenditure are embedded is likely to lead to disappointing results (MoFED, August 2009). The findings of the public expenditure track survey taken approximately over 35 countries in Africa, Asia, and Latin America also confirm the consequences of leakage of public expenditure that results because of inappropriate budgetary control and expenditure management. (Adrian Fozzard and Mick Foster, 2001).

The survey conducted by Research-inspired Policy and Practice Learning in Ethiopia (RiPPLE) (2009), on assessment of budget utilization in water sectors, in Benushagule & Gumuze reflected that the leakage of funds of various sectors on realizing the provision of required amount of finance and when channeled to the different sectors of the economy during the plan for accelerated and sustained development to end poverty (PASDEP) period. According to the assessment Public Expenditure and Financial Accountability conducted at South Nation & National People Regional Government (SNNPRG) (2010), the existence of loop hole in transparency in budget transfer and reporting that may be endangering the budget and expenditure management.

These all show why budgeting and expenditure management is considered as one of the main areas of decentralization that needs special attention at all levels of governments. Given its attractiveness, it is not by luck but through effective utilization of resources that a countless of budget and expenditure reforms have been adopted by many governments across the developing nations. In many cases however, the results have been appalling owing to a multitude of challenges especially at the lower levels of government.

In the existence of such development constraints in a given area, the role of budget and expenditure management in controlling the appropriate utilization of existing resource could be important. It could be sound when one sees the situation from the municipality perspective where all activities are directly affected budget and its utilization. Knowledge about different factors affecting budget and expenditure management could enable a municipality to make rational decision in order to achieve optimum benefit from the activities it accomplishes and consequently maximizes the ultimate benefit to residents. On the other hand, any factors that negatively affect the budget and expenditure management have an adverse impact in over all performances of the municipality.

Thus, this study examines how efficient and effective the budget allocation, utilization and expenditure management and assesses factors affecting budget and expenditure management of Batu Municipality.

1.2. Statement of the Problems

Efficient utilization of government budget and appropriate management of expenditure is the primary focus for the achievement of intended goals of a given country. Owing this, every country's government wants to increase efficient utilization of its planned budget and effective management of its expenditures at different level of government. In absence of efficient utilization of both recurrent and capital budget provision of public goods and services to the society will be impossible. Moreover, most policies that have the potential to make a difference to people's standards of living cannot be achieved without efficient utilization of government budget and careful management of the corresponding expenditures.

The Ethiopian budget reform practiced by existing government, decentralized the authority to prepare and utilization budget, and to manage expenditure to Federal, Regional, Woreda and municipal administrative levels. The government did it hoping that it will enhance the chance of raising local resources to finance local public needs as appropriately and efficiently as possible rather than waiting all the decisions at central government. However, some empirical findings reflect the performance of some municipalities in opposite to what is intended by government. Fore instance, the research conducted by (Mobedzi E., Gondo T. (2010) disclosed the existence of problems that hindered efficiency and effectiveness of revenue collection and expenditure management of Dangila Municipality (Theoretical and Empirical Research in Urban Management, February 2010). Another survey conducted by RiPPLE, (2009), in Benushagule & Gumuze also reflected that the leakage of funds of various sectors on realizing the provision of required amount of finance and when channeled to the different sectors of the economy because of inefficient budget utilization and ineffective expenditure management.

As Batu Municipality is also among the towns that have given the power and responsibility to budget and control its budget utilization and expenditure management in Ethiopia, the problems seen in Dangila town and Benushagule & Gumuze woredas' may be common to it. Moreover, there are indicators for existence of unrevealed problems relating to budget utilization and expenditure management of municipality such as poor basic infrastructural facilities, absence significant changes in public utilities, no eye catching developmental activities except the coble stone on the way to the Lake Zeway through Public Service College of Oromia.

Thus, this research is aimed to develop information about the factors affecting the budget utilization and expenditure management in governmental organizations with specific emphasis to Batu Municipality Finance and Economic Development Office. Owing this researcher, this study tries to answer the following basic questions:

1. How efficient the municipality in allocating resource to different activities meet budget and expected expenditure (recurrent and capital) objectives?
2. How efficient and effective the municipality is in budget utilization and expenditure management?
3. What are the factors that affect the municipality's budget utilization and expenditure management?

1.3. The Objective of the Study

The general objective of this research is to describe the factors affecting budget utilization and expenditure management of Batu Municipality. Accordingly, the specific objectives of the study are:

- To examine the efficiency in the allocation of financial resources based on specific years' expenditure,
- To assess the effectiveness of the municipality's budget and expenditure management system based on selected year's performance,
- To investigate factors affecting budget utilization and expenditure management.

1.4. Significance of the Study

This research aimed to examine the factors affecting budget utilization and expenditure management, and to assess how efficiently and effectively the budget has been used and expenditure has been managed during the past five years (1999-2003 E.C) – after the start of decentralization and the separation of power to the woredas and municipalities. Having assessed these issues, the study:

1. Indicates the factors affecting budget utilization and expenditure management and recommends the possible solutions on how to improve utilization of government budget and expenditure management.
2. Provides awareness to Municipality FED officers on how to effectively utilize government budget and manage expenditure effectively.

3. Puts forward viable recommendations for decision makers regarding strategies to take advantage of existing and emerging opportunities for improved budget utilization and expenditure management.
4. Gives clear picture of how the effective utilization of budget can be taken place.
5. Supports the government administrators in their effort to find out budget utilization and expenditure management related strategies that can be revised.
6. Enriches the researcher knowledge and solves Batu town's residents' problems.
7. Contributes a body of knowledge that adds values to the prior findings, and
8. It also serves as a starting point of reference for further related studies.

1.5. Scope and Limitation of the Study

It is generally believed that the wider the scope, there greater the contribution of the research. However, the coverage of this study is confined to investigate factors affecting budget utilization and expenditure management of Batu Municipality Finance and Economic Development Office (FEDO) from 1999-2003E.C. in order to make the research manageable and meaningful.

Besides, the reluctant behavior and lack of interest to furnish true and relevant information by the municipality officers and employees, on availability of secondary data as needed, and time and budget constraints were among the major limitations of this research.

1.6. Organization of the Paper

The first chapter of this study has explained the background to the study, described the problems being addressed, and defined the objectives of the study and the basic research questions concerning the efficiency and effectiveness budget and public expenditure managing and the factors affecting budget and expenditure management of Batu Municipality. It also covers the scope and limitation of this study. Chapter two presents the review of the literature related to the trends in budget and expenditure management and the factors affect budget and expenditure management etc. Chapter three deals with the research methodology like; description of the study area/organization, data sources, sampling design, data collection instruments and method of data analysis. Chapter four presents the data analysis (result and discussion) in detail and the final chapter presents (chapter five) presents the findings with regard to budget and public expenditure management in Batu Municipality, concluding with some recommendations for the concerned bodies might contribute to the study conducted in the future days.

2. Review of Literature

2.1. Conceptual Framework

According to Roberts L (1994), efficiency and effectiveness are concepts often considered synonyms along with terms like competency, productivity and proficiency. However, in more formal management discussions, efficiency and effectiveness take on very different meanings. In the context of process reengineering efficiency is defined as the degree of economy with which the process consumes resources – especially time and money while effectiveness is how well the process actually accomplishes its intended purpose.

In this study the researcher used them (efficiency and effectiveness), from process reengineering and formal management decision point of view while assessing factors affecting budget and expenditure management in Batu Municipality. The efficiency and effectiveness in budget utilization and public expenditure management may be affected by different factors form planning and setting quantified targets to the stage of reporting its performance. Different factors may affect budget and expenditure management of government organization differently. To make this research effective and manageable, factors shown in the Figure 1 below, were used to assess and find out how they affect; budget utilization and expenditure management, efficiency of Batu Municipality on budget utilization and expenditure management, efficiency of municipality on resource allocation between recurrent and capital expenditure and status of employees in the budget and expenditure sections of the municipality.

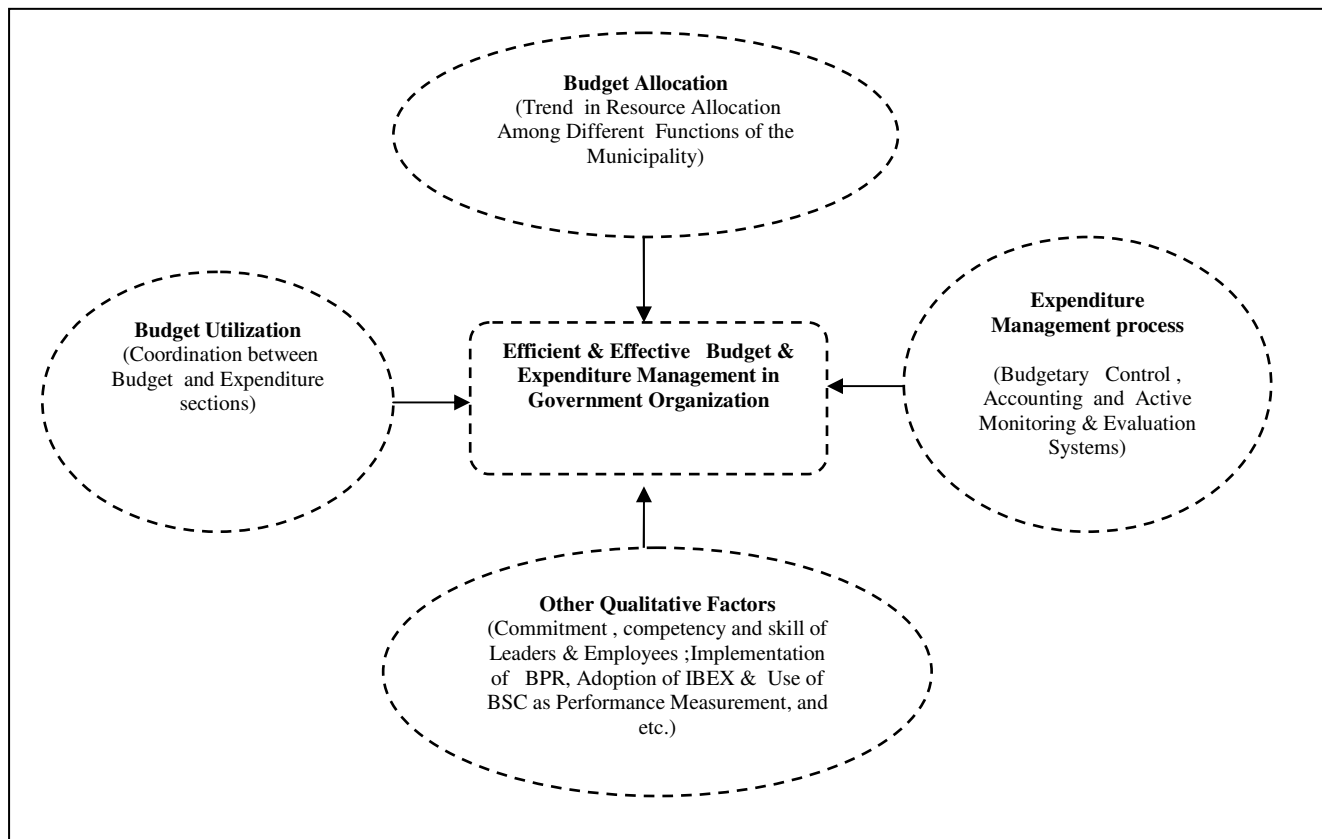


Figure 1: Conceptual Framework Diagram

Source: Researcher own construct based on the concept Potter and Diamond, 1999; Allen & Tommasi, (2001); Hashim & Allan, (2001) and Fair Share (2001),

2.2. Budget and Budgeting Concepts

A budget is a legally approved plan of financial operations embodying the authorization of expenditures for specified purposes to be made during the budget period and the proposed means of financing them. In other words, budgeting is the process of allocating scarce resources to unlimited demands, and a budget is a dollar and cents plan of operation for a specific period of time. At a minimum, such a plan should contain information about the types and amounts of proposed expenditures, the purposes for which they are to be made, and the proposed means of financing them. It describes in detail for what purpose the resource will be used, from where it will be obtained and the period it is granted for use (Antony 1989:952).

From local government point of view budget proposals are used its expenditure and revenue, reflecting its policy priorities and fiscal targets. It also permits a local government to undertake its programmes with effectiveness, efficiency, and economy. Through the budget it informs its citizens the estimated level of revenue to be collected during the year, while also reflecting the types of activities on which revenue will be spent. By realizing such information, a local government enhances accountability and transparency in its operations (MoFED- Layperson's Guide to the Public Budget Process at Woreda Level: 2009: P-9).

2.2.1. Benefits of Budgeting – General

Although practices are by no means uniform, budgeting and budgets typically play a far greater role in the planning, control, and evaluation of governmental operations than in those of privately owned businesses. The governmental accounting standard board (GASB) recognizes the importance of the budget process in the following principle:

- a) Every governmental unit should adopt an annual budget(s).
- b) The accounting system should provide the basis for appropriate budgetary control.
- c) Budgetary comparisons should be included in the appropriate financial statements and schedules for governmental funds for which an annual budget has been adopted.

The adoption of a budget implies that decisions have been made on the basis of a planning process as to how the unit is to achieve its objectives. The accounting system then assists the administrators to control the activities authorized to carry out the plans and to prepare the statements that permit comparison of actual operations with the budget and evaluation of variances. These three budgetary phases and functions namely planning, control, and evaluation are crucial aspects of all budgetary approaches and processes. Specifically, it has the following purposes or benefits to government and business organizations:

- a) It *forces planning*- Budgets forces managers to plan ahead for activities of the organization.

- b) It *facilitates coordination and communication*- The budgeting process helps managers of various subunits of the organization to communicate each other and coordinate their plans of action.
- c) It helps *resource allocation*- The budget provides management with a means to allocate scarce resources among unlimited needs by assigning priority.
- d) It provides *control tools*- Budgets are a benchmark against which actual performance is going to be compared and *evaluated*. (Accounting and business the journal of Association of chartered certifies accounts (ACCA, 1999:26 (V.L No 3)).

2.2.2. Important Aspects of a Local Government Budget

According to George M. and Takawira M. (2008), the local government budget is made up of two parts: revenue and expenditure. The estimates of both of these parts are also divided into two, that is the recurrent and capital expenditure components. The recurrent expenditure component consists of the day- to- day running expenses such as electricity, fuel, repair and maintenance and salaries. The capital expenditure component refers to expenses on projects such as clinics, schools, roads, and many other infrastructure development projects. These expenses normally stretch beyond one financial year, depending on the allocation provided to each particular project in a given year.

The annual plan on which the projects are normally based on is taken from the strategic or a multi-year development plan of the local authority or municipality, which is normally a five- or ten-year plan. Through the budget, citizens are informed of the tariffs the council intends to charge in the coming year. The budget also informs them of the intended use of the collected revenue. By doing so, this enhances the opportunity for bringing accountability and transparency to the council's operations. Although in the past the budget used to be allowed to break-even, nowadays every expenditure account of the council should budget for a surplus. This means that for each expenditure account, no expenses should exceed revenue.

2.2.3. Patterns and Trends in Municipal Budgeting and Resource Allocation

As the budget for other lower levels of government do, the municipal budget also reflects policies and strategies for the delivery of mandatory and locally approved public services. Its structure should make it an instrument of municipal management. It should be capable of demonstrating the extent to which the budgeted financial results have been realized, the intended activities performed and the anticipated outcomes achieved.

According to Mona Serageldin, David J. François V. and Elda S. (2005), one of the problem for improper allocation of resources between operating activities and capital investment is the reliance on central transfers. They noted in their finding "Inter-governmental fiscal transfers like distributional grants to equalize mismatched needs and resources among local governments and specific purpose grants. Other unplanned grants (contributions) from central or state governments to support or to cover unplanned deficits local budgets are common accepted practice that is often provided on a piecemeal, year-to-year basis. Operating expenditures, once fixed, are relatively inflexible of adjustment to meet adverse short-term changes in financial circumstances, hence, the tendency to cut back or defer outlays on maintenance and capital expenditures. Environmental and social impacts of delayed maintenance of infrastructure and neglect include breakdowns and deterioration of existing systems, water losses and perched water tables, contamination and corrosion." (UN-Habitat Global Report, 2005: p-23-24)

2.2.4. Contribution of Participatory Budget in Budget Utilization and Expenditure Management

According to Claudio C. Acioly and A. Herzog et al (2002) participatory budgeting is "a process of prioritization and conjoint decision making through which local community representatives and local governments actually decide on the final allocation of public investment in their cities on a yearly basis".

On the other hand, Giovanni Allegretti (2006) says that at its most basic, the process refers to turning over budgetary decisions to the citizens for whom the budget has a direct bearing, creating public interest in which citizens can discuss and set the city's priorities or choose some new investments affecting a (more or less) huge percentage of the municipal budget. In other words, from this perspective, participatory budgeting consists of a process of democratic deliberation and decision-making in which ordinary city residents, not necessarily pre-organized in associations; decide how to allocate part of a public budget through a series of face to face meetings. These meetings come in the form of local assemblies, workshops, planning tables and a broad-range of other events.

The participatory budgeting process involves debating, analyzing, prioritizing, mobilizing resources, monitoring and evaluating the expenditure of public funds and investments. Some of the major characteristics of participatory budgeting process are:

- "The discussion of financial or budgetary issues are at the centre of the process, explicitly dealing with the allocation of limited resources; it is a continuous process accompanied by meetings on the mobilization and allocation of resources; the inclusion of all citizens directly or indirectly in the formulation and implementation of the annual budget; the prioritization of demands in a manner that supports the poor, including the needs of the socially marginalized groups; that is, to facilitate a fairer distribution of resources; definition and shared understanding of the rules that apply to participatory budgeting; and, the participatory process is often based on territorial and thematic divisions, and requires solid communication and information mechanisms to ensure transparent decision-making and outputs (Participatory Budgeting in Africa: Concept and principles, 2008: p-3)."

The Ethiopian Proclamation No. 12/2004 also provides an opportunity for citizen of the Woreda or urban administration to present their input priorities for the strategy plan. Citizens can voice their concerns regarding unmet needs and urgent priorities. Public officials get to know what people's concerns are before the budget priorities have been established. Citizen's consultations and meetings are needed at different phases of budgeting and resource allocation during the year. Fore example, the quarterly public meetings in which sector offices provide concrete information to interested citizens about the implementation of the annual budget;

whether planned objectives are being achieved, expenditure in relation to plans, needs for budget reallocations, etc. In each meeting there should be ample room for questions and discussion (MoFED- A Prototype for Regions, August 2009).

According to MoFED, (2009), public budget process at woreda level is intended as a tool for empowering citizens to participate in the budget process, planning, implementation and follow-up on how the country's budgetary resources are used. Because citizens also have the right to say about planning and budget priorities and need to know and be involved in how the country's resources are being used. These rights are provided by the laws and policies of the Government. Therefore, involving residents is the best way that strengthens municipality planning and resource allocation in such a way that ensures appropriate and transparent allocation of public expenditure among competing priorities.

Participation and contribution influences budget priority

In many Woredas the word participation is primarily associated with people's contributions to capital projects, such as the building of schools and health posts or road maintenance. In meetings where budget priorities are discussed, people are asked to contribute; with labor, construction materials or cash. The value of these contributions are calculated, but not included in the budget. Through citizen's contributions more projects can be squeezed into the capital budget. Some Woredas state that one of the criteria for selecting which projects to prioritize is the readiness of the inhabitants to contribute.

Source: MoFED- *A Prototype for Regions, August 2009*

The Constitution of the Federal Democratic Republic of Ethiopia, adopted in 1995, provides directives for people's participation in the formulation of policies and in the budget process. various articles of the constitution provide that:

“ Government shall be transparent, and any public official or an elected representative is accountable for any failure in official duties ; citizens have the right to freedom of expression without any interference ;regional states shall grant adequate power to the lowest units of government ,regional states shall formulate and execute economic; social and development policies, strategies and plans of the state, and the right to levy and collect taxes and duties on revenue sources reserved to the states and to draw up and administer the state budget; the government shall at all times promote the participation of the people in the formulation of national development policies and programs; it shall also have the duty to support the initiatives of the people in their development endeavours,...” (MoFED- A Prototype for Regions, August 2009).

2.2.5. Impact of Time Gap Between Budget Receipt and Actual Expenditure on Budget Utilization and Expenditure Management

As noted by Mona Serageldin, David J. François V. and Elda S. (2005), also tried to show that since estimates of grant and revenue-sharing allocations are hardly ever made available to local governments in adequate time for them to prepare their own annual budgets. Then they enforced to practice to assume amounts equivalent to the previous year's transfers without any assurance that the budget amounts will actually materialize. Fluctuations in central transfers always lead to unplanned budget cuts or unplanned expenditures if the funds cannot be rolled over to the following year.

Public expenditure can be managed best by improving the allocation of those scarce resources in accordance with the priorities identified. Broad consultations that involve representatives of stakeholders and that incorporate feed back can help to facilitate prioritization. Hence, mechanisms that hold government accountable for allocating resources accordingly and making those allocations as transparent is an important task. Institutionalizing a process of reconciling actual expenditures with annual budgeted allocations as well as forward estimates with subsequent budget requests and publicizing all such reconciliations creates incentives for government; that is to stick to the expenditure priorities.” by referring World Bank report of 1998 (Theoretical & Empirical Research on Urban Management, (2010: p-101)

The experience of Brazil also shows that the necessity of a series of reforms to redefine the responsibilities of state and local governments by imposing fiscal management standards, spending limits on personnel expenditures and mandating the preparation of capital improvement programs. In countries of the West African Economic and Monetary Union, significant progress has been achieved in increasing the yield of local taxes, including assessments on property improvements and on informal economic activities (UN-Habitat Global Report, 2005-p23-24)

2.2.6. Active & Regular Monitoring and Evaluations System in Budget and Expenditure Management

Undertaking continuous and regular monitoring and evaluations of budget and expenditure practices and publicizing the results makes the concerned bodies more responsive to producing the outputs that they have promised to their citizens. On the other hand, establishing effective expenditure control system is another important component of expenditure management.

According to United Nations Center for Human Settlement (1992), “whoever is responsible for authorizing expenditure on a particular budget item must have regular and up-to-date information on the total amount spent and therefore, ascertain whether the balance is still available for commitment or not. This means the expenditure must be brought promptly to account in the municipal government's ledgers and that statements of spending to date must be provided on a regular basis to those controlling expenditure on each item. Local government officials also have to be made accountable for the allocation decisions that they make and for the efficient delivery of services. That is an appropriate balance between autonomy and accountability of the officials has to be struck.” (UN Center for Human Settlement, Training manual on Urban Local Government Finance, (1992:26))

According to World Bank (1998), institutionalizing a process of reconciling actual expenditures with annual budgeted allocations as well as forward estimates with subsequent budget requests and publicizing all such reconciliations creates incentives for government; that is to stick to the expenditure priorities. Similarly undertaking regular evaluations of programs and publicizing the results makes the concerned bodies more responsive to producing the outputs that they have promised to their citizens. On the other hand,

establishing effective expenditure control system is another important component of expenditure management. With regard to this, the budget system of municipal governments should promote objectives such as an efficient allocation of financial resources among programs, effectiveness of government operations and efficient financial management of government resources (Evaluating Public Expenditure, 2009: p-53).

In general, a well-functioning budgetary system ensures accountability in the sense that every action is transparent, every participant is held accountable, every action is properly documented and reported, and every action can be subject to independent, professional and unbiased audit and review (Wynne, 2004).

2.2.7. Trends in Public Expenditure Management

In recent years, there has been a dramatic rise of interest in public expenditure issues amongst governments, development agencies and the wider public. Developing countries face certain problems when it comes to PEM. This is because the resources are particularly constrained, the needed skills and information are inadequate, pressure to spend more than affordable is intense, and there are scarce reserves to ride out shocks or unexpected difficulties (Schick, 1999, p.29).

2.2.7.1. How Public Expenditure Management Operates?

Public Expenditure Management (PEM) operates through budget decisions, but differs from conventional budgeting in two important ways. First, PEM emphasizes not only on outcomes, but also on the procedures to get there. It is a method where procedural rules for budgeting must be complemented with clear policy goals and outcomes. Second, PEM takes a broader approach to management and fiscal issues than traditional budgeting. It includes institutions and arrangements that are not necessarily directly associated with budgeting, but might have a large impact on how efficiently the budget operates (Schick, 1999, p.1-2).

According World Bank (1998, p.17), the main objectives of public expenditure management are to achieve aggregate fiscal discipline, allocative efficiency, and operational efficiency. In other words, the total amount of money a government spends should be closely linked to what is affordable over the medium term and, in turn, with the annual budget (aggregate fiscal discipline). Such spending should be appropriately allocated to match policy priorities (allocative efficiency); and the spending should produce its intended results at least cost (operational efficiency). A lack of discipline and budgetary realism in making strategic policy choices leads to a mismatch between policies and resources, with the result being insufficient funding for operations. However, fiscal stability can also create an environment, which encourages sound allocative and operational performance. In turn, sound performance of these two feeds back into fiscal stability.

2.2.7.2. Aggregate Fiscal Discipline

Aggregate fiscal discipline deals with the interaction between revenues and expenditures. In a limited sense, a government maintains discipline as long as an increase in expenditure is matched by revenue increases. However, in a broader sense, maintaining fiscal discipline requires enforcing spending limits that do not require ongoing increases in revenue (Schick, 1999, p.12-13, 47). Thus, aggregate fiscal discipline means that budget totals should be the result of explicit, enforced decisions; they should not accommodate spending demands. The target expenditure totals should be set before individual spending decisions are made and must be sustainable over the medium and long-term (Schick, 1999, p.2). High fiscal deficit can hurt growth and employment by raising interest rates and inflation, creating exchange rate instability, and crowding out private and public investment. Hence, aggregate fiscal discipline is closely linked to the macroeconomic framework.

2.2.7.3. Allocative Efficiency

In the context of the poverty reduction support plan (PRSP), the budget is the mechanism for shifting resources to poverty-focused programmes. This requirement, that poverty programmes must be financed via the budget, makes it necessary for it to be linked to policy decisions and planning within the poverty reduction strategy (Broback & Sjolander, 2002, p.40-41). Allocative efficiency implies that public expenditures should be based on government priorities and on effectiveness of public programs. The budget system should encourage reallocation from less to higher priorities and from less to more effective programs (Schick, 1999, p.2).

2.2.7.4. Operational Efficiency

Operational efficiency involves cost effective public service, i.e. good value for money, in public expenditures. Two requirements for operational efficiency are predictable funding to spending units and timely audit. Delays on the presentation of audit reports are a serious handicap to effective oversight, since this prevents timely corrective action and the investigation of corruption (Fozzard and Simwaka, 2002, p.47). Predictable funding is essential since this is a prerequisite for effective planning in the spending units. Improved operational performance impacts poverty reduction by enhancing efficiency, ensuring that the government maximizes the benefits from scarce resources (GoM, 2001, p.35). If more resources are allocated to the poor, operational efficiency makes sure that the contribution makes a difference.

2.2.8. Commitment of Leaders and Employees

Leaders and employees with strong commitment on budgeting and managing expenditure can be taken as the pillar for the overall performance of the given organization. If the leader is committed and the employees are too, there will be no question for their productivity, effectiveness and operational efficiency in any activity they are involved. In governmental organization especially in budget and expenditure management such committed leaders and employees are the actors in fulfilling the need of their citizens.

According to Wynne (2004: P-26), a well functioning budgetary system ensures accountability in the sense that every action is transparent, every participant is held accountable, every action is properly documented and reported, and every action can be subject to independent, professional and unbiased audit and review. This can be insured if the leaders and employees working in a given organization are well committed and objective oriented in all of their performances specifically on budget and expenditure management. With regard to this, the budget system of municipal governments should promote objectives such as an efficient allocation of financial resources among programs, effectiveness of government operations and efficient financial management of government resources.

2.2.9. The Key Stages of Public Expenditure Management

The recent literature on public expenditure focuses more on the system of cash management because of the importance of timing, amount, and value of resources (Campo & Tommasi, 1999; Potter & Diamond, 1999; Allen & Tommasi, 2001; Hashim & Allan, 2001), but the implementation of a good cash management system needs strong support from a sound budget execution system and from effective accounting and reporting systems. Therefore, the interactions between the systems are integrated into a treasury management system. (Public Expenditure Management Reform: Conceptual Framework, January 2012: p-18).

Treasury Management		
Budget Execution	Cash Management	Accounting
➤ Approval of budget document as authority to spend	→ Budget implementation plan	• Maintain records of appropriation and warrants
➤ Commitment	→ In-month forecast & revised forecast	• Record, validate, post, and list all transactions
➤ Payment verification	→ Manage cash surplus/shortfall	• Maintain ledger accounts
➤ Payment	→ Cash limits (option)	• Consolidation and reporting

Table 1: The Sequences of Budget Execution, Cash Management and Accounting.

Source: Adapted from Potter & Diamond, 1999; Allen & Tommasi, 2001; Hashim & Allan, 2001

Budget preparation and implementation are the two major phases in the public expenditure management that are supported by several essential stages. Because this study focuses on budget utilization and public expenditure management it covers all the processes of budget implementation which includes budget execution, cash management, and accounting and reporting and budget preparation will not be discussed here because it is beyond the scope of this present study.

2.2.9.1. Authority to Spend

Following the approval of annual budget, line ministries have authority to spend money according to the appropriation for programs or economic classifications. But in many systems governments still need to convert these budget appropriations into detailed budget documents. As shown by Campo & Tommasi, 1999, Allen & Tommasi (2001), a budget document is prepared as an authority to line ministries or to spending units to utilize resources for the provision of goods and services for the current year.

Premchand, 1993; Hashim & Allan, (2001), also advised the uses of documents regardless of the variation in their types and the extent of controls imposed in each country; the format and detail of budget documents are influenced by the implementation of performance-based budgeting, classification of accounts, and cash planning. The document should be in line with the performance targets that are allotted to each spending unit, and should show the interaction among functions of PEM. Primarily, the budget document is a tool to control expenditure, in which commitment, payment, and accounting of each transaction should be in line with the detailed accounts. Every change in the accounts must be approved by the finance ministry; as a consequence, the more detailed the accounts the less flexible the execution of the budget (Public Expenditure Management Reform: Conceptual Framework, January 2012: p-20).

2.2.9.2. Commitment

According to Allen & Tommasi (2001), a good management of budget execution should record all commitments in order to show what payments will be claimed and when government should prepare and pay them. On the basis of the budget document, a spending unit can carry out contracts to provide goods and services, with invoices to be paid later.

The important issue here is how the government-spending unit can provide appropriate assurance to other parties providing services and goods that the commitments will be paid on time. As argued by Potter & Diamond (1999), the inability of government to pay increases the accumulation of payment arrears. But in principle, payment arrears should be eliminated or minimized in sound public expenditure management. However, some systems are not able to record the commitments and in other cases it is the responsibility of the spending unit rather than the finance ministry to keep these records (Indonesia Public Expenditure Review, 2007:23).

According to Noor F. Achmad (2012), the need for a commitments record can be minimized if a country has abundant cash resources. In a good treasury system, the finance ministry can assure spending units that all activities can be financed as long as fiscal shock does not occur; it is the responsibility of the ministry to manage all financial resources needed. But the system should also have the capability to easily adjust all allotments of spending units in accordance with macroeconomic conditions.

2.2.9.3. Verification

Hashim & Allan (2001), advocate that commitments being made are used as a means of control that guides deliver goods or services. At the verification process, the spending unit should check whether or not goods or services have been delivered as stipulated in the contract. Spending units should verify the amount and quality of the goods or services and also check the accuracy of invoices. After goods and services have been delivered, items are verified, bills are accepted, and then the spending unit prepares a payment order for the finance ministry. Spending units need to establish adequate check and balance mechanisms in order to fulfill all tasks, particularly checking the ordering and receipt of goods and services. The issue here is the extent to which the capabilities of spending units permit proper verification mechanisms (Public Expenditure Management Reform: Conceptual Framework, January 2012:21).

2.2.9.4. Payment Authorization

Allen & Tommasi (2001), explained the procedure for authorizing payment as follows; "In many countries, the body that authorizes payments is different from the one that receives the goods and services; or it can be in the same institution but with its functions carried out by a different division. Payment orders are prepared after goods and services have been received. If spending units hold a certain amount of money, another unit checks the payment order, usually or financial officer, to verify that it is within spending limits, and then a cheque is issued. Otherwise, if spending units do not hold money the payment request will be sent to the finance ministry for verification. However, in some systems, cash rationing is imposed on payment orders. Although goods and services have been rendered, a payment order will be issued only on the basis of the availability of allocated money."

2.2.9.5. Payment and Accounting

Payment is the process of transferring money from the finance ministry or spending unit to the provider or beneficiaries. In many countries, the finance ministry verifies payment orders that are sent by spending units. Payment verification by the ministry is an attempt to check whether the payment order is within budget ceilings, the classification of accounts is correct, the document has been properly signed by authorized persons, and the order is supported with adequate documents (Hashim & Allan, 2001). The payment order is paid either in cash, cheque, or electronic transfer to the receiver's bank account. However, this requires the ministry to manage the availability of cash. In some systems, miscellaneous expenses are paid out of petty cash held by the spending unit and should be managed in the principle of minimizing idle cash (Campo & Tommasi, 1999).

Regarding the accounting all government transactions should be recorded accurately and reported timely. Therefore, it is imperative to develop appropriate accounting systems. The core functions of accounting are the maintenance of records of spending authorization on budget documents, the recording of all transactions, maintenance of financial ledger accounts, and the presentation of reports (Allen & Tommasi, 2001).

2.2.10. Integrated Budget and Expenditure (IBEX) in Budget and Expenditure Management

Use of Information technology (IT) in PFM systems has gathered pace. It started out in the early 2000s through the development of a computerized Budget Information System (BIS) for reporting on budget performance and a Budget Disbursement and Accounting System (BDA) at MOFED and bureau of finance and economic development (BOFED) level, both systems being stand-alone. The accounts module manages the tracking of revenues and expenditures of public bodies: specifically, it records the financial transactions of budgetary institutions, captures the aggregated monthly accounting reports and provides accounting reports in the form of ledgers, financial statements, and management reports and transactions listings. In Ethiopia, IBEX was rolled out to BOFEDs during 2008/09 and, since the beginning of 2009/10, it has been further rolled out to regional sector bureaus and to woredas and municipality levels (MoFED, Octo, 2010: p-19).

2.2.11. Revision of Budget Appropriations During the Year

According to Barry H. Potter and Jack Diamond (1999), during budget implementation, many countries find that they wish, or need, to change the line item appropriations approved by parliament. Some such revisions are necessary and desirable, but excessive switching of budgetary provision between items of expenditure (virement) and excessive use of supplementary estimates cause difficulties, and usually indicates a lack of budget discipline.

Barry H. Potter and Jack Diamond (1999), reminded that although virement is an acceptable practice it should not be abused because: (1) Excessive virement is an indication that budget preparation has been too casual; such virement exercises are not costless (they absorb administrative resources) and they discourage effective expenditure planning.(2) The use of virement ostensibly for one purpose, which then "leaks" into another; for example, higher wages and salaries, is often a reflection of poor budget classification.(3)The switch may not be genuinely one for one--that is, the reduction taken on one line item is not sufficient to pay for the increased expenditure on another.

Excessive virement is linked to the second general problem of too great a use of supplementary estimates. Essentially a supplementary estimate is necessary under the law in most systems, if the expenditure on a line item is to exceed the amount provided for in the budget appropriation approved by parliament and the necessary additional amount cannot be accommodated by virement. The basic principle, of course, is that supplementary should not be necessary, as long as the budget is well prepared and any unexpected spending is covered from a contingency reserve. But, even in industrial countries supplementary do arise.

2.2.12. Contribution of Business Process Reengineering (BPR) and Business Score Card (BSC) in Budget and Expenditure Management

According to Hammer and Champy (1993), Business Process Re-engineering (BPR) was emerged to promote “the fundamental rethinking and radical redesign of business processes”. It is considered as one of the current major techniques of change management within organizations, and companies that have implemented reengineering successfully have reported that the benefits they gained included – quality and productivity improvement, production cycle time reduction, more profits and improved customer satisfaction. The successful examples of successful BPR report including an American insurance and financial services company, which gained more than \$50 million a year from the new process, which reduced the time to process new contracts by turning the number of quotes into closed deals (Hammer and Stanton, 1994).

Even though the concept of BPR was created for business organizations, currently it is assumed to benefit government organization in maintaining quality and service improvement, process cycle time reduction, in developing public confidence and improved customer satisfaction. Besides, it is a current government agenda in Ethiopia and is implemented in all government organization since 2008.

With regard to the balanced score card (BSC) written by Robert S. and David P. Norton. (1996), is the concept measures whether the smaller-scale operational activities of a company are aligned with its larger-scale vision and strategy. It helps provide a more comprehensive view of a business, which in turn helps organizations to act in their best long-term interests. Balanced Scorecard helps focus managers' attention on strategic issues and the management of the implementation of strategy, and can comfortably co-exist with strategic planning systems and other tools such as Business Performance Management (BPM).

In Ethiopian regardless of differences in the layers of government, BSC is currently introduced in all government organizations though the implementation level differs from region to region or from organization to organizations including the woredas and municipalities.

2.2.13. Rent-seeking Behavior of Personal in Budget and Expenditure Management

According to Leon Felkins (2009), rent-seeking refers to the behavior of individuals to make expenditure of resources in order to bring about an uncompensated transfer of goods or services from another person or persons to one's self as the result of a "favorable" decision on some public policy. Examples of rent-seeking behavior would include all of the various ways by which individuals or groups lobby government for taxing, spending and regulatory policies that confer financial benefits or other special advantages upon them at the expense of the taxpayers or of consumers or of other groups or individuals with which the beneficiaries may be in economic competition. The impact of rent-seeking behavior is too serious in budget and expenditure management as it directly diverts public benefit to individual directly or indirectly. This shows that if the budget given for the accomplishment of a given project is diverted by rent –seekers the intended government objectives will not be achieved. This in return erodes the economic development by increasing cost of public expenditure and reducing the quality of public facilities.

Almost all literatures cited above and others show the existence of inefficient budget utilization and expenditure management differently in different countries in which the studies have been carried out. The survey carried by Mona Serageldin, David J. François V. and Elda S. (2005), Claudio C. Acioly and A. Herzog et al (2002), (Wynne, 2004), Schick (1999,) Noor F. Achmad (2012), (Campo & Tommasi (1999); Potter & Diamond (1999); Allen & Tommasi (2001); Hashim & Allan (2001) and other prior findings were concentrated on the finding out problems related to funds (budget) leakage, budget allocation and problems of expenditure management and how they contributed to fund manipulation during the transfer and allocation process and the remedies made to tackle those practices. But the entire literatures do not touch the factors affecting utilization of budget and expenditure management at the lower level of management like municipalities where the actual budget is utilized and expenditure management is practiced.

But, this research tries to assess factors affecting budget utilization and expenditure management in government organization with especial emphasis at Batu Municipality through descriptive case study using both quantitative and qualitative data collected from primary and secondary data and analyzed through Excel Microsoft packages and tries to fulfill the gaps of prior research works.

3. Research Methodology

3.1. Description of the Study Area

The study was conducted in Oromia regional state, East Shoa administrative zone at Batu town. Batu town is one of the towns in Oromia Regional State that is empowered to be administered by their own municipality. It is found in East Shoa Administrative Zone, and is about 160 km South of Addis Ababa near the Lake Zeway on the main road from Addis Ababa to Moyale.

3.2. Methodology of the Study

This research was designed in away that it can provide the road map for the entire research work taking into account the research problem and objectives, this study used the descriptive research approach. Both quantitative and qualitative data were gathered and analyzed to resolve the research questions. Quantitative data of the municipality including secondary financial data of budget and expenditure was collected from the Batu Municipality finance and economic development office for the past five years (1999-2003 E.C) to analyze the efficiency in budget utilization and effectiveness in expenditure management. In addition, qualitative data was collected from the respondents using structured interviews, focused group discussion (FGD) and questionnaires to get more insight to the research questions.

3.2.1. Sample Design and Sampling Techniques

As already mentioned in the scope portion of the study, the population of this research comprised **392** employees of different governmental organizations including; Batu Municipality employees, Adami-Tulu; Jido-Combolcha administrative council employees, Batu town's social affair (including employees from education and health offices) and residents of town (the two kebele's offices). The sampling of this study constitutes **10%** of the population to be studied. The respondents were selected through stratified random sampling. The stratification of respondent was made on the basis of the similarity of the regular works they engaged. Within the given strata, a purposive sampling technique was used to gather valid and more informative data about the budget and expenditure management and to provide valid inferences about the whole population to be made from the survey results. Accordingly, 10 respondents selected from Batu Municipality, six (6) respondents from Adami-Tulu; Jido-Combolcha (A/T/J/K) administrative council, six (6) respondents were selected from education and health offices employees and 12 respondents from residents in the town selected randomly that constitute a total of **40** respondents. The detail of the sampling is as shown under:

No.	Strata	Types of respondents	Basis of sampling	Sample Size	Total no Respondents	Remark	
1.	1	Batu Municipality	Officers, experts & employees	Similarity of their Duties	10 respondents	10	
2.	2	A/T/J/K Administrative council	Executives and employees the council	Similarity of their Duties	6 respondents	6	
3.	3	Batu town's education and health offices employees	Officers, experts & employees	Similarity of their Duties	6 respondents from education and 6 respondents from health offices	12	
4.	4	Residents of the town	Officers & employees of kebeles	Randomly selected	6 respondent x 2 Kebeles	12	
Total respondents						40	

Table 2: Sample Design

Source: Researcher's Own Computation, 2012

3.2.2. Data Source, Type and Collection Procedure

3.2.2.1. Data Source

Data collection is the basis for the research and research result is highly depends up on the quality, reliability and validity of the data and its source. To ensure this the researcher used both primary and secondary data sources. To obtain primary data, questionnaires (both closed ended and open ended) was developed from an extensive review of literature and designed on the basis of the research questions. Then the questionnaires were distributed to respondents after thoroughly discussed by academicians, then tested and re-checked. In addition to the above primary data collection techniques structured interviews and focused group discussion (FGD) was also made carefully with selected groups from the municipal office and other offices in the town.

Secondary data of five consecutive years (1999-2003 E.C.) was gathered from Batu Municipality Finance and Economic Development Office. These included budget and expenditures guidelines, annual budget proclamations, and allocation and transfer documents, periodic performance and financial reports, performance evaluation reports/minutes, and other relevant publications.

3.2.2.1.1. Test of Content Validity

To test content validity, the formula developed by C. H. Lawshe (1975), as it is one of the widely used methods of measuring content validity. It is essentially a method for gauging agreement among raters or judges regarding how essential a particular item is. The model used by C.H. Lawshe is presented us under.

Lawshe (1975) proposed that each of the subject matter expert raters (SMEs) on the judging panel respond to the following question for each item: "Is the skill or knowledge measured by this item 'essential,' 'useful, but not essential,' or 'not necessary' to the performance of the construct?" According to Lawshe, if more than half the panelists indicate that an item is essential, that item has at least some content validity. Greater levels of content validity exist as larger numbers of panelists agree that a particular item is essential. Using these assumptions, Lawshe developed a formula termed the content validity ratio: $CVR = (n_e - N/2)/(N/2)$ where CVR = content validity ratio, n_e = number of SME panelists indicating "essential", N – total number of SME panelists. This formula yields values, which range from +1 to -1; positive values indicate that at least half the SMEs rated the item as essential. The mean CVR across items may be used as an indicator of overall test content validity.

Source: Adopted from Wikipedia, the free encyclopedia, May, 2012

Accordingly the researcher developed content validity test on the basis of C. H. Lawshe formula by distributing the questionnaire prepared to gather data from respondents about how they perceive the budget and expenditure management in Batu Municipality to seven (7) persons including my advisor and five (5) of them indicated that an item is 'essential, to measure the efficient and effective budget and expenditure management in the municipality while two (2) of the rate it as 'useful, but not essential.'. Then the researcher analyzed their response and finally assured the content validity.

$$CVR = \frac{(ne - N/2)}{(N/2)}$$

Where:

CVR = Content validity ratio, **ne** = number of Subject Matter Expert panelists indicating "essential", **N** = total number of SME panelists.

$$CVR = \frac{(5-7/2)}{(7/2)}$$

$$CVR = + 0.429$$

According to C. H. Lawshe, if the formula yields CVR which range from +1 to -1; positive values indicate that at least half the SMEs rated the item as essential and so does my CVR which is + 0.429. The mean CVR across items may be used as an indicator of overall test content validity.

3.2.2.1.2. Test of Reliability

Joppe (2000: p. 1), defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. To insure the reliability of this study research pilot test on questionnaire was carried out two times and the questionnaire is distributed after its consistence and accuracy rechecked by different intellectuals. To maintain the accuracy and consistency of data entry and to reduce the error rate, double data entry system (entering the same data using two sheets) were used.

3.2.2.2. Data Type and Collection Instruments (Techniques)

The researcher appointed four assistants that participate in the distribution and collection of both primary and secondary data. The researcher and the assistants summarized responses of the survey questionnaires and gathered data from respondents. The searcher was also conducting focus group discussions (FGDs) each with a group of 8 (eight) officials and experts from finance offices and selected persons and collected information from secondary sources. Completed questionnaires will be collected directly from the respondents and this was enabled the researcher to clarify any issue that may be not clear to respondents. Moreover, structured face-to-face interview was used to substantiate the data for the entire research work.

3.2.3. Methodology Used for Data Analysis

The data collected from the primary and secondary sources was analyzed using different descriptive statistical methods. Drifts in revenue collection efficiency and effectiveness in expenditure management was arrived at using trend analysis and causal relationships were construed from cross-tabulation. Spreadsheets packages like Microsoft excel was used to prepare appropriate accurate charts and tables for data presentation. The researcher proposes to use total scores to rank the responses. In the study ratios of budget and its actual utilization and planned expenditure and actual expenditure was used to evaluate municipality efficiency and effectiveness in budget utilization and expenditure management. Finally, percentages tables, charts, ratios, diagrams and graphs will be used in data analysis and to display the outputs of data in order to present clearly and infer meaning from the collected data.

4. Data Analysis and Discussion

4.1. Introduction

The source of resources for municipal government is from budget which is transferred form central /regional government and from municipal's own functions as defined in Ethiopia's proclamation number 74 of 1974. Woredas and urban administrations receive 80% or more of their total budgets from the transfer of resources that takes place from federal to regional level and then from regions to the Woredas and urban administrations within their jurisdiction. The federal subsidy transfer is primarily executed in the form of a block grant. It is not distributed in small portions, earmarked for sectors, such as agriculture, roads or education. It is up to the municipalities to prioritize how the received subsidy will be used – in accordance with national priorities. Woredas and urban administrations also collect taxes from land rents and building taxes, licenses on trades and professions, market fees, fees for municipal services slaughter houses, fire bridge services, building design permit, property registration and surveying, etc.

The forth-coming analysis presents the results of this study regarding budget allocation, its utilization and expenditure management, and the factors affecting budget and expenditure of Batu Municipality from 1999 to 2003 E.C.

4.2. Analysis Related Budget allocation of Batu Municipality

According to Ethiopia proclamation No. 12/2004, woredas are the ones who decide the prioritization; allocation and spending of their budgets. In make decision about the prioritization and allocation of resources to different activities they are expected to combine federal and regional development objectives with local planning initiatives. In the case of Batu Municipality Table 3, shows the analysis of data obtained from the survey and its result.

Question	Response	Frequency	Percentage of response to total respondents
What is the basis of your budget allocation to different activities?	Municipal development strategy	8	20%
	Implementation capacity of Municipality	0	0%
	Regional development direction	20	50%
	Municipal short-medium & long term plans	0	0 %
	Based on community needs	12	30%
	Without any basis	0	0%
Total		40	100%

Table 3: Basis of resource allocation to different activities in Batu Municipalities.

Source: Primary Data

According to the data in the above table, 50% of the respondents believed that the allocation base of budget to different activities as though it is inline with the regional development direction, while 30% of the respondents understand it as the allocation is based on the community needs and still another 20% of the respondents argue as the allocation is in accordance with municipality development strategy. The reason for such confusion on the basis of budget allocation to different activities among respondents as confirmed through interview during the survey is lack of adequate information about how budget is allocated by municipality to different activities. In the municipality only those municipal staff members who have better knowledge regarding municipal functions in the planning process are involved. The residents of the town do not participate during the planning stage. After identifying the activities to be preformed annually, the municipality allocates budget to achieve the objectives identified. Once the budget was approved, the remaining task was accomplished by the staff (employees) of municipality.

According to the data obtained from Batu Municipality FEDO, it is clearly shown that the municipality budget is showing gradual increases from budget year to budget year for the past five years. However, the budget allocation between recurrent and capital is not consistent from year to year. The proportion of capital budget to total budget was 9.78% in the 1999 budget year but decreased to 4.80% in the 2000 budget year while the recurrent budget increases from 90.22% in the year 1999 to 95.20% in the 2000 budget year. But the reverse allocation process occurs from the 2001 budget year on wards. Figure 2 indicates the budget allocation between recurrent and capital projects in the last five consecutive budget years (1999 to 2003 E.C.in Ethiopia Birr).

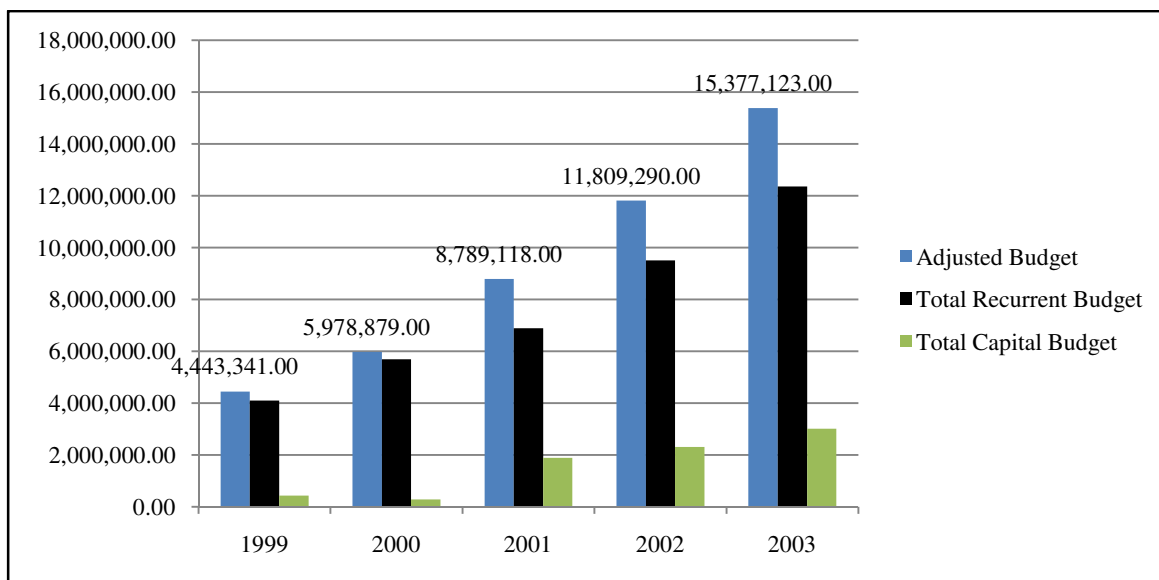


Figure 2: Batu Municipality's Budget Allocation between Recurrent & Capital project

Source: Batu Municipality Documentation FEDO, 2003 E.C.

As shown in the above Figure 2, the municipality's allocation of its budget between recurrent and capital project was showing increase since 2001 but its proportion to recurrent budget was not satisfactory. As a result, there is only very few capital investments in the town.

When the allocation of budget is analyzed from the point of view of the activity to be performed during the budget year the percentage allotted for developmental activity (capital project) was insignificant as its share to total budget allotted approaches to the budget reserved for contingency. Table 4 shows the total percentage share budget allotted to different functions of municipality from the budget year 1999 to 2003 E.C.

Serial No.	General Activity Category	Budget in Years (In Ethiopian Br)					Amount of Budget from 1999-2003 (Br)	Percentage of Budget to Each Activities
		1999	2000	2001	2002	2003		
1	Administrative & general	1,020,165.00	1,309,155.00	3,403,628.00	2,608,432.69	3,727,353.27	12,068,733.27	26.01%
2	Developmental	434,212.00	282,795.00	353,299.00	514,969.00	1,800,000	3,385,275	7.30%
3	Social service	2,902,155.00	4,247,846.00	4,796,869.00	8,669,296.31	9,278,297.35	29,894,369.73	64.43%
4	Contingent	86,809.00	139,083.00	235,322.00	16,685.93	571,473.07	1,049,373	2.26%
Total budget		4,443,341	5,978,879	8,789,118	11,809,290	15,377,123	46,397,751	100%

Table 4: Budget Allocation to Different Functions for the last five years (1999-2003 E.C.)

Source: Batu Municipality documentation, 1999-2003 E.C.

As depicted in the Table 4 above, the loin share the functional budget allocation is taken by social service functions, which were 64.43%, which is used to finance expenditures for education, health and social securities etc. As defined in proclamation No74 of 1945 and No 206 of 1981 budget allotted for capital project (developmental function) is used to finance constriction of inside roads, public recreation centers, public libraries, slaughterhouses etc of the municipality, but the percentage share budget allotted to capital project is 7.30%. This shows that the budget for each function is not properly planned and allotted. To put it more clearly, inefficient budget allocation to capital project without due attention to its contribution to the national development and simply focusing on recurrent operation may be the result for inability to achieve the intended development goal.

There is also an indication for inefficient allocation of budget between recurrent and capital project activities from the responses of the respondents even though the majority of the respondents argue for fair allocation of budget .As can be seen from the table below though 70% of the respondents argue for fair resource allocation, 30% of the respondents confirm inefficient allocation between recurrent and capital budget and this is inline with the information obtained from the municipality's finance and economic development.

Question	Response	Frequency	Percentage of response to total respondents
Do you think that the municipality allocates resources fairly between recurrent and capital project activities?	Yes	28	70%
	No	12	30%
Total		40	100%

Table 5: Analysis Budget Allocation of Municipal between Recurrent and Capital Project.

Source: Primary Data

According to MoFED (2009), identification of community (stakeholder) concerns, needs, and priorities are integral to practices in addressing the development and dissemination of broad goals. Interaction with community (stakeholders) is encouraged as a means to identify their needs, concerns, and priorities and to inform them about issues affecting the government, including available resources. It has also strong input in assessing the stakeholder satisfaction with programs and services and progress toward achieving goals. Moreover, citizens also have the right to say about planning and budget priorities and need to know and be involved in how the country's resources are being used. But the data obtained through this study shows that the municipality participates during the identification of priorities, planning and budgeting stage, only those municipal staff members who have better knowledge regarding municipal functions and officials from different sectors. The residents of the town do not participate during the identification of priorities, planning and budgeting stage. The Table 6 below depicts the level of participation residents in having voice in the annual allocation of capital investment budget in Batu Municipality.

Question	Response	Frequency	Percentage of response to total respondents
Does the municipality allow residents to have a voice in the annual allocation of capital investments budget?	Adequate	24	60%
	Not Adequate	16	40%
Total		40	100%

Table 6: Residents Participation in Identification of Priority, Planning and Allocating Capital Investment Budget.

Source: Primary Data

As indicated in above table, 60% of the respondents are arguing for the existence of adequate involvement of residents’ voice in identifying investment priority, planning and budgeting, as officials are involved in the process. The remaining 40% of the respondents are complaining for absence of resident voice in identifying investment priority, planning and budgeting. This shows that there is a partial involvement of residents in the intended identification of investment priority, planning and budgeting and it lacks full participation of residents.

4.3. Analysis Related to Budget Utilization of Batu Municipality

As shown by Campo & Tommasi, 1999, Allen & Tommasi (2001), a budget document is prepared as an authority to line ministries or to spending units to utilize resources for the provision of goods and services for the current year. Municipalities in Ethiopia are among public institutions that are expended to utilize their financial resources to deliver service and infrastructure for their citizens. To investigate the case of Batu municipality, Figure 3 statistics have been used.

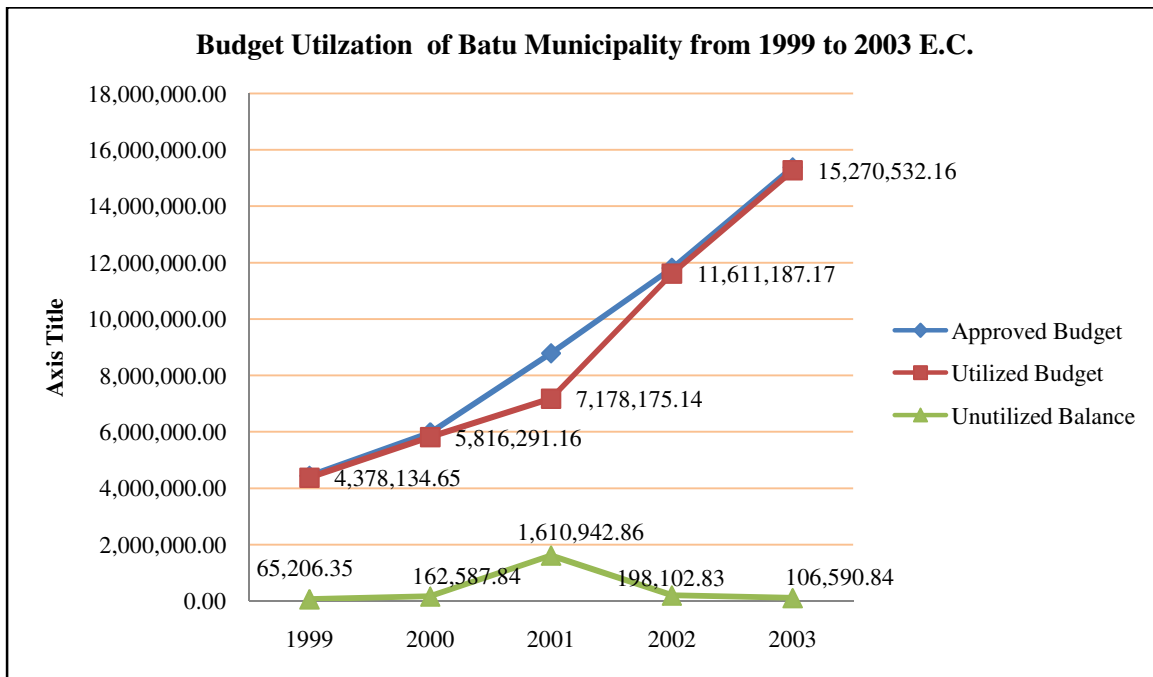


Figure 3: Budget Allocation and Utilization of Batu Municipality from 1999 to 2003 E.C.

Source: Batu Municipality Documentation, 1999-2003 E.C.

According to the data in Figure 3 above, the municipality’s budget utilization shows high performance for the period under discussion with the exception for the year 2001 shows unutilized balance of 18.33%. The budget utilization in the budget year 2000 show a slight decrease as compared to the budget utilization in 1999 which was 97.28% and 98.53% respectively. The budget utilization of the municipality after the budget year 2000 shows a gradual increase and the average budget utilization for the last five years (1999 to 2003) was 95.38%.

Regarding the manner of budget release and its disbursement process 90% of the respondents responds as the municipality makes fast disbursement following the release of budget. The remaining 10% of the respondents are arguing for not fast but medium disbursement process as the budget release for capital project delay was experienced in the first quarter. But for recurrent budget there exist a timely disbursement as its budget is released regularly (1/12 of the total budget each month). But according to Mona Serageldin, David J. François V. and Elda S. (2005), fluctuations in central transfers always lead to unplanned budget cuts or unplanned expenditures if the funds cannot be rolled over to the following year. Table 7, shows the respondents response on how was the budget release and disbursement process of Batu Municipality from 1999 to 2003 E.C.

Question	Response	Frequency	Percentage of response to total respondents
How was the budget release and disbursement process?	Very fast	0	0%
	Fast	36	90%
	Medium	4	10%
	Slow	0	0%
	Very slow	0	0%
Total		40	100%

Table 7: Analysis of respondents’ response on the budget release and disbursement process in Batu Municipality from 1999 to 2003 E.C.

Source: Primary Data

With regards to the timely release of budgeted fund to municipality from federal/ regional government in the form of transfer, 57.5% of the respondents agree on the timely release of budgeted funds to the municipality. However, 42.5% of the respondents respond for untimely release of budget to municipality. The result of interview also shows that the budget for recurrent expenditure like salary and administrative expenditure is released timely to municipality while the budget for capital project investment may delay from two to four months. Table 8 summarizes the respondents' response.

Question	Response	Frequency	Percentage of response to total respondents
Is the budgeted funds released in a timely manner to the municipality?	Yes	23	57.5 %
	No	17	42.5 %
Total		40	100%

Table 8: Analysis of the Manner of Fund Release to Batu municipality

Source: Primary Data

Nations Center for Human Settlement (1992), expenditure must be brought promptly to account in the municipal's ledgers and that statements of spending to date must be provided on a regular basis to those controlling expenditure on each item. The consistency in budget utilization through out the year as compared to the plan by the local governments like municipalities helps to monitor and measure periodic performance of efficient utilization resources and to take appropriate measure for inefficiencies and thereby enhancing the efficient utilization of resources in future periods. The data Table 9 shows analysis of how consistently the budget has been utilized in Batu Municipality.

Question	Response	Frequency	Percentage of response to total respondents
Consistency in budget utilization through out the year as compared to the plan.	Very High	0	0%
	High	29	72.5 %
	Low	11	27.5 %
	Not Consistent	0	0 %
Total		40	100%

Table 9: Respondents' Response on Consistency in Budget Utilization in Batu Municipality

Source: Primary Data

As indicated in the above table, 72.5% percent of the respondents reflect the existence of consistency in budget utilization through out the year as compared to the plan. But 27.5% of the respondents evaluate the consistency in budget utilization through out the year as compared to the plan was low. The information from the survey interview and focal group discussion (FGD) also shows such conditions regarding the consistency in budget utilization. The reason for this is that the municipality utilizes consistently its recurrent budget as its release is not delayed. But for capital project budget since the release of the budget may delay for three to four months the municipality didn't consistently utilize it appropriately even though it tries to expend the total approved budget until the end of the budget year.

The length of time normally taken for capital project budget, from its receipt to its actual expenditure is one of the determinants for efficient budget utilization and its effective expenditure management. The smaller the time gap between capital project resources receipt and its actual expenditure the fast will be the utilization of the resource to the intended project and vice – versa. The problems pertaining to such gap has its own impacts on utilization of budget. If the budget is released on timely basis the municipality will be relaxed in making necessary expenditure to achieve the budget objectives. But, if there is large time gap between the budget release and actual disbursement it makes the municipality to run out of time in making expenditure for the intended project, which may also result in inefficient utilization of resources. The Table 10 shows the analysis of length of time normally taken for capital project budget, from receipt to its actual expenditure by Batu Municipality.

Question	Response	Frequency	Percentage of response to total respondents
Length of time normally taken for capital project budget, from receipt to its actual expenditure.	Less than one week	6	15%
	One Week	0	0%
	Two weeks	0	0%
	Between one & two months	0	0 %
	More than two months	34	85%
Total		40	100%

Table 10: Analysis of the length of time taken for capital budget from receipt to its expenditure.

Source: Primary Data

As clearly depicted in the Table 10 above, 85% of the respondents confirmed that the length of time normally taken for capital project from the receipt of its resources to actual expenditure for specific project. Moreover, the information from FGD and structured interview indicate that the expenditure procedure for capital project needs special procurement process also widen the gap between resource receipt and the intended expenditure to delay in the release of the resources. Still the remaining 15% of the respondents understand, as the time taken for capital project from the receipt of resource to actual expenditure was less than one week.

According to United Nations Center for Human Settlement (1992), "whoever is responsible for authorizing expenditure on a particular budget item must have regular and up-to-date information on the total amount spent and therefore, ascertain whether the balance is still available for commitment or not. Besides, it is also uses for measuring performance against the plan and for controlling expenditure. In the case of Batu Municipality, the Table 11, below is summary of analysis on how often the budget monitoring and evaluation takes place.

Question	Response	Frequency	Percentage of response to total respondents
How often budget monitoring and evaluation takes place?	One per Year	12	40 %
	Two times per year	0	0%
	Three times per year	0	0%
	Four times per year	28	60%
	None	0	0%
Total		40	100%

Table 11: Analysis of how often budget monitoring and evaluation takes place.

Source: Primary Data

The information in the Table 11, shows that 60% of the respondents responded for that the municipality makes monitoring and evaluation four times per year. While the remaining 40% of the respondents, are arguing for the existence of monitoring and evaluation one per annum in the municipality. The effectiveness and efficiency of a given organization is determined in terms of capable and skilled manpower engaged in a given operation. In organization with qualified and skilled professional the rate of resource utilization in an efficient manner and the achievement of the intended goal in an effective way can be maximized and the opposite is true in an organization with unqualified and unskilled manpower. Table 12 shows the responses of the respondents with regard to the availability of skilled manpower working on budget and expenditure sections of Batu Municipality Finance and Economic Development Office for the period under the study.

Questions	Total No. of Respondents	Response and its Frequency		Relative Percentage of response	
		Adequate	Not Adequate	Adequate	Not Adequate
Availability of skilled manpower in budget and expenditure sections	40	14	26	35%	65%
Managerial competence on monitoring and evaluation the of budget utilization.	40	16	24	40%	60%
Clarity of structure, roles and responsibility in the municipality's FEDO	40	35	5	87.5%	12.5%

Table 12: Analysis of the Availability of Skilled Manpower, Managerial Competency and Clear Structure, Roles and Responsibility

Source: Primary Data

The figure in Table 12 above shows, 65% of the respondents are arguing for the inadequate availability of skilled manpower working on budget and expenditure sections of the municipality while 35% of them are responding adequate availability of skilled manpower working on budget and expenditure sections. The interview result also shows the same result that some employees assigned on the expenditure and other related sections are graduates of another field of study instead of accountants in filed of accountancy.

According to Wynne (2004: P-26), if the leaders and employees working in a given organization are well committed and objective oriented in all of their performances specifically on budget and expenditure management, in government organizations like municipalities, the problems of budget utilization will be minimized. In the case of Batu Municipality, the Table 12 above depicted that 60% of the respondents understood the existence of adequate managerial competence on monitoring and evaluation of budget utilization while 40% of the respondents complained for existence of inadequate managerial competence. The interview result on managerial competence also reflected the existence of managerial incompetency in municipality in the period under the study. This was causes for high managerial turn over and for frequent assignment managers in the municipality.

Existence of clear structure and well-defined roles and responsibility is one of the critical areas that need special emphasis. If structure is clear and responsibilities are indicated specifically confusion will be minimized and each employee will perform effectively. With regarding to Batu municipality, Table 12 above showed that 87.5% of the respondents confirmed the existence of clearly defined structure as well as roles and responsibility in the municipality where as 12.5% of the respondents disagreed for its existence. The result of interviews and FGD also confirm the existence of clearly defined structure as well as roles and responsibility. But some

employees of municipality do not discharge their responsibilities because of their personal negligence behavior and lack of commitment.

4.4. Analysis related to Expenditure Management

According World Bank (1998, p.17), good public expenditure management requires budget planning and preparation. To be fully effective, the public expenditure management system requires effective means for achieving a resource allocation that reflects expenditure policy priorities and efficient delivery of public services. Municipalities in Ethiopia are one of such public institutions and they expend their financial resources to deliver service and infrastructure for their citizens. The recent literature on public expenditure focuses more on the system of cash management because of the importance of timing, amount, and value of resources (Campo & Tommasi, 1999; Potter & Diamond, 1999). Decision make to resource allocation and to take corrective action are highly dependent on timely and quality of expenditure report. With the case of Batu Municipality, Table 13 shows the summary of analysis regarding expenditure management during the period under the discussion.

Questions	Total No. of Respondents	Response and its Frequency		Relative Percentage of response	
		Adequate	Not Adequate	Adequate	Not Adequate
Timeliness and quality of budget utilization and expenditure reporting	40	37	3	92.5%	7.5%
Coordination among budgeting and expenditure section on budget utilization	40	32	8	80%	20%
Existence of clear guide lines, directives and work manuals etc for budgeting and expenditure management.	40	34	6	85%	15%
Availability of structure for expenditure control form legal view of budget	40	31	9	77.5%	22.5%
Identification of critical strategic issues for improving efficacy of public spending programs by the municipality.	40	20	20	50%	50%

Table 13: Analysis Existence of Timeliness & Quality report, Co-ordination, Clear Guidelines, and Identification of Critical strategic issues.
Source: Primary Data

As can be seen in the Table 13 above, 92.5% of the total respondents confirmed the existence of timely and quality of budget utilization and expenditure report when 7.5% of the respondents responded for non-existence of timely and quality in budget utilization and expenditure management. The data obtained from secondary sources of the municipality also confirm the existence of timely report (both quarterly and annual). Expenditure management will be effective if there is strong coordination between budgeting and spending section the use of budget and expenditure document. Primarily, the budget document is a tool to control expenditure, in which commitment, payment, and accounting of each transaction should be in line with the detailed accounts. With regard to Batu Municipality's, in the Table 13, shows that 80% of the total respondents in this study agreed on the existence of adequate coordination among budgeting and expenditure section of Batu Municipality whereas 20% of them do not agree on the existence of coordination in the stated sections. The information from FGD also confirmed the existence of coordination among budget, spending and other related sections of the municipality.

Currently in Ethiopia, there is recognizable improvement in the enabling environment for better financial management. Many guidelines, directives and proclamations have been issued regarding budgeting and expenditure management. "A legal framework for expenditure management and procurement at Federal and sub-national level has been established to enhance better utilization of resources. A revised financial law that takes into account the development of fiscal decentralization has been completed for approval and the related directives and standard bidding documents have been approved and implemented ..." (Ethiopian Public Sector Capacity Building Program (PSCAP) Support Project Mid-Term Review Aide Memoire March 19-April 10, 2008). In the case of Batu Municipality, the data in Table 13 above depicted that 90% of the respondents confirmed for the existence of clear guide lines, directives and work manuals for budgeting and expenditure management though 10% are not agreed about their existence. The result during survey indicates the existence of adequate clear guidelines, directives and work manuals in the municipality.

According to Nations Center for Human Settlement (1992), the person in charge of the responsibility over spending must have regular and up-to-date information on the total amount spent and therefore, ascertain whether the balance is still available for commitment or not. This means the expenditure must be brought promptly to account in the municipal government's ledgers and that statements of spending to date must be provided on a regular basis to those controlling expenditure on each item. Local government officials also have to be made accountable for the allocation decisions that they make and for the efficient delivery of services. In the case of Batu Municipality, the data depicted in Table 13 above, 77.5% of the respondents agreed on the availability of adequate structure for expenditure control form legal view of budget while the remaining 22.5% responded for inadequacy of structure for expenditure control.

Identification of critical strategic issues for improving efficacy of public spending programs is among the core areas of expenditure management. Public expenditure can be managed best by improving the allocation of those scarce resources in accordance with the priorities identified. Broad consultations that involve representatives of stakeholders and that incorporate feed back can help to facilitate prioritization. To understand the case of Batu Municipality with regarding to this the data in Table 13 above shows that 50% of the respondent in support of the adequate existence of identification of critical strategic issues for improving efficacy of public spending programs by the municipality while the other 50% of the respondent responded for inadequate existence of identification of critical strategic issues. Further more, information obtained from the interview of the survey and written justifications of questionnaires rectified that only cabinet and officials were involved in budget planning and setting priorities without giving adequate room for the public. Meeting with public by the municipality seems to introduce the amount of contribution expected from each head in the following budget period than to obtain their voice in planning, budgeting and setting project priorities. But what is practically expected from the woreda or urban administration is to provide an opportunity for citizen to present their input priorities for the strategy plan. Citizens can voice their concerns regarding immediate needs and urgent priorities. Public officials get to know what people's concerns are before the budget priorities have been established. Public officials get to know what people's concerns are before the budget priorities have been established. Citizen's consultations and meetings are needed at different phases of budgeting and resource allocation during the year. But the practice in Batu Municipality with regard to public participation seems a sort of fulfilling formality as per the information received from interview.

Regarding procedure for competitive procurement and systems for managing procurement the new procurement proclamation (No. 430/2005) has been approved at Federal level and adopted by all Regions except Afar and Harari in Ethiopia. The approved procurement bill and standard bidding document is implemented at all levels and training was provided on how to implement it at all levels of government Federal, Regional, and at woredas and municipalities. In the case of Batu Municipality, the same thing is reflected according to the analysis summarized in Table 14.

Questions	Total No. of Respondents	Response and its Frequency		Relative Percentage of response	
		Yes	No	Yes	No
Is there adequate and transparent procedure for competitive procurement and systems for managing procurement?	40	35	5	87.5%	12.5%
Is there clear accounting and well-documented procedures in the municipality?	40	7	33	17.5%	82.5%
Is there adequate track of transactions and movements between appropriations or budget items (apportionment, varmints, and supplementary estimates)?	40	80	20	80%	20%

Table 14: Transparent procedure, Documentation, system of tracking transactions movements.

Source: Primary Data

As depicted in Table 14 above, 87.5% of the total respondents confirmed the existence of adequate and transparent procedure for competitive procurement and systems for managing procurement while, 12.5% of the was responding for absence of adequate and transparent procedure for competitive procurement and systems for managing procurement. Regarding the accounting, government has to develop appropriate accounting systems to record all transactions accurately and to report timely. The core functions of accounting are the maintenance of records of spending authorization on budget documents, the recording of all transactions, maintenance of financial ledger accounts, and the presentation of reports. In the case of Batu municipality, the in the Table 14 shows that 82.5% of the respondents responded for the absence of clear accounting and well-documented procedures in the municipality while 17.5% of the respondents agreed for the existence of clear accounting and well documented procedure in the municipality. The result of the information from interview also revealed that the manner it maintains its document (its documentation) is disappointing. Receipts, invoices and files are mixed and laid (accumulated) on the floor of the documentation room. This makes it very difficult to find a single file, which may take one or more days to get the needed document.

The budget system should assure effective expenditure control. In addition to a realistic budget to begin with, a good budget execution system should have a complete budgetary/appropriation accounting system. It is necessary to track transactions at each stage of the expenditure cycle (commitment, verification, payment) and movements between appropriations or budget items (apportionment, virements, supplementary estimates). It should also have effective controls at each stage of the expenditure cycle and there should be transparent procedures for competitive procurement and systems for managing procurement and contracting out (ADB –managing government expenditure, 1999: page 25-27). With regard to the practice of Batu Municipality, almost the same thing is in place in accordance with the budget guidelines. The data in Table 14 above depicted that 80% of the respondents confirmed the existence of adequate track of transactions and movements between appropriations or budget items where as 20% of them do not agree about its existence.

4.5. Analysis Related to Factors Affecting Budget and Expenditure Management

Budget and expenditure management may be affected by different factors at different stage- starting from the formulation of budget and its corresponding expenditure to final performance report. Some factors positively affect budget and expenditure management by facilitating environment for their implementation and thereby enhancing performance. Still other factors pose negative impact on

budget and expenditure and consequently hinder their performance by making the implementation environment more challenging. Therefore, it is imperative to assess and analyze those factors to know their impact and make use of them for better budget utilization and expenditure management performance. In doing so, the five point Likert scale questionnaire to collect primary data from the respondents was used.

Code of the Factor Assessed	Scoring Scales and Their Relative Frequencies					
	1	2	3	4	5	Total respondents
	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree	
1	0	4	4	28	4	40
2	0	0	11	29	0	40
3	3	5	0	26	6	40
4	8	0	0	27	7	40
5	4	0	0	23	13	40
6	0	9	3	28	0	40
7	0	0	2	18	20	40
8	0	28	0	2	10	40
9	0	12	16	0	12	40
10	3	30	0	2	5	40

Table 15: Shows a summary of factor analysis in a tabular form
Source: Primary Data

William G. Zikmund, (1997: p -540-451), support the transformation of data (changing data's original form to a format that is more suitable to perform data analysis) that will achieve the research objectives. Researchers often modify the value of scalar data or create new variables by collapsing or combining adjacent categories of variables in order to reduce the number of categories. According to him, the "strongly agree" response category and the "agree" response category have to combine and form a new single category. The "strongly disagree" response category and the "disagree" response category have also to be combined into single category. This results in the "collapsing" of the -five category scale down to three. Using this transformed data Likert's summative score for an attitude scale with three statements is calculated in the following manner.

NB:

$$\text{Summative Score} = \text{Variable 1} + \text{Variable 2} + \text{Variable 3}$$

- Grand mean of the response is calculated as:
$$\mu = \frac{5*(f5) + 4*(f4) + 3*(f3) + 2*(f2) + 1*(f1)}{\text{Total number of respondents}}$$

Where: μ = Grand mean

f = frequency of the value

5,4,3,2,1 = values assigned to strongly agree, agree, neutral, disagree and strongly disagree respectively,

- If the grand mean (μ) is greater than three (> 3), that the value assigned to neutral response, it is assumed as the respondents are slightly agreeing. If the grand mean is less than three (< 3), it is assumed as the respondents are slightly disagreeing. Finally, if the grand mean is exactly three ($= 3$), I assumed as the respondents are not willing to give any response.

Onwards, in this study regarding the analysis of factors affecting budget and expenditure management, this concept was used.

Ser.No.	Factors	Five (5) Points Likert's Scale												3Points scale			Grand Total = (f) + (d) + (g)	Grand Mean = $\frac{(f)+(d)+(g)}{\text{Total Respondents}(40)}$			
		Strongly agree			Agree			Neutral			Disagree			Strongly Disagree							
		Value(v)	Frequency (F)	V x F = (a)	Value(v)	Frequency (F)	V x F = (b)	Value(v)	Frequency (F)	V x F = (d)	Value(v)	Frequency (F)	V x F = (e)	Value(v)	Frequency (F)	V x F = (f)			(a) +(b) = (c)	(d)	(e) +(f) = (g)
1	Coordination between budgeting and expenditure	5	4	20	4	28	112	3	4	12	2	4	8	1	0	0	132	30	8	170	4.3
2	Existence of efficient and appropriate budget utilization	5	0	0	4	29	116	3	11	33	2	0	0	1	0	0	116	33	0	149	3.725
3	BPR enhances budget and expenditure management practices	5	6	30	4	26	104	3	0	0	2	5	10	1	3	3	134	0	13	147	3.675
4	BSC has a positive impact on budget and expenditure Management	5	7	35	4	27	108	3	0	0	2	0	0	1	6	6	143	0	6	149	3.725
5	Rent seeking behavior of personals is a reason for poor expenditure management	5	13	65	4	23	92	3	0	0	2	0	0	1	4	4	157	0	4	161	4.025
6	Time gap between budget receipt and actual expenditure is a factor that negatively affect budget utilization & expenditure management	5	0	0	4	28	112	3	3	9	2	9	18	1	0	0	112	9	18	139	3.475
7	The municipality focuses more on providing resources to recurrent activities than capital project	5	20	100	4	18	72	3	2	6	2	0	0	1	0	0	172	6	0	178	4.45
8	There is adequate staff training on budgeting and expenditure management	5	10	50	4	2	8	3	0	0	2	28	56	1	0	0	58	0	56	114	2.85
9	There is active monitoring and evaluation systems in budget and expenditure management	5	12	60	4	0	0	3	16	48	2	12	24	1	0	0	60	48	24	132	3.3
10	There is strong commitment of leaders and employees working on budgeting and managing expenditure	5	5	25	4	2	8	3	0	0	2	30	60	1	3	3	33	0	60	99	2.45

Table 16: Analysis Related to Factors Affecting Budget and Expenditure Management

Source: Researcher Construct Based on Primary Data Source.

Most literatures believe that the coordination between budgeting and expenditure sections of a given organization will enhance the utilization of budget and expenditure management. According to Allen & Tommasi (2001), a good management of budget execution should record all commitments in order to show what payments will be claimed and when government should prepare and pay them. On the basis of the budget document, a spending unit can carry out contracts to provide goods and services, with invoices to be paid later. The important issue here is how the government-spending unit can provide appropriate assurance to other parties providing services and goods that the commitments will be paid on time.

In the case of Batu Municipality, the data in the Table 16 above depicted that majority (86 % (4.3/5 x 100)) of the respondents agreed on the existence of coordination between budget and expenditure as the grand mean is 4.3. This shows that the existence of coordination has positive impact to budget and expenditure management. This implies that the absence of the coordination between budget and expenditure section will have the opposite effect on budget and expenditure management.

According to World Bank, (1998, p.17), the main objective of public expenditure is to have achieve aggregate fiscal discipline, allocative efficiency and operational efficiency. In other words, the total amount of money a government spends should be closely linked to what is affordable over the medium term and, in turn, with the annual budget (aggregate fiscal discipline). Such spending should be appropriately allocated to match policy priorities (allocative efficiency); and the spending should produce its intended results at least cost (operational efficiency). With regard to Batu Municipality, the grand mean was 2.725 which mean that 74.5%

(3.725/5 x 100) of the respondents confirmed that municipality utilized efficiently and appropriately the budget released by the government. It is clear that the business process reengineering (BPR) is assumed to enhance the service delivery of a given institution and thereby increasing customer satisfaction. In municipalities if BPR is implemented and employees are committed, there is no question that the municipality will satisfy the residents of its town. With regard to Batu Municipality, the data in Table 16 depicted a grand mean of 3.675 which shows on average **73.5** (3.675/5 x 100) of the respondents confirm that the implementation of Business Process Reengineering (BPR) enhances budget and expenditure management practices of the municipality.

Regarding the perception of Batu Municipality on the use of Business Score Card (BSC) as measurement of performance and impact it has on budget utilization and expenditure management, the data analyzed in Table 16 above disclosed a grand mean of 3.725 which shows on average **74.5%** (3.725/5 x 100) valued as the usage of Business Score Card (BSC) as measurement of performance have positive impact on budget utilization and expenditure management.

Rent seeking behavior is among the bottlenecks that diminish the provision of public utilities by eroding the government budget and diverting it to individual benefits by deducting it from public benefits. It also distorts the expenditure report by including fictitious information thereby misleading the decision made on the bases of such information. The problem of rent seeking is not limited to budget and expenditure and it has a serious (chronic) impact to socio-economic development of a country. But as this study is limited to budget and expenditure only its impact from budget and expenditure point of view was focused.

The information in Table 16 above reflects a grand mean of **4.025** that shows on average **80.5%** (4.025/5 x 100) of the total respondents rectified that rent-seeking behavior of employees is a reason for poor expenditure management in the municipality. On top of this, the information collected through open ended questionnaire and face-to face interview confirm the prevalence of rent seeking behavior of personals in municipality .The respondents support their response on the existence of rent seeking behavior by examples of what was performed by some municipality members like diverting of benefits meant for Micro and Small Enterprise to reduce unemployment for their own families, relatives and other business men who approaching and avail them indirect benefit. But a sort of improvement is practicing since the beginning of the year 2004 E.C.

According to Mona Serageldin, David J. François V. and Elda S. (2005), one of the problem for improper allocation resources between operating activities and capital investment is the reliance on central transfers. They noted in their finding “Inter-governmental fiscal transfers like distributional grants to equalize mismatched needs and resources among local governments and specific purpose grants. The tendency of them to consider grants to balance the local budget irrespective of their economic or social purpose hinders specifically the utilization capital budget expenditure as operating expenditures are relatively inflexible of adjustment to meet adverse short-term changes in financial circumstances, hence, the tendency to cut back or defer outlays on maintenance and capital expenditures. Regarding the practice of Batu municipality, the result of analysis in Table 16 above depicted a grand mean of 3.475 which shows that on average 69.5% (3.475/5 x 100) of the respondents agreed that the time gap between budget receipt and actual was among a factor that hinders budget utilization and expenditure management.

Mobedzi E., Gondo T. (2010), noted that “the key issues on budget execution are whether deficit targets are likely to be met, and any budget adjustments (both on the revenue and capital expenditure sides) agreed at the preparation stage are being implemented as planned. On the expenditure side of the budget, the key issues are whether the outlay is likely to be within the budgeted figures; any change in expenditure priorities are being implemented in specific areas as planned; and any problems are being encountered in budget execution. Public expenditure can be managed best by improving the allocation of those scarce resources in accordance with the priorities identified. This shows that any diversion of from the identified priority especially from capital to recurrent expenditure will gradually evacuate the development objectives of a given government. In the case of Batu Municipality, the data analyzed in Table 16, above depicted a grand mean of 4.45 which shows about 89% (4.45/5 x 100) of the total respondents agreed that the municipality focuses more on providing resources to recurrent activities than capital project. The result of face -to-face interview and FGD confirmed how the practice reached to the extreme by pointing out the absence of eye-catching capital investment in the town except for the coble stone to the Lake Zeway through Public Service College of Oromia.

Training is among the tools used by organizations to fill the skill gap of employees thereby up grading the competency of their employees. In the case of Batu Municipality the result of the analysis in Table 16 above show a grand mean of **2.85** which shows about 57% (2.85/5 x 100) of the respondents agreed that there was staff training on budgeting and expenditure management where as, the remaining 43% of the respondents disagreed on the existence of adequate staff training on budget and expenditure management. As the result of survey of face-to-face interview shows that of 35 employees in FED Office only few line-performer were allowed training repeatedly and the remaining staff were guided only by guidelines.

Active monitoring and evaluation systems should be in place to insure efficient budget utilization and effective expenditure management. Hashim & Allan (2001), also stress the need of active monitoring and evaluation systems for budget utilization and expenditure management. They recommend that the finance ministry to verify payment orders that be sent by spending units. Payment verification by the ministry is an attempt to check whether the payment order is within budget ceilings, the classification of accounts is correct, the document has been properly signed by authorized persons, and the order is supported with adequate documents. In the case of Batu Municipality, the data in Table 16 depicted a grand mean of **3.3** that shows 66% (3.3/5 x 100) of the respondents agreed on the existence of active monitoring and evaluation systems for budget utilization and expenditure management.

According to Wynne (2004: P-26), leaders and employees with strong commitment on budgeting and managing expenditure can be taken as the pillar for the overall performance of the given organization. If the leader is committed and the employees are too, there will be no question for their productivity, effectiveness and operational efficiency in any activity they are involved. In the case of Batu Municipality, the result of analysis in Table 16 disclosed a grand mean of 2.45 which shows that almost half the respondents (49% (2.45/5 x 100)) confirmed the absence strong commitment of leaders and employees on budgeting and managing expenditure in the

Batu municipality. In open-ended questionnaire written information and face-to face interview, respondents even rectified the situation by saying that, “both the leaders and employees of the municipality seem to run for their own benefit than for the main objectives of the organization.” Moreover, employees of the municipality seem to work on shift basis than employed to work eight (8) hours a day regularly.

4.6. A Review of Human Resources Capacity of Batu Municipality (1999-2003 E.C)

As compared to any resource an organization may have the role played is the decisive one in determining the fate of the organization. It is the skill, talent of person that can convert other resources in to another product by which the organization meet its objectives. Form municipality point of view, the competency of the staff is a determinant factor for the development of municipalities and can improve the level of municipal services. Keeping the above fact in mind, when the manpower profile of Batu municipality is analyzed, it is difficult to say that the all of staff engaged in performing municipal functions is competent and equipped with pre-requisite skills and knowledge. The educational status of about half (56%) of staff members was below diploma level. From this one can conclude that that the educational level of municipal staff was below the required level. The detail of the information about the education level of Batu municipality employees who are working on budget and expenditure section can be summarized in the Figure 3 below.

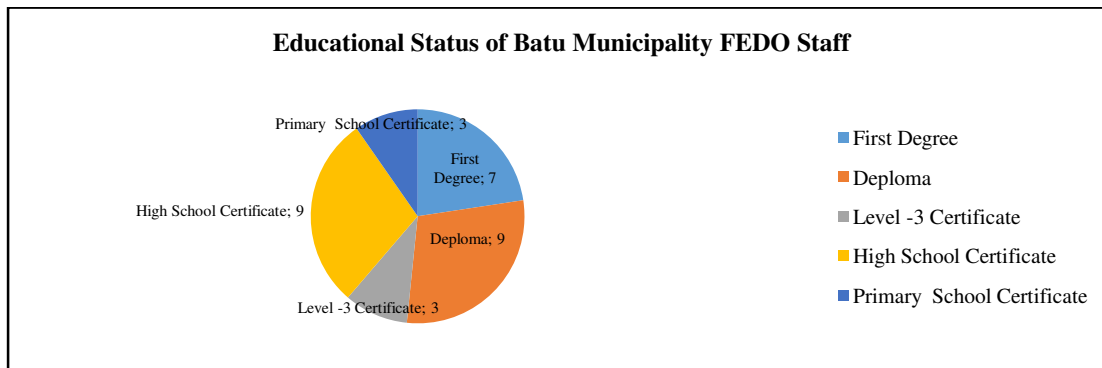


Figure 3: Educational Status of Batu Municipality FEDO Staff from 1999 to 2003 E.C
 Source: Researcher’s own construct based on Data of Batu Municipality FEDO

5. Summary and Major Findings, Conclusion and Recommendations

5.1. Summary and Major Findings

According to Ethiopia proclamation No. 12/2004, woredas are the ones who decide the prioritization; allocation and spending of their budgets. In make decision about the prioritization and allocation of resources to different activities and managing expenditure for the intended activity, local government may face different problems. Unless those problems are found out and appropriate solutions are given efficient and effective budget and expenditure management will be difficult. With regard to Batu Municipality, the following are major findings of this study with to regarding Batu Municipality budget allocation, utilization, expenditure management and factors affecting efficiency and effectiveness of budget and expenditure management.

5.1.1. Budget Allocation

The analysis in the first section of this study indicates that Batu Municipality did not provide adequate information and access of participation to public in planning, setting budget priorities and allocating budget to different activities. The analysis result depicted that, 60% of the respondents were arguing for the lack of involvement of residents’ voice in identifying investment priority, planning and budgeting, as officials are involved in the process. Meeting with public by the municipality which was once in a year seems to introduce the amount of contribution expected from each head in the following budget period and a sort of fulfilling formality than to obtain their voice in planning, budgeting and setting project priorities. Budget allocation among different the activities (functions) to be performed during the budget year under the study was not efficient. For example, the budget allocation to capital project was insignificant which was made without giving due attention to its contribution to the national development. This unbalanced allocation of resources focusing much only on recurrent operation may be the result for inability to bring significant changes in public facilities in Batu town.

Serial No.	General Activity Category	Amount of Budget from 1999-2003 (Br)	Percentage of Budget to Each Activities
1	Administrative & general	12,068,733.27	26.01%
2	Developmental	3,385,275	7.30%
3	Social service	29,894,369.73	64.43%
4	Contingent	1,049,373	2.26%
Total budget from 1999-2003		46,397,751	100%

Table 17: Functional Allocation of Budget for the Last five years (1999-2003E.C.)
 Source: Batu Municipality documentation, 1999-2003 E.C.

As can be seen in the table 5.1 above, the percentage share budget allotted to capital project was 7.30% on average for the years under the study. Finally, it can be concluded that the budget for each function is not properly planned and allotted.

5.1.2. Budget Utilization

➤ The time gap between the budget release and actual disbursement was among the problems for budget utilization in Batu Municipality. As clearly show in the data analysis above, **69.5%** of the respondents confirmed that the length of time normally taken for capital project from the receipt of its resources to actual expenditure for specific project might extend from three to four months. This large time gap between the budget release and actual disbursement it makes the municipality to run out of time in making expenditure for the intended project, which may also result in inefficient utilization of resources. As a result, the municipality experienced in making bulk expenditure in the fourth (4th) quarter before the budget year ends to secure the next budget year first (1st) quarter expenditure which is against the principles of budget.

➤ The effectiveness and efficiency of an organization is highly dependent on the competency of its manager and skill and experience of manpower engaged in a given operation; provided that other things remain constant. With regard to Batu Municipality, the result of the survey in the analysis part shows that **57%** of the total respondents confirm for the inadequate availability of skilled manpower working on budget and expenditure sections of the municipality. The analysis result also depicted that, 56% of the total employees working in FEDO was below diploma while 44% were composed of diploma and first degree. This shows that more than half of the employees in the municipality were semi-skilled and/or unskilled.

➤ Moreover, the analysis result shows that the managers working on the budget and expenditure management sections lacks managerial competency. The data depicted that almost half the respondents in the study confirmed the absence of adequate managerial competence on monitoring and evaluation the of budget utilization during the period under the study. The managers reconciled only the budgeted figures with the actual expenditures on the budget and expenditure ledgers and lack the monitoring and evaluation of actual progress in public facilities provided by the expenditure made in the budget year.

5.1.3. Expenditure Management

➤ The severe problem of expenditure management in Batu Municipality was on the maintenance of documents. As per the result of analysis, 82.5% of the respondents responded for the absence of clear accounting and well-documented procedures in the municipality. Moreover, the result revealed that the manner it maintains its document (its documentation) is disappointing. Receipts, invoices and files are mixed and laid (accumulated) on the floor of the documentation room. This makes it very difficult to find a single file which may take one or more days to get the needed document.

5.1.4. Analysis of Factors Affecting Budget and Expenditure Management

Different factors may affect budget and expenditure management differently at different stage- starting from the formulation of budget and its corresponding expenditure to final performance report. Some factors positively affect budget and expenditure management by facilitating environment for their implementation and thereby enhancing performance while other factors pose negative impact on budget and expenditure management by making the implementation environment more challenging.

5.1.4.1. Factors Affecting Budget and Expenditure Management Positively

As the obtained from the survey depicted, factors such as coordination between budgeting and expenditure sections, implementation of Business Process Reengineering (BPR) budget and expenditure management practices, usage of Business Score Card(BSC) as measurement of performance, the adoption of IBEX in maintaining budgeting and expenditure data, the existence of active monitoring and evaluation systems for budget utilization and expenditure management have positive impact on the efficient utilization of budget and effective management of expenditure in Batu Municipality.

5.1.4.2. Factors Affecting Budget and Expenditure Management Negatively

According to the result of analysis, the following are among the factors that affect negatively the efficient budget utilization and effective expenditure of Batu Municipality for the past five years (1999 to 2003 E.C.)

Rent seeking behavior of municipality's employees was among the bottle necks that diminish the provision of public utilities by eroding the government budget and diverting it to individual benefits by deducting it from public benefits in Batu Municipality. The analysis result shows that the practice rent-seekers distorted the expenditure report by including fictitious information thereby misleading the users of the reports. **80.5%** of the total respondents rectified that rent -seeking behavior of employees as a reason for poor expenditure management in the municipality. The study also confirmed that municipality members engaged in diversion of resources meant for Micro and Small Enterprise to reduce unemployment for their own families, relatives and other business men who approaching and avail them indirect benefit.

• Time gap between budget receipt and actual expenditure for the capital project was also another problem that negatively affect (hinders) efficient budget utilization and effective expenditure management. The result of this study show that, about **69.5%** of the total respondents confirmed that the gap between budget receipt and actual expenditure as a factor that hindered the budget utilization and expenditure management. Among the problems of time gap between budget receipt and actual expenditure as per the survey result is the practice of making bulk expenditure towards the end of the budget year but reporting shortage of funds during the budget year.

- The absence of balanced emphasis between the resources provided to recurrent activities than capital project was also another big problem of the municipality during the period under the study. As the result of analysis revealed that, **89%** (4.45/5 x 100) of the respondents confirmed that the municipality focuses more on providing resources to recurrent activities than capital project. The respondents strongly reflect their dissatisfaction on municipality's budget practice by pointing out the absence of eye-catching capital investment in the town except for the coble stone to the Lake Zeway through Public Service College of Oromia.

- Lack of adequate training to the staff working on budgeting and expenditure management also has a negative impact on the over all efficient and effective budget and expenditure management of the municipality. According to the data from analysis of this study about half of the respondents rectify the absence of adequate training to the staff working on the budget and expenditure management. In the period under the study, training was given only to few line function employees repeatedly and no attempt was made by municipality to fill the skill gap of employees and to up grade their operational performances.

- Absence of strong commitment of leaders and employees for budgeting and managing expenditure in the Batu Municipality was among the main problem that hindered the efficiency and effectiveness of budget and expenditure management. The result of the analysis depicted that almost half (**49%**) of the respondents are confirming the absence strong commitment of leaders and employees on budgeting and managing expenditure in the Batu Municipality.

5.2. Conclusions

Batu Municipality as other municipalities in Ethiopia is expected to provide basic economic and social services to the citizens under its jurisdiction. It is unquestionable that the resources are needed to provide both economic and social services to citizens in the town. As resources are very limited, they should be efficiently allotted and utilized and the control over their expenditure should be effective. Despite these facts and the amount of resources available to Batu municipality, its resource allocation, utilization and expenditure management was not satisfactory. In the municipality a little attention was given to capital project (developmental functions) comparing to resource allocated to other functions. Moreover, the municipality did not provide a room for public (residents) to have their voice in the identification of investment priority, planning, setting budgeting and resource allocations. The time gap between budget release and actual expenditure for capital project was another problem for inefficient utilization and expenditure management in the municipality.

The other problem of Batu Municipality was on the maintenance of budget and expenditure documents. Receipts, invoices and files are mixed and laid (accumulated) on the floor of the documentation room. Among the main reasons for such inefficiency and ineffectiveness in the municipality include shortage of skilled and trained manpower, absence of commitments by management and negligence behavior of employees working in data management.

Finally, the paper concluded that factors like the rent seeking behavior of municipality's employees, the imbalanced emphasis between the resources provided to recurrent activities than capital project, lack of adequate training to the staff working on budgeting, time gap between budget receipt and actual expenditure for the capital project and absence of strong commitment of leaders and employees posed negative impact and are among the bottlenecks for efficient budget utilization and effective expenditure management of Batu Municipality. On the other hand, the factors like the implementation of Business Process Re-engineering (BPR) for budget and expenditure management practices, usage of Business Score Card (BSC) as measurement of performance and the adoption of IBEX, had positively impact on the efficient utilization of budget and effective management of expenditure in Batu Municipality.

5.3. Recommendations

In order to enhance the efficiency of budget utilization and the effectiveness of expenditure management of Batu Municipality, the following recommendations could be used as input in the decisions of the concerned bodies.

5.3.1. Increasing the Resource to be allotted for Developmental Project

As defined in proclamation No74 of 1945 and No 206 of 1981 budget allotted for capital project (developmental function) is used to finance contraction of inside roads, public recreation centers, public libraries, slaughterhouses etc of the municipality. But, the percentage of budget allotted to capital project is insignificant as compared to total budget allotted to different functions (7.30%). If this trend is not improved the municipal and the national developmental objectives and goals can not be achieved in the time. Thus, the municipality should improve its budget and resource allocation to developmental activity in order to effectively accomplish the above activities and to effectively contribute to wards municipal and national development goals.

5.3.2. Encouraging Citizen Participation in Planning and Resource Allocation

There should be active participation of the residents (citizens) in needs identification, planning and implementation process. This could help in promoting transparent and participatory decision making. Contradicting to this, Batu municipality had not encouraged the participation of community in developmental activities of the town. Therefore, the municipality should promote community participation during planning and implementation process through the use of public meetings. The municipality should also allow the citizens the right to say about planning and incorporate their ideas in the overall planning and budgeting processes.

5.3.3. Minimizing the Time Gap between Budget Release and Actual Expenditure for Capital Project

The municipality should try to increase the revenue sharing capacity to finance the gap between budget release and actual expenditure and to supply better to resources to municipal developmental activities. The municipality should also stick to the current procurement

scheme, which provides only two times procurement (in first and third quarters) that may increase the efficiency in the budget utilization and effectiveness in expenditure management that in return reduce bulk purchase towards the end of the budget year.

5.3.4. Improve Maintenances of Documentations and Accounting

To improve their documentation, the municipality should install organized data base management in addition to IBEX and exercise taking back up in order to secure the data maintained. With regard to physical documentation, the municipality should use shelves and file-cabinet to maintain them. Training on data management and documentation should be given to the employees working on this section.

5.3.5. Revising Current Assignment of Employees and Provision of Adequate Training for Municipality Employees

As the data obtained from field work shows the current assignment of some line managers in Batu municipality FEDO is not on the basis of their qualification rather on the basis of salary afford for the intended positions. Therefore, the municipality is recommended to assign persons from accounting field of study like financial managers if possible than using employees from non-business fields of studies. Besides, the municipality should provide adequate training to its employees periodically and equitably to enrich and up date the skill and knowledge of its employees.

5.3.6. Improving Leadership Qualities and Employees Commitment

The data obtained from the survey revealed that there was no strong commitment of leaders and employees in Batu municipality. If the leaders and employees are not committed, the achievement organizational objectives and goals will be challenging. There fore, the municipality should implement systems that will increase leadership qualities and employees' commitment like, implementation of BPR and use of Balanced Scorecard (BSC) as it helps focus managers' attention on strategic issues and the management of the implementation of strategy, and can comfortably co-exist with strategic planning systems and other tools such as Business Performance Management (BPM).The municipal should also provide adequate training and orientation to improve commitments of leaders and employees thereby assigning pin point responsibility performers and should establish a system of rewarding best performance.

5.3.7. Establish a System to Fight against Rent-Seeking Behavior of Employees

As the data from the field work shows, one big problem of Batu Municipality during the period under the discussion is the rent – seeking behavior of employees. The impact it poses on budget and expenditure management is sever as it diverts public resources for personal benefit. Thus, the municipality together with the government should establish a system that bring solution to rent seeking-behavior such as increasing public awareness, transparency work culture, good governance, professionalism and Civil service ethics etc. The municipality should also provide relevant training that curb rent-seeking behavior of employee and should take appropriate corrective action as necessary to save the municipality and the public at large.

6. References

- i. Adrian Fozzard, Mick and Foster. (2001). Changing approach to public expenditure management in low income Aid Dependent Countries: A Guide ODI Working Paper.
- ii. Antony,J.(1999). Accounting and business the journal of Association of Chartered Certified Accountants (ACCA).26 (3). Washington, DC: World Bank.
- iii. Campo, S. and D. Tommasi (1999), Managing Government Expenditure, ADBI, Manila
- iv. Department for International Development (DFID). (2005).Development in practice: Short Term Development Assistance to Decentralization in Ethiopia: Inception Report. Addis Ababa and London.
- v. Department for International Development (DFID).(2007): Public Expenditure Management: Practice paper, January 2007
- vi. DFID (2001) :Understanding and Reforming Public Expenditure Management: Guidelines for DFID, Version 1.
- vii. Ethiopia Public Sector Capacity Building Program Support Project (Cr. 3899-Et) :Mid-Term Review Aide Memoire March 19-April 10, 2008.
- viii. Federal Democratic Republic of Ethiopia.(1995). Proclamation of the Constitution of the Federal Democratic Republic of Ethiopia, proclamation No. 1/1995. Addis Ababa Berhan and Selam Printing press.
- ix. Fozzard, Adrian (2001).The Basic Budgeting Problem: Approaches to Resource Allocation in the Public Sector and their Implications for Pro-Poor Budgeting ODI Working Paper 147.
- x. Hammer and Champy (1993), “the fundamental rethinking and radical redesign of business processes”.webs.twsu.edu/whitman/papers/ijii99muthu.pdf
- xi. Hashim, A. and B. Allan (2001), Treasury Reference Model, World Bank Technical Paper number 505: May 2001, the World Bank, Washington D.C.
- xii. Joppe, M. (2000). The Research Process. Retrieved February 25, 1998, from <http://www.ryerson.ca/~mjoppe/rp.htm>
- xiii. C.H.Lawshe(1975): Content validity& action: ,<http://en.wikipedia.org/w/index.php?>
- xiv. Mike I. Obadan.(2009):Factors affecting performance.Federal capital budget implementation. Nigeria Annual paper .Decemeber, 2009.

- xv. Ministry of Finance and Economic Development (MOFED),(2008). 2001 Fiscal year Federal Government Budget Allocation, MOFED Printing Service, Ethiopia, Addis Ababa.
- xvi. Ministry of Finance and Economic Development (MOFED).(2009),Harari Regional Government PEFA Assessment Report. Retrived October 20, 2010 from <http://ethiopi-harari-pefa-en.pdf>
- xvii. MoFED, (2006). Ethiopia: Building on Progress: A Plan for Accelerated and Sustained Development to End Poverty (PASDEP) for 2004/05 – 2009/10 Vol. 1. Addis Ababa:MoFED.
- xviii. MoFED,(2006). Local Government Discretion and Accountability in Ethiopia, December 2009).
- xix. Moberdzi E.Gond T.(2009):Theoretical and empirical research in Urban Management: Fiscal Management in Dangila Municipality, Ethiopia. Number 5(14)/February,2010.
- xx. Mona S.David J.François V.Elda S.(2005). Municipal finance conditions & trends. UN-Habitat Global Report 2005 “Financing Shelter and Urban Development”. Retrieved March 31, 2006 from <http://municipal-financial-to-distribute.11.14.05.Pdf>
- xxi. Noor F. Achmad (2012).Public Expenditure Management Reform in Indonesia: An Assessment of the Roles of The Treasury and Other Institutions. Flinders University, January 2012.p-23
- xxii. Premchand A. (2001), "Public Budgeting and Economic Development: Evolution and Practice of an Idea", International Journal Of Public Administration, P.1023.
- xxiii. Participatory Budgeting in Africa (2009). A Training Companion with cases from eastern and southern Africa Volume I: Concepts and Principles,2008
- xxiv. Premchand, A. (1993), Public Expenditure Management, the International Monetary Fund, Washington DC.
- xxv. Potter, B. and J. Diamond (1999),Guidelines for Public Expenditure Management, IMF. Washington D.C.
- xxvi. Recommended Budget Practices (1999):A Framework For Improved State and Local Government Budgeting: National Advisory Council on State and Local Budgeting Government Finance Officers Association. United States of America: Chicago.
- xxvii. RiPPLE(2009).Assessment of budget utilization in water sector: A case study of four selected woredas in Benishangul-Gumuze Regional State. January, 2009.
- xxviii. Roberts, L. (1994). Process Re-engineering: The Key to Achieving Breakthrough Success, Irwin Professional Publishing
- xxix. Potter, Barry H. and Diamond, Jack (1999) Guidelines for Public Expenditure Management, International Monetary Fund, Washington DC.
- xxx. Sajjad Zohir J.(2010). A Framework for Integrating MDGs in National Development Strategies: Review of regional experiences and lessons for accelerated MDGs implementation.
- xxxi. Schick, Allen (1999), A Contemporary Approach to Public Expenditure Management, World Bank Institute, Governance, Regulation, and Finance Division, Second Printing, (April).
- xxxii. Schick, Allen (2001), "The Changing Role of the Central Budget Office", OECD Journal on Budgeting, Volume 1, No. 1.
- xxxiii. Serdar Y.and Versha V.(2003).Local government Discretion and Accountability in Ethiopia. International Studies Program Working paper 08-38, December 2008 from <http://isp-aysps.gsu.edu.Pdf>.
- xxxiv. Shigeru Ishikaw.(2006). The “Poverty Trap” and “Public Expenditure Management”:Foundation for Advanced Studies on International Development (FASID).Retrieved May 2012 from <http://dakis.fasid.or.jp/.pdf>
- xxxv. UN-Habitat,(2005): Privatization of Municipal Services in East Africa. Governance Approach to Human Settlements Management, Nairobi, Kenya, n/d.
- xxxvi. United Nations Center for Human Settlement, (1992).Training manual on Urban Local Government Finance, United Nations, and Washington D.C.
- xxxvii. William G.Zikumuund (1997): Business Research Methods:4th Ed. United states of America, The Dryden.
- xxxviii. World Bank ,(1999).World Development Report, 1998/99: Knowledge for Development. New York: Oxford University Press Washington, D.C.
- xxxix. World Bank, J.(2004). Ethiopia Public Expenditure Review: The Emerging Challenge Volume I:Public Spending in the Social Sectors 2000-2020. Washington, DC: World Bank.
- xl. World Bank, (1998). Public Expenditure Management Handbook. Retrieved February 22, 2009, from <http://www.siteresources.worldbank.org/INTPEAM/Resources/pem98.pdf>.
- xli. World Bank (1998), "Public Expenditure Management Handbook", Washington, D.C., The International Bank for Reconstruction and Development/ The World Bank, p.17-52.
- xl.ii. Wynne, A. (2004). Evaluating Public Expenditure. African Development Bank. Retrieved February 22, 2009, retrieved from <http://www.adb.org/Documents/papers/Evaluating-PEMS/expenditure.Pdf>.