

Assessment of Budgetary Controlling System: In the Case of Save the Children International Ethiopia Office



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Prepared by: Selamawit Gizaw

Advisor: Dejene Mamo (Ass. Prof)

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By: Selamawit Gizaw

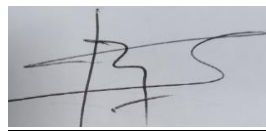
Approved by a board of Examiners and Advisor:

Dejene Mamo (Ass. Prof)
Advisor

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Date

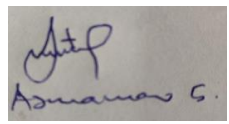
Mekonnen Mengistie (Asst. Prof)
External Examiner



Signature

19/8/2020
Date

Asmamaw Getie (Ass.Prof)
Internal Examiner



Signature

16/8/2020
Date

Declaration

Here with I, declare this research prepared in partial fulfillment of the requirements for the Degree of Master of Business Administration (MBA) in Accounting and Finance titled “Assessment of budgetary controlling system: In the case of Save the Children International Ethiopia Office” is an outcome of my own effort with the close advice and guidance of my advisor.

Selamawit Gizaw

Signature _____

Date _____

Certification

This is to certify that Selamawit Gizaw has carried out this research work on the topic titled “Assessment of budgetary controlling system: In the case of Save the Children International Ethiopia Office” under my supervision. To my knowledge, this work is original in its nature and it is sufficient for submission for the degree of Master of Business Administration in Accounting and Finance

Dejene Mamo (Ass. Prof)

Signature _____

Date _____

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TABLE OF CONTENTS

Acknowledgment	v
Acronyms	ix
List of Tables	x
Abstract	xi
Chapter One.....	1
Introduction	1
1.1. Background of the Study	1
1.2. Background of the Organization	3
1.3. Statement of the Problem.....	5
1.4. Research Questions	6
1.5. Objective of the Study	6
1.5.1. General Objectives	6
1.5.2. Specific Objectives	6
1.6. Significant, Scope and Limitation of the Study	7
1.6.1. Significance of the Study.....	7
1.6.2. Scope of the Study	7
1.6.3. Limitation of the Study.....	8
Chapter Two.....	9
Literature Review.....	9
2. Introduction	9
2.1. Theoretical Literature.....	9
2.1.1. Concept of Budget and Budgeting Cycle	9
2.1.2. Characteristics of budgeting	10
2.1.3. Budget Use	10
2.1.4. Budgeting techniques	12

2.1.5.	Download PDF ReportParticipant in Budget Development.....	14
2.1.6.	Budget Components	15
2.1.7.	Budget Execution	16
2.1.8.	Budgetary Control	18
2.1.9.	NGOs Budgeting	20
2.2.	Empirical literature	22
2.3.	Summary of Literature Gap	23
	Chapter Three	25
	Research Method.....	25
3.	Introduction	25
3.1.	Research Design.....	25
3.2.	Target Population.....	25
3.3.	Sampling and Sample size determination	25
3.4.	Data Source	26
3.5.	Data analysis techniques	26
3.6.	Ethical considerations	26
	Chapter Four	27
	Data Analysis, Results and Discussion.....	27
4.1.	Introduction.....	27
4.2.	Response rate	27
4.3.	Respondent’s profile	28
4.3.1.	Education Level of Respondents.....	28
4.3.2.	Gender of Respondents	29
4.3.3.	Years of experience of the respondents in SCI	29
4.4.	Reliability Test.....	29
4.5.	Budget Preparation involvement in save the Children international	31
4.6.	Budget Controlling System in Save the Children International Ethiopia Co.	36
4.7.	The Practice of Budget Utilization and detail implementation plan	39
	Chapter Five.....	42

Summary, Conclusion and Recommendations	42
5. Introduction	42
5.1. Summary of Findings.....	42
5.2. Conclusion	43
5.3. Recommendation	44
5.4. Suggested further study.....	44
References.....	45
Annex I: Questioner.....	47

ACRONYMS

NGOs	Non-Governmental Organization
SCI	Save the children International
ABB	Activity Based Budgeting
ABC	Activity Based Costing
ZBB	Zero Based budgeting
BPP	Budgetary participation and Performance
UN	United Nation
SMT	Senior Management Team
INGO	International Non-Governmental Organization
US	United States
UK	United Kingdome
USD	United states dollar
HIV	Human Immunodeficiency Virus
ChSA	Charities and Societies Agency
BH	Budget Holder
PM	Program Manager

LIST OF TABLES

TABLE 1: RESPONSE RATE OF RESPONDENTS.....	27
TABLE 2: RESPONDENTS PROFILE.....	28
TABLE 3: RELIABILITY STATISTICS	29
TABLE 4: DETAIL RELIABILITY STATISTICS	31
TABLE 5: BUDGET PREPARATION INVOLVEMENT IN SAVE THE CHILDREN INTERNATIONAL	35
TABLE 6: BUDGET CONTROLLING SYSTEM IN SAVE THE CHILDREN INTERNATIONAL ETHIOPIA Co.	38
TABLE 7: THE PRACTICE OF BUDGET UTILIZATION AND DETAIL IMPLEMENTATION PLAN.....	41

ABSTRACT

Non-profit making organizations are often noted for inefficiencies and poor management of their project budget and which resulted in project underperformance as well as delay in delivering the planned activities with the stipulated time table; which is mostly emanated from poor budget preparation, controlling and their poor budgetary system. In recent times, Organizations have performed poorly since, they lack effective and efficient budgetary system and budget utilization to adequately and judiciously allocate resources to meet both project and organizational goals. Therefore, the researcher in this study would like to assess the budgetary system, control and practices in Save the Children International, Ethiopian country office, one of the leading INGO in Ethiopia. Quantitative research methodology was used in the study and the key information's were collected by using a self-administered questioner. A total of 50 questioners were administered to respondents and received 46 completed questioners. SPSS was used for data analysis and for presenting research findings tables and descriptive narrations are also used.

The study result indicates, save the children use a participatory approach during budget development as well as budget monitoring. There are adequate number of procedures and policies found in SCI for the practices of budget development, monitoring and implementation. But there are few gaps like staffs are not as such confident in their knowhow in the development of detail implementation plan as well as there is also a gap in engaging operation staffs during the development of budget. Based on the identified gaps in this study the budget and the program units should make an assessment of the level of knowledge of those staffs involved in the budget development and detail implementation plan (DIP) and give appropriate training to equip those staffs with a knowledge that will make them prepared in the budget development and monitoring process. In addition those units must consider the operation team to engaged in the budget development since they have a direct contact with the beneficiaries as well as the market to get the real need as well as prices of some of the planned procurements (both goods and services)

Key words: *Budget, Detail implementation plan (DIP), save the children International*

Chapter One

Introduction

1.1. Background of the Study

According to Lucey, 2002, Budget has defined as the allocation of resources to different priorities and activities in organizations. In this definition Lucey also pointed out a budget as a quantitative statement, for a specific period; this statement also includes projected revenues, assets, liabilities and cash flows. A budget is one of the essential management tools which is used by the management of an organization as planning, monitoring, and controlling tool for finances of a project or organization. In most organization a budget is used as a controlling tool for the achievement of a specific planned activities. Among important part of a business planning processes; financial planning has specified us on of its part. A written financial plan of business for a specific period expressed in dollars is called budgets. Goldstein (2005)

Efficiency and effectiveness of a business is always increased from effective planning. Organizations develop plan and the plan is used as a road map for their future operations and in addition to this the plan is always used as a benchmark for assessing the performance of their organizations, here organizations do comparisons between the actual results against budgeted results which we call financial utilization. If an organization failure to achieve its budget targets, the organization may be regarded as inefficient. The effective utilization of the budget by their organizations are usually assessed by addressing various variances between the actual performance and budgeted performance. Horngren (2003).

Budgetary system is a general system of budgeting to assist to measurement functions of planning, co-ordination and control operations. A budgetary control is one of the important tools of control. It involves a constant checking and evaluation take corrective actions wherever necessary. (pasha 2007). A budgetary system and Utilization integrate techniques and measures that conform to the accountabilities delegated to supervisors under the firm's structure. When the decision-making group is decentralized and fractions of a company turns out to be more independent, managers would be accountable for more financial variables as well as the financial control systems would be more multifaceted in the sense that they would fit in higher variables

(Burns&Waterhouse,1975). Therefore, budget and budget control are one of the mechanisms to keep the plans of an organization run smoothly and up to date. If our budgetary controlling process is weak, it is difficult to achieve our objective due to the resource constraints. With this, budgeting and budgetary control are the devices that an organization makes use for all these purposes.

Budget implementation is the execution of financial indicators approved for the budgetary year. It takes in by decision taken to use a sum from a specific budgetary line in order to finance a specific activity and payment has been processed for the services or goods in accordance to the contractual agreement established.

A budget variance is the difference between the budgeted or baseline amount of expense or revenue, and the actual amount. The budgeted amount is a benchmark that is a point of reference from which comparisons may be made. Variances help managers gain insights into why the actual results differ from the planned performance and by so doing assist them in their planning and control decisions. A variance can be favorable or unfavorable. It is favorable if it increases the operating income relative to the amount budgeted and vice versa if it decreases the operating income of the organization (Lucey, 2005).

In NGOs, it is important to understand that the future of the organization and its capacity to affect the lives of beneficiaries depends on organization's abilities to secure funding in order to develop projects. Most of these projects have been designed to address various issues and benefits to those in need. However, allocation and utilization of donor funds had been a challenge to both the donor community as well as the agencies that are responsible for controlling the utilization of these funds to their intended purposes. Fund formulation and implementation is a base for the successful of projects. According to Premchand (2000), if institutions fail to provide accurate predictions in operations and capital projects, then doubt is created on the performance of that institution. Accordingly, budgetary system is one of the most important issues for INGOs to control the available funds and controlling system as per the planned activities and achieve the goal of the organization. This motivates the student researcher to investigate the budgetary controlling system and utilization and its implication on performance for the achievement of organization objectives. Therefore, In the current dynamic environment,

the researcher focusing on the existing gap between the budgetary system and its practice by Save the Children International Ethiopia Country Office.

1.2. Background of the Organization

A non-governmental organization (NGO) is a not-for-profit organization that is independent from governmental organizations. The term, "non-governmental organization" or NGO, came into use in 1945 because of the need for the UN to differentiate in its Charter between participation rights for intergovernmental specialized agencies and those for international private organizations (Mostashari,2005).

Save the Children is one of the prominent International Non Profit Organizations with a dual mandate which has been actively involved in Ethiopia in diversities of developmental and humanitarian (Emergency) activities since 1930s. Globally, Save the Children is a leading independent non-governmental organization working for the children in need with the aim to inspire breaking through in the way the world treats children and to achieve immediate and lasting changes in the life of children by improving their health, education and economic opportunities. There were Seven the Children members in Ethiopia before they merged in one in October 2012. The member organizations are Save the Children USA, Save the Children UK, Save the Children Norway, Save the Children Denmark, Save the Children Finland, Save the Children Sweden and Save the children Canada. They were working independently with their own mission, vision and strategic goals. (<http://www.savethechildren.net/news/ethiopia/t-278>).

The organization has gone a big Organization on October 2012 where the seven Save the Children member offices that used to operate independently came together to form one Save the Children International in Ethiopia. Because of this unification, there are a lot of changes on the organizational structure such centralization and de-centralization of the staffs to different regions that the organization is implementing the activities. The staffs are now experiencing significant change on leadership styles like being managed by new supervisor, having a new system at different levels, policy and procedures and adopting a new way of doing things. Lately on July 1, 2014 another INGO called Merlin joined Save the Children members.

The total budget for Save the Children Ethiopia office at the time of unification was more than 120 million USD and its major service category that provides to the societies are Humanitarian response, Child right Governance, Education and Youth, Livelihood and Resilience, Food security, Health and Nutrition, HIV/AIDS Prevention and Sponsorship services. The Head Office of Save the Children is based in the capital city of Ethiopia, Addis Ababa Nifas Silk Lafto Sub-City Old Airport. In addition, Save the Children have Offices in four regional hubs in North, West, South and East and 54 Field Offices and Satellite offices in different Regions, Zones and towns of Ethiopia. The major objective of seven Save the Children members and Merlin becoming as one organization is to increase opportunities for a more reliable base of funding, decrease competition for limited resources among save the children members, and improve organizational efficiency through realizing economies of scale.

In Save the Children International Ethiopia, SMT assumes that the overall goals or vision of the organization will be achieved through coordination of all departments to work towards achieving a common goal i.e. the performance of the different parts of the organization must be interrelated. To achieve the goals, SCI develop long term and short term strategies having financial plan or the budgets. Accordingly, those strategic plans are further broken to annual plans with their annual budgets of departments with details activities that will be undertaken during the fiscal year. To implement different projects, Save the children international receive funds from different sources/donors that can be managed according to the rule and regulation of the donor as well as the government of Ethiopia to support the people in developmental priority sectors such as health, education, agriculture, capacity building and environmental protection and as well as the emergency situations.

Save The Children International is one of International Non-Governmental Organization working globally for improvement of a world in which every child attains the right to survival, protection, development and participation. Save the Children International Ethiopia is working on different social development activities such as, humanitarian, health, education and others in order to attain, develop and improve the living standard of children on this world. This could only be realized when resources are properly planned and controlled with the required commitment and expertise (Okpanachi and Muhammad, 2013). Therefore, there is a need for effective budgetary system and utilization as it constitutes important and fundamental management and internal

control systems. In addition, in order to meet the requirement of Ethiopian government of allocating not more than 20% of annual income to administrative expenditure is also a critical bottleneck which requires developing high budgetary systems.

1.3. Statement of the Problem

Most non-profit making organizations are often noted for inefficiencies and poor management, which is as a result of poor budgetary system. In recent times, Organizations have performed poorly since, they lack effective and efficient budgetary system and Utilization to adequately and judiciously allocate resources to meet organizational goals and maximize performance.

There are organizations feel they have limitation in their budgetary analysis but their view this deficiency as a problem of their personals in giving analysis but not taken as their organization systematic deficiencies. Some business organizations do not even know the link between budgetary system and performance, and this affects their performances negatively.

Recent studies in the area of budgetary system and Utilization have shown there is lack of proper budget controlling and adequate resource allocation system. A scholar called Yesuf (2015) done a research on the practice of budgeting and budget monitoring as a management tool for managing variances in NGOs operating in Ethiopia. According to the result, the overall budgetary system and Utilization in the sample organizations misses the important participation of concerned staffs. Also, Tilahun (2010) in his study on budget management and control in Ethiopia ministry of defense found that there were inefficiencies in budget implementation due to problems of experienced manpower, application of policy and procedures, lack of monitoring budget timely. Similarly, Nyambura (2014) determined the effects of budgetary system and Utilization on performance of NGOs in Kenya using correlations and regression methods and concluded that there is a low positive relationship between budgetary system and utilization with Performance. Lambe (2014) indicated that, in his systematic review of Budgeting and Budgetary Control in Government Owned Organizations and concluded that budgeting and budgetary control is an indispensable tool to any organization and when carefully planned and implemented by any organization (most especially government owned organizations), it can lead to decrease in cost and increase in revenue, which in turn leads to maximization of performance. Zayol (2017) is one of scholar who carried out a study on Budgeting and Budgetary control in the public

sector, in this study the researcher use literature review and personal observations as the main source of data and found out that budget and budgetary control has failed because of dependence on federation account, untrained staff, non-adherence to budgetary control measures, corruption, inflation and political environment.

In most Non-Government International Organization working in Ethiopia on humanitarian and development in different ways are engaged in challenges on budgetary system and Utilization which affects performance of organization because of restriction of unbalance budget utilization proclamation by government of Ethiopia which is 20% for administration expenses and 80% for program purpose from the total proportion of budget. In view of this, therefore, the researcher is interested to undertake a study on the subject budgetary system and controlling in non-profit organization, with special reference to Save the Children International Ethiopia.

1.4. Research Questions

In order to achieve the above objectives, the following research questions will be used:

- ✓ Who are involved on budget preparation in the organization?
- ✓ What are the budget controlling system in SCI?
- ✓ What is the practice of budget utilization and detail implementation in Save the children international?

1.5. Objective of the Study

1.5.1. General Objectives

The objective of the study is to assess on the budgetary system, control and practices in Save the Children International, Ethiopian country office

1.5.2. Specific Objectives

The specific objectives for this study are: -

- ✓ To assess the level of staff participation in budgeting process in Save the children international Ethiopia Co.
- ✓ To assess the budget controlling system of Save the children international Ethiopia Co.

- ✓ To assess the practice of budget utilization and detail implementation in Save the children international Ethiopia Co.

1.6. Significant, Scope and Limitation of the Study

1.6.1. Significance of the Study

The purpose of this research is to assess the budgetary system in SCI. The study is important to various stockholders which includes internal and external once. Those external stockholders includes the governing body in Ethiopia called Charities and Societies Agency (ChSA) which can use this study as an input for the revisions of its policy on budgetary system by INGO's, for other NGO's which are operated in Ethiopia and elsewhere can also use this study finding to enriching their knowledge on the budgetary systems , for the donors the study also highlight how budgets are developed by their beneficiaries and how they are controlling their budget utilization to achieve their project goals. When we come to the internal, the management team of SCI and its other teams in this organization discover the strength and weaknesses of the existing budgetary and controlling systems of SCI. This gives additional insights for the management to make a strengthening the existing systems in order to enhance the performance of the organization in terms of its budget utilization.

It enables the organization to verify whether the plans of the organization are understood by all members and put into effect using corrective measures where deviation is occurring. It gives also insight for other scholar's area for further research.

1.6.2. Scope of the Study

The study is focus on the assess the budgetary system, control and utilization in Save the Children International Ethiopia, Addis Ababa office (Head office). It also gives emphasis on effective planning, budget allocation, budget execution and control aspect, the study also assess how budgetary processes and police of SCI applied by staffs who are engaged in their day to day operations.

1.6.3. Limitation of the Study

In undertaking this research, the researcher faces the following limitations

- Most respondents are from Finance department that they have too much workload due to these some of them are not willing to fill questionnaires,
- The study was conducted only in head office which is located in Addis Ababa but there are other sub-offices which is not include in the study.

Chapter Two

Literature Review

2. Introduction

This chapter gives an opportunity to understand the different opinions by various authors on budgetary system and Utilization. Literatures reviewed in this section has been obtained from secondary sources and reviewed in relation to the objectives of the study.

2.1. Theoretical Literature

There are different theoretical literatures and concepts on budgetary system and Utilization of organizations like concept of budget and budgeting cycle, characteristics of budgeting, different budgeting techniques, budget execution, budgetary control, and NGOs budgeting as discussed below:

2.1.1. Concept of Budget and Budgeting Cycle

Budget shows a quantitative proportion of a proposed plan by the board for a predefined period and it encourages the executives to facilitate what should be done to actualize a particular arranged exercise with a specific timeframe (Horngren, et.al, 2004).

Well managed companies usually cycle through the subsequent budgeting steps:

1. Planning the performance of the corporate, yet as planning the performance of its subunit.
2. Provide a frame reference, a collection of a particular expectation against which actual result is completed.
3. Investigating variation from plans. If necessary, corrective actions to flows investigation.
4. Planning again, considering feedback and adjusted condition (Horngren 2006).

Budgets are integral to the way toward Planning and control which are significant exercises of the executives all told associations (Okpanachi and Muhammed, 2013). As indicated by Kpedor (2012) Budgeting as a benefit arranging gadget sets standard of execution for managers. it's viewed as a record which predicts incomes and consumptions of a selected financial substance,

for a predetermined period (Ahmed, Suleiman and Alwi, 2003). the numerous target of coming up with is to stay control of the exercises worn out a corporation by giving a guide to future exercises and defining a progression of objectives to be accomplished and also the thanks to accomplish them (Abdel-Kader and Luther, 2006).

2.1.2. Characteristics of budgeting

As explained by (Gopal, 2009, pp. 400-401), budgeting, as a technique of formulating budgets, has distinctive characteristics. Among others, the following characteristics are the major ones.

- Budgeting is a comprehensive *Business Plan* showing what the enterprise wants to achieve.
- Budgeting is prepared in advance.
- Budgeting is prepared for a definite period.
- It is expressed in quantitative forms, physical or monetary terms, or both.
- Budgeting serves to achieve a given objective.
- Budgeting needs an essential accounting system.
- A system of authority and responsibility needs to be in place so as a budget to be effective.

Overall a budget is prepared to have effective utilization of resources and for the realization of objectives, as efficiently as possible. To achieve the anticipated targets, Planning, Co-ordination and Control are the important main tasks of management, achieved through budgeting and budgetary control, (Gopal, 2009, p. 419).

2.1.3. Budget Use

In the current economic climate, wherever the competition of exists is high between, Organization has given additional attention to the economic management of resources and, for this purpose, the employment of budgets as tools for monetary management at company's level exaggerated. So, the budget is that the most vital tool in conducting any activity in with success approach. And it's the tool by that a company's management interprets company into action and quantitative mission statements. so a continuing coming up with of any economic activity is a necessary part for the success of these activities, while not coming up with the activity of any economic entity would detach from encompassing reality and wherever coming up with of any activities during a laissez-faire economy conditions guarantees the survival (Kpedor, 2012).

A budget could be a key management tool for coming up with, monitoring, and dominant the finances of a project or organization. It helps to estimates the financial gain and expenditures for specific amount of your time of a project or organization. Managers are to blame for the conclusion of the indications at intervals their budgets and for any variance from the calculable values, cases during which they're needed to require corrective action. Budgeting will be used/serve as a coming up with and dominant system in a corporation. The company's goals and performance objectives are documented in monetary terms and once formulated; these plans are used throughout the year. Monthly performance reports compare budget with the particular result, to manage the operation management will examine the performance report and take corrective actions (Belay, 2008).

Budget as performance analysis/comparison; budget helps as a tool evaluation of the particular expenses and financial gain with budgeted amounts, or comparison of the particular performance with budgeted indicators, such as: volume of activity by variety of service, prices per service, revenue per service, value recovery for the organization as a full or for specific units, finance combine, or what proportion of the funding for the organization springs from the various sources of financial gain.

Budget to grasp the amount of activity to hold out: one in all the key determinants of prices is that the volume of activity provided to finish user. Budget relies on the anticipated range of activity/services and also the web value expected to hold out that activity.

Budget helps for correct money forecast; money forecast could be an elaborate projection of the temporal order and amounts of money inflows and outflows over a such as amount. money forecast is important as a result of it determines the dimensions and temporal order of money buildups and shortages that indicate temporary investment or borrowing necessities.

Budget as variance analysis of the particular from plan; a primary use of a budget is to watch expenditures on finances. Budgets analyzes want be done frequently to watch implementation and to focus on variances and inconsistencies. In doing budget variance analysis a corporation will do the re-plan of activity not done request budget change or budget re – shuffle from the budget holder/donor to avoid monetary risk rejection (John Keel, 2012).

Budget can be used by management and donor for different purpose; some of the benefit of the budget for both donor and management are;

- Budget helps to monitoring the income and expenditures at specific project time frame;
- Budget helps to forecasting income and expenses for projects, including the timing and the availability of income (such as additional grant funds),
- Budget will provide direction and co-ordination, so that business objectives can be turned into practical reality,
- Budget will help to assign responsibilities to budget holders (managers) and allocate resources to activity,
- Budget will help to determine if adjustments need to be made on programs and goals of organization,
- Budget will help to communicate targets from management to employees, and motivate staff,
- Budget helps in monitor performance, and Improve efficiency,
- Budget helps to know other sources of funds for the work,
- Budget represents the framework for assessing performance with the indicated parameters that the company needs to realize in order to achieve the objectives,
- Budget helps to provides leadership through exception because if the budget is well-designed, management needs to intervene only in situations where there are deviations from budgeted indicators;
- Budget helps to ensures participation in the planning activity of both management and performers that drives involvement in achieving or exceeding budgeted indicators (Riley, 2012, and Achim, 2009).

2.1.4. Budgeting techniques

According to Lewis (2012), there are two main methods to build a budget in non-governmental organizations that is incremental and zero-base budgeting in the process of proposal budget preparation.

Incremental budgeting- This approach bases any year's budget on the previous year's actual, or budgeted, figures with an allowance for inflation and best-known changes in activity levels. it's

the advantage of being easy and fast to implement. it's most helpful for organizations wherever activity and resource levels amendment very little from year to year. This approach doesn't encourage recent thinking and should continue existing inefficiencies. It additionally makes it tough to justify the figures to donors since the initial calculations could also be long forgotten.

Zero-based budgeting (ZBB) - This approach is to begin with a clean sheet with a zero base. Zero-base budgeting doesn't refer previous expertise and starts with next year's targets and activities. ZBB needs satisfactory budget justification to any or all the resource necessities. This method could suit organizations longing an amount of fast amendment and people, like NGOs, whose financial gain is activity-based that's attending to enforced within the project periods. Zero-based budgets are a lot of correct to non-government organizations budgeting since they're supported the detail of planned activities. This approach imposes abundant bigger employment on managers than progressive budgeting approach.

Activity-based budgeting (ABB) - could be a special kind of Zero-base budgeting and is often employed in the NGO sector to arrange project budgets and is favored by several donors. terrorist group could be a technique of budgeting supported an activity framework and utilizing price driver information within the budget setting and variance feedback processes. Lucey (2002) delineate terrorist group as a coming up with and system that seeks to support continuous improvement. it's a development of standard budgeting system and relies on activity analysis technique. terrorist group identifies the price the value the price drivers and gathers prices into cost pools. terrorist group relies on the premises that it's activities that drive prices and therefore the aim is to manage causes (drivers) of prices directly instead of the prices themselves. within the semi-permanent, prices are going to be managed and higher understood which not all activities add worth, therefore it's essential to differentiate and examine activities for their value adding potential.

Top down or bottom up approach- A budget could be a plan that relates on to the activities of the organization. it's vital that people who are going to be liable for budget observance and project implementation are closely committed getting ready the budget. If this can be not done, the budget can sure enough be less correct and therefore the employees less seemingly to understand the necessity to pay inside budget within the method of implementation to manage variances or to achieve fund-raising targets” Lewis (2012: 32). wherever operations employees

are concerned in setting their budgets it's delineate as 'bottom up' budgeting and 'top down' budgeting wherever budgets are obligatory by senior managers. several non-government organizations use a combination of high down and bottom up approaches to arrange budget proposals to completely different donors.

2.1.5. Participant in Budget Development

In method of budgeting the program and money employees ought to work along to formulate a budget since budgets are supported objectives, action plans, and resources need to attain organization objective. Once a draft is in situ, seeking input from brass (such because the board of administrators or general assembly) is very important. The input from brass offers a chance to develop a transparent explanation of the budget, and helps to spot if any disbursal or expenses are omitted, and attracts on the board's experience. once budget worn out collaboration of economic employees, program employees, and board it will reflect priorities for the complete organization, and additionally serving to make unity in sense of purpose similarly.

In budget development method assembly finance and program employees ought to do many months before the beginning of economic (fiscal) year. this could permit enough time for cluster to handle the question's and draft a budget. once budget involves a brand new initiative, extra coming up with time are going to be needed to develop action set up and to see if adequate resources may be raised to implement the project(Kimani2014).

Brownell (1982, cited in Kipkemboi, 2013) explicit that once fund management is high, fund participation additionally increases consequently. If budgeting used as system subordinates would wish to grasp assessment criteria in details. Therefore, because the fund management will increase, fund participation of subordinates is additionally expected to extend. fund participation is a very important analgesic variable within the relations between sort of fund management and subordinate's performance. Budget implementation which has fund management has no direct impact on performance, whereas fund participation affects performance directly. fund participation, management and task ambiguity directly affect performance negatively however in things wherever they combined interaction of variables, the consequences disagree. in keeping with the study, whereas fund participation, management and task ambiguity influence performance negatively, in things wherever fund management is high, participation makes positive contribution to performance. one amongst the explanations for this increase in

performance may well be associated with procedural justice, since fund management permits subordinates to participate a lot of in fund method, their perception of procedural justice is absolutely plagued by fund management.

2.1.6. Budget Components

When budget developed it should different components or heading, and this helps to group the activity which include.

Income: Funders wish to see a various source of revenue which shows that sustainability doesn't believe one sole source of funding. The income could include product sales, government contracts, foundation grants, and individual contributions.

Expenses: Expenses should be itemized and include unit costs, total cost of the month or the year of the organization.

Budget Headings: budget headings or categories are consistent throughout the organization, for both income and expense items and simplify bookkeeping and help with reporting and financial reviews. If the operating expense and accounting records aren't consistent then it'll be very difficult to supply monitoring reports once the project implementation stage is reached. When setting a allow the primary time or when reviewing a budget, it's important to concentrate to the Chart of Accounts.

Currency: When preparing budget make certain to notice what currency and rate of exchange you're using when presenting your budget to a funder. Combined with the budget, notes can function a transparent guide for your organization's spending and decision-making. It also helps just in case the activity is audited.

Contingency funds: Include an item which will incorporate fluctuation of costs or unexpected expenses. As a rule, donors don't wish to see this and it's not an accurate way of calculating budget. it's better to calculate and include a contingency amount for relevant items within the budget. Every item in your budget must be justifiable adding a percentage on rock bottom is difficult to justify and difficult to watch.

Key Notes: As many various people will have got to use the allow different purposes, they ought to be ready to know it (and adapt it, when necessary) with nonadditional explanation beyond

what's written down. Clarity and accuracy is that the key so it's important to stay notes on budgeting assumptions and the way calculations are made.

In-kind (non-monetary) contribution: it's helpful to point out the prices or services contributed by the organization (such as salary for the program manager, or labor to construct a facility). Funders see in-kind contributions as evidence of the organization and community's commitment that cause sustainability (<http://www.international Budget.org>).

2.1.7. Budget Execution

Steps are taken to regulate the budget properly after appropriation ordinance are passed. Budget execution refers to the implementation of plan of organizational unit into real action and includes every decision and transaction meet during the budget period. The budget execution process includes allotment, accounting treatment, pre auditing and reporting activities.

ALLOTMENTTS:

Appropriations ordinance or act doesn't specify the speed at which expenditure are to be made throughout the year. Allotment is clear however that the follow of revenue and expenditure isn't unit for. Allotment are executive assignments of appropriated sums by period of time or to organizational unites or activities. (Hay Wilson; 1995, 70)

Allotment is that the allocation of the quantity appropriated indicating the time appropriation is consumed, the speed of usage and therefore the organizational unit liable for consumption. Unlike appropriation which is formed by legislative body and regularly are often changed by that body only, allotments are made by the chief executive and may be changed by his/her with none action of the legislative body.

The first step in expenditure control may be a cable by the chief executive departmental allotment schedule. At this, each department knows the utmost amount, which his department may spend. His task now's determining what proportion of the appropriation is spending during monthly, quarter or other period; and must determine how the sum are going to be spread among his/her activities. (Tanner and lynn 1968, 37)

The department allotment schedules alongside any addition data supporting the remaining for allotment like work programs are submitted to the chief executive, which has received statement from the budget officer showing estimated receipts by month, quarter for other periods abreast of

receipts of department allotment schedule, the entire allotment are requested to every period during the year, are tabulated and compared with the anticipated receipts as far as possible, adjust are made to being expenditure with within the actual resources available for the actual period. If the budget is effectively control, organizational unit must stay within their appropriation and therefore the amount allotted to them for a specific period.

BUDGET ACCOUNTING:

According to the tanner and Lynn, budgetary accounting is one among the principal devises through which control of budget execution is exercised (Tanner and Lynn 1960, 45). The estimated revenue and appropriation within the amount approved by legislative body actual are recorded within the books where they'll be compared with the particular development of the amount. However, the activities with which appropriation account are found out depend upon separate general account are established for estimated and actual revenue. These separate accounts for appropriation are found out within the ledger manual.

- Appropriation account
- Expenditure account
- Encumbrance account

PRE-AUDITING:

This refers to function of approving transaction before they need been takes place or recorded. Responsibility for the function is usually assigned to the chief accounting office through the massive department, who perform some or all of the pre-auditing function for revenue transaction, pre-auditing includes; verification of auditing, accuracy of task, revenue base, calculation, classification and coding for entry within the recorded, from the expenditure side pre-auditing could also be directed toward prevention of miss appropriation of funds. Overspending of appropriation, expenditure for illegal purpose and eventually it ensures the utilization of proper method and procedure.

Control of miss appropriation of fund is exercised by combination of appropriation procedure, pre-audit and post office accounting this is often done under direction of the chief accounting officer of the govt to work out whether prescribed procedure are followed. The examination of

the book of accounts by an independent past auditor is additionally a strong tool for identification of miss-appropriation. Furthermore, the utilization of proper methods and procedure is an integral a part of the method of control.

Expenditure are illegal if they exceed the appropriation that authorized them or if they're made for purposes not considered by the appropriations.

REPORTING:

Reporting is an important element of budget execution that the chief branch all the govt is responsible. In performing this function, the chief should meet the necessity of the many different, group. the annual financial report is formed to supply the legislative body, investors, public finance students, political scientists, and therefore the general public is that the information which each group needs. The monthly statements are primarily designed to satisfy the necessity of administrative persons like the chief executive, supervisor at the overall level of the govt and budget examiners. The principal a part of the foreign budget report is to supply information for action, solutions, and variation from the budget. The annual financial report is ready by the financial officers of governmental unit to point out its economic condition and operation. (Tanner and Lynn, 1960; 347)

2.1.8. Budgetary Control

Budgetary control is the process of developing a plan for spending and compare periodically actual expenditures against the determined plan to review the partner of spending and adjust activities for returning to track. It is management control system comparing actual income and spending with plan for enabling entities to make economic decision in respect whether the plan is actually followed and to assess the budgeted activities are performed as planned and analyze variances between the budget and actual expenditure.

Budgetary control is also helps to prevent loss of entities' financial resources from theft, fraud and technological malfunction. In the process of budgetary control management will analyze any differences between the actual and budget and seeking explanation for any variances, favorable or unfavorable. This process also help the management to identify any inappropriate spending and fraudulent activities.

Budgetary control may be a tool implored by management to stay track of actual performance to make sure budgeted standards are met (Kpedor, 2012). It entails a repetitive circle of designing and control which is typically followed by appropriate information about actual result to the management for comparing them against the budgeted and initiating an impact action if necessary (Defranco,1997).

According to Scarlett (2008), budgetary control provides for the cost-effective procurement principles, procedures and practices of achieving given objectives through budgets. The budgetary system helps in fixing the goals for the organization as an entire and concerted efforts made for its achievements. Preetabh, (2010) highlighted the advantages of budgetary control as profit maximization; a budgetary control aims at maximization of profits or a corporation through proper planning and co-ordination of various functions, proper control over various capital and revenue expenditures and putting resources into best use. Coordination achieved through working of various departments and sectors. Waren, (2011) noted that budgetary controls provide for variance within the organization performance at different departments pertaining to one another; this therefore makes coordination of varied executive and subordinates necessary in achieving of budgetary targets. The budget brings about improvement and efficiency within the working conditions of the organization by beginning targets of the organizations and providing resources to all or any departments to figure towards achieving these targets. Thus, everybody knows what they're working for thanks to the link and given the required resources, they're going to ensure efficiency (Kaplan and Norton, 1992). The budget is a way of motivating managers to achieve stated goals of the organization. It helps in communicating organizational plans to the varied units or departments within the organization by creating divisional, departmental, and sectional budgets and properly defined responsibilities.

Blocker and Weltmer (1980) who conjure that budget is a yardstick or benchmark for controlling on-going operations and assists in building solidarity and also links the project activities to the objectives where participation in budgeting is inspired. This helps in reducing wastes and losses by revealing them in time for corrective action. Budget acts as benchmark for evaluating the performance of managers and is a way of teaching them. Blocher and Chen (2002), also argue that budgets help to allocate resources, coordinate operations and supply a way for performance measurement. Hilton (2000), note that the budget is that the most generally used technique to integrate budget planning and implementations for planning and control purposes needed to

realize set target. Margah, (2005) assert that budgetary controls are important tools for a country's economy this is often because it allows planning for expenditure thus facilitating systematic spending. Finances are put into Optimum use, extending the advantages to industry and economy thus minimizing wastage of resources. an extra review of literature on budgeting reveals that budgets serve dual purposes of designing and control (Douglas, 1994). Budgets are wont to communicate top management's expectations to managers and employees. The budgets process provides for coordinated planning among different functional areas (Abernethy and Stoelwinder, 1995). Merika, (2008), the deviations in budgeted and actual performance will enable the determination of weak spots. this permits a corporation to consider those aspects where performance is a smaller amount than stipulated. The management moreover takes corrective action measures whenever there's a discrepancy in performance.

According to Okapnachi and Muhammed (2013), absence of effective budgetary control breeds disregard for laid down procedures, loss of focus and shoddy coordination of activities and these can cripple an organization.

2.1.9. NGOs Budgeting

According to a manual of fundamentals of NGO financial stability, developed by Abt associates on behalf of Path finder international, —A budget may be a detailed plan for the longer term that describes in formal, measurable terms how resources are going to be acquired and used during a selected period of your time.

This manual added, a budget improves sustainability by helping managers employ the organization's limited resources within the most effective and efficient ways. Moreover, Funds for NGOs Grants and resources for sustainability home page explained that Budget, in simple terms, means a document where you specify what proportion money you're getting to spend (in other words, expenditure), especially if your organization has received grants. In some cases, as in businesses, budgets also can include the cash that the organization goes to get or income. The latter is vital for all NGOs now because managing any organization, including an NGO don't mean just spending – we also got to check out how costs are often covered and money are often saved for other activities, (2011) J. Edgar Hoover cited during a hand book for NGOs has summarized that A budget tells your money where to go; otherwise you wonder where it went, (Lweis, 2012, p. 28).

MacMillan added that —In commercial organizations, the budget ensures that revenues exceed expenses, leading to a profit. In not-for-profit organizations, the budget ensures that revenues are available to continue programs and services for the membership, (MacMillan, 2010, p. 99). most significantly, Ruppel has emphasized that Budgets are generally more important to not for-profit organizations than to commercial enterprises because a not-for-profit organization ‘s budget may be a blueprint of how it expects to use its limited resources to further its programmatic mission, while it's nice for a billboard organization to possess a budget that anticipates a profit increase. On the opposite hand, if a not-for-profit organization misses its budgeted projections by an outsized amount, it could find itself in serious financial difficulties, (Ruppel, 2007, p. 214). Ruppel added, relating actual financial results with the annual budgets that are adopted by the overwhelming majority of not-for-profit organizations is vital in understanding how the budget is employed as a way of monetary management, (Ruppel, 2007, p. 219)

Regarding the functions of budgeting, Lewis indicated that there are various functions of Budget within the NGO area. the most functions he stated include:

1. Planning - A budget is important for planning a replacement project, in order that managers can build up an accurate idea of the project’s cost. this enables them to figure out if they need the cash to finish the project and if they're making the simplest use of the funds, they need available.
2. Fundraising - The budget may be a critical a part of any negotiation with donors. The budget sets call at detail what the NGO will do with a grant, including what the cash are going to be spent on, and what results are going to be achieved.
3. Project implementation- An accurate budget is required to regulate the project, once it's been started. the foremost important tool for on-going monitoring is comparing the particular costs against the budgeted costs. Without an accurate budget, this is often impossible. Because plans sometimes change, it's going to be necessary to review the budget after a project has started.
4. Monitoring and evaluation- The budget is employed as a tool for evaluating the success of the project, when it's finished. It helps to answer the question: Did the project achieve what it began to achieve? (Lweis, 2012, pp. 27-28)

2.2. Empirical literature

Yesuf Ahmed (2015) did a study on budgeting and budget monitoring practice in NGOs operating in Ethiopia. The aim of the study was to explain budgeting processes and budget monitoring practices in NGOs. The researcher concludes that Budget monitoring and variance analysis should be made on regular bases in line with the monthly close of monetary system to match budget versus expenditure by budget holders and finance who are liable for managing the projects budget and activities with clear justification and action points. The researcher also recommended to make sure integrity of various departments within the process of project implementation, the non-government organizations should conduct regular grant review meetings with different departments like program, finance, logistics and human resource to make sure smooth communication and timely delivery of outputs as per planned activities.

Another research is completed by Mulugeta Shume (2015) on Role of budget in foreign charities/NGOs in Ethiopia, the goal of the study was to assess what role does budget play in foreign charities /NGOs in Ethiopia. This research concludes that budget plays the role of designing, communication, coordination, control and evaluation within the sample foreign charities/ NGOs in Ethiopia. This research doesn't conclude regarding motivation role that budget plays as there are two conflicting responses regarding this role.

Nyambura Kimani, (2014) has conducted a research on, the effect of budgetary control on effectiveness of Non-Governmental Organizations' in Kenya. The research findings established that there's a weak positive effect of budgetary control on performance of Non-Governmental Organizations in Kenya. The research recommends that employees got to be sensitized on budgetary controls and therefore the effect on performance of the organization. It also recommends that other factors that influence performance aside from budgetary controls should be investigated by organizations.

Isaac, Lawal and Okoli, (2015) have conducted a research on a systematic review of budgeting and budgetary control in government owned Organizations and revealed that involvement of all relevant stakeholders in the preparation of the budget is necessary and sufficient condition for achieving effective budgeting and budgetary control for fruitful implementation of plan.

Andrew, Albert and Dr. Ngoze (2016) on the study titled budgetary control and financial performance in public institutions of higher learning in western Kenya found that budgetary control had an effect on financial performance of public institutions of higher learning in western Kenya. It also established that budgetary control had a statistically significant positive effect on financial performance in public institutions of higher learning.

In another research titled the impact of budgeting and budgetary control on the liquidity levels of nonprofit making organizations in Uganda, Bombo (2016), revealed that there exists a positive relationship between budgeting systems, control and liquidity level. In this respect, it was concluded that though many other factors were pointed out as possible causes of the declining levels of liquidity, poor budget systems and budget control strategies were largely held responsible.

Gladstone Stanley, (2020), The effect of budgetary control on effectiveness of NGOs in Ghana, proves that most of the non-profit organizations in Ghana recognize the importance of budgeting and establish well-resourced budgeting unit in their organizations for effective monitoring and evaluation of their operations. And it helped the NGOs to score about 71.11% in the performance indicators of the organization. It is also noted in the research that having the budgeting unit in NGOs helped them to achieve the 30% administration cost and 70% program costs requirement in the country.

2.3. Summary of Literature Gap

Budgetary system and Utilization are core drivers of organization performance during a non-governmental organization as suggested by many scholars like (Okapnachi and Muhammed, 2013; Margah, 2005 and Kpedor, 2012). Research also has shown that there's no single approach to budgeting suitable for all businesses. Instead, the suitability of a specific approach is argued to be contingent upon characteristics of a business including its size, strategy, structure, and also management's perception of the uncertainty of the environment within which the business operates to best link its budgetary control procedures that's planning, evaluation, monitoring and control.

This is supported by Nyambura Kimani, (2014) who explains that there's a weak positive effect of budgetary control on performance of Non-Governmental Organizations in Kenya measured by R square at 14.3%. The research recommends that employees got to be sensitized on budgetary controls and therefore the effect on performance of the organization. From the above Literatures we will understand that tiny has been wiped out reference to budgetary system and utilization and effectiveness of non-governmental organizations, this is often however geared to determine whether there's any relationship between budgetary system and effectiveness of non-governmental organizations.

Chapter Three

Research Method

3. Introduction

This chapter discuss the approaches and techniques the was used during the study i.e. the data collection, analysis and presentation of the study. The chapter include the research design, target population, sampling, data sources, data analysis techniques and Ethical considerations.

3.1. Research Design

In this research a descriptive study design was used; by aiming to assess the budgetary and controlling system in Save the children International Ethiopia. A descriptive survey is usually concerned with describing a population with respect to important variables with the major emphasis being establishing the relationship between the variables. The advantage of this type of research design is that it is easy to understand as recommended by (Kothari, 2005). This design attempts to collect data from members of the population and describes existing phenomenon with reference to budgetary system and controlling.

3.2. Target Population

A population in statistics is the specific parameter about which information is desired and it may include a set of people, services, elements and events, group of things or households, etc. that are being investigated (Kothari, 2009). The target population for this study was 50 staff of Save the children International head Office more specifically, Budget Unit, General accounting unit, Treasury and disbursement unit, reporting unit, Awards unit and program development that have a direct involvement in the budget development and monitoring.

3.3. Sampling and Sample size determination

For this study, the researcher used all staffs of budget unit, general accounting unit, treasury and disbursement unit, reporting unit, awards unit and program development units who are based in the head office of save the children international Ethiopia CO. i.e. the researcher use a census

method, since the total population was small and manageable for the researcher to distribute questioner to all of them.

3.4. Data Source

This study used both primary and secondary data source. Primary data was collected directly from the respondents through a self-administered question prepared using five-point Likert scale where 1= strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. Secondary data was used from SCI Ethiopia CO finance and operation reports, and other different organization report from organization one net page.

3.5. Data analysis techniques

The researcher used a statistical data analysis technique namely descriptive statistics, including means and standard deviation and before analyzing the data; the collected data is entered in to a pre-designed data base and cleaning were done to maintain completeness and consistency. It then systematically organizes to confirm if it represents the target population and to facilitate objective interpretation of data at a later stage. The responses from the employees of the SCI and then analyzed using statistical package for social scientists (SPSS) computer software version 23.0. This provide a comprehensive range of statistical programs suitable for analyzing data as per the study objectives such as frequency tabulations and descriptive statistics.

3.6. Ethical considerations

The permission for identifying data were required and obtained from Save the Children International Ethiopia head office. Each questionnaire was administered together with a letter providing explanation and assurance that all information provided will be treated confidential and their identity kept anonymous.

Chapter Four

Data Analysis, Results and Discussion

4.1. Introduction

This chapter presents the data analysis, the research findings (results), and based on the results the researcher gives discussion on the findings and gives some interpretation of the result. In order to presents findings and the discussion about Assessment of budgetary controlling system: In the case of Save the Children International Ethiopia Office in Addis Ababa / Ethiopia; the researcher uses different form of tables and quantitative analysis done in text.

4.2. Response rate

A total of 50 questionnaires were administered to staffs of SCI ETHIOPIA CO. out of which 46 were filled and returned. The remaining 4 questionnaires were not collected due to refusal to give response for the questionnaires and incomplete data. This gave a response rate of 92% According to Mugenda the statistically significant response rate for analysis should be at least 50%. (Mugenda, 2003)

	No of Questionnaire	Percent
Completed	46	92 %
Not Completed	4	8 %
Total	50	100 %
Source: Research Data (2020)		

TABLE 1: RESPONSE RATE OF RESPONDENTS

4.3. Respondent's profile

In this study, the researcher described respondents' profile in terms of their education Level, gender, and experience with SCI Ethiopia CO. In this section the researcher presents the respondents characteristics. The study employed a closed ended questionnaire to categorize respondent's profiles and their responses were analyzed using frequencies and percentage distributions as shown in the following Tables.

4.3.1. Education Level of Respondents

Table 2 below indicates the education qualification of this research respondents, most of this research respondents had professional qualification. This revealed by respondents with Diploma, Degree, postgraduate (MA/MSc) and Above qualifications. i.e. 23 (or 50%) of respondents in this study possess BA/BSC degree, 16 (or 34.8%) of them have 2nd degree (MA/MSc) degree, 4 (or 8.7%) of respondents are above those specified education qualification and the remaining 3 (or 6.5%) of respondents have Diploma in their qualification. Therefore, from those results most of SCI Ethiopia CO. staffs who are participated in budget development and controlling are literate.

		Count	Column N %
<i>What is your level of Education?</i>	<i>Diploma</i>	3	6.5%
	<i>BA/BSC Degree</i>	23	50.0%
	<i>MSc/ MA</i>	16	34.8%
	<i>Above</i>	4	8.7%
	<i>Subtotal</i>	46	100.0%
<i>Sex</i>	<i>Female</i>	24	52.2%
	<i>Male</i>	22	47.8%
	<i>Subtotal</i>	46	100.0%
<i>year of experience in the organization?</i>	<i>Less than 1 Year</i>	3	6.5%
	<i>1-3Years</i>	15	32.6%
	<i>Above 3 Years</i>	28	60.9%
	<i>Subtotal</i>	46	100.0%

TABLE 2: RESPONDENTS PROFILE

4.3.2. Gender of Respondents

The results in Table 2 above show that Female were the majority respondents in this research i.e. 24 (or 52.2%) were Females and the remaining 22 (or 47.8%) are Male respondents, therefore in this regard, the study finding revealed that in save the children international Ethiopia CO women participation in the budgeting as well as in controlling is higher.

4.3.3. Years of experience of the respondents in SCI

Table 4 above; shows the experience of our research respondents with the SCI Ethiopia CO. i.e. 28 (or 60.9%) of respondents have been staff of SCI Ethiopia CO. for a period ranging more than 3 years, 15 (or 32.6%) respondents had work experience in SCI Ethiopia CO. for a period range between 1-3 Years, and the remaining 3 (or 6.5%) of respondents have less than a Year's work experience in SCI Ethiopia CO. This indicates that majority of the respondents had higher knowledge and experience about the SCI Ethiopia CO. since they had been serving SCI Ethiopia CO. for relatively long period of time that is 3 years and above. Therefore, we can say; respondents in this study are highly familiar with the practices of budgeting and budget controlling activities of save the children international Ethiopia Co.

4.4. RELIABILITY TEST

The reliabilities of those factors which measure Assessment of budgetary controlling system: In the case of Save the Children International Ethiopia Office is measured by Cronbach's Alpha and here as per Table 5 below result we have found the overall figure of this value it is 0.782 which is greater than 0.70 which is considered acceptable,

Reliability Statistics	
<i>Cronbach's</i>	<i>N of Items</i>
<i>Alpha</i>	
.782	20

TABLE 3: RELIABILITY STATISTICS

The below Table 6 below we have found; all 19 items/ questions given to respondents to assess budgetary controlling system: In the case of Save the Children International Ethiopia Office show a Cronbach's Alpha which is greater than 0.70.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
<i>Do you think you will involve on all budget preparation?</i>	73.5000	70.033	.407	.775
<i>Do you have adequate understanding on budget preparation?</i>	73.2174	71.285	.202	.781
<i>Do you think all staff related with operation involve on budget preparation?</i>	74.3043	53.328	.751	.733
<i>Finance/award team participation on budget preparation have input for good budgetary system.</i>	74.3696	54.905	.637	.747
<i>The performance of employee involved on budget preparation have impact or system?</i>	73.4783	72.122	.119	.783
<i>Senior management team involved on budget preparation will affect the budgetary controlling system</i>	75.0217	64.333	.344	.775
<i>Do you agree that employee participation add value to the budgeting process</i>	73.3696	73.571	-.066	.789
<i>Variances between budget and actual is partly due to absence of or limited employee participation in budget preparation</i>	74.3478	54.543	.700	.739
<i>Coordination among the various departments during budget preparation is essential for budget preparation</i>	73.2391	71.430	.184	.781
<i>Budget controlling system is strong across all the program and as organization.</i>	73.4565	70.831	.251	.779
<i>Change of program staff or implementers of budgets affect the achievements of the budgets.</i>	73.7826	70.352	.213	.780

<i>The approved budgets are shared with all departments, relevant staff and ensure they are understood.</i>	73.6739	70.847	.227	.780
<i>The organization has documented budgeting process (budget notes) which is referenced during the process.</i>	73.5217	71.811	.172	.782
<i>Budget holder's/program manager monitor their budget and do variance analysis to control over and underspends.</i>	73.4348	69.273	.213	.781
<i>There are policies and procedures in place in budget preparation, budget control and implementation to identify the role and responsibility of staffs in different departments.</i>	73.4783	70.788	.295	.778
<i>Budgets are reviewed as need arises to capture the reality during implementation.</i>	73.6522	66.987	.266	.780
<i>Insufficient funds allocated to department or projects affect budget implementation.</i>	73.8913	63.788	.477	.764
<i>Budget holders utilize their approved budget based on their plan in the budgetary system.</i>	73.6739	70.136	.260	.778
<i>Your office revises its plan frequently in relation to budget.</i>	74.8913	64.543	.384	.771
<i>You have adequate knowledge to prepare program detail implementation plan (DIP) and its budget.</i>	75.1522	62.443	.440	.767

TABLE 4: DETAIL RELIABILITY STATISTICS

4.5. Budget Preparation involvement in save the Children international

Table 5 below shows a responses given for the questions given to assess the involvement of key staffs in the budget preparation in save the children international. In this section the researcher gives 9 questions that determine to what extent staffs in SCI involved in the project budget preparation and how it impacts their financial utilization during the course of the project implementation.

From their response 34 (73.9%) and 12 (26.1%) responded as agree and strongly agree respectively for the question requesting their involvement in the preparation of all budget with a

mean score of 4.2609 and standard deviation 0.44396. When we see their understanding on the budget preparation 21 (45.7%) and 24 (54.3%) of the study respondents agree and strongly agree for the question “Do you have adequate understanding on budget preparation?” with a mean score of 4.54 and standard deviation of 0.50361 which indicates they are firmly familiar with budget preparation in SCI.

Higher number of respondents in this study strongly agree on the question “Do you think all staff related with operation involve on budget preparation? i.e. from the total respondents 17(37%) of them; when we see the remaining respondents there agreement for this question is situated as 11(23.9%) are “agree”, 10 (21.7%) “ Strongly disagree” , 4 (8.7%) are disagree and the remaining 4 (8.7%) are neutral in their response with a mean score of 3.4565 and a standard deviation of 1.58754 which show there is high score of standard deviation which indicates there is variation in the response and with the mean score situated in the category 2.50 to 3.50 means the respondents were neutral, and this lead us there is a no definite answer to say there is or not participation of all staffs related with operations in the budget development.

When we see the response given for the question “Finance/award team participation on budget preparation have input for good budgetary system.” 18 (39.1%) of respondents are strongly agree and 11 (23.9%) are in the contrary i.e. they are strongly disagree, and the remaining responses are situated as 9 (19.6%) are agree, 5 (10.9%) are Disagree and the remaining 3 (6.5%) of respondents are neutral with a mean score of 3.3913 and higher a standard deviation of 1.65299 which indicates there is a variation in responses and with the mean score is also situated in the category 2.50 to 3.50 means the respondents were neutral and we can say there is no definite answer whether or not the staffs of those integral units of the organization involved in the budget preparation to have a good input for good budgetary system.

For the question “The performance of employee involved on budget preparation have impact or system?” 33 (71.7%) of respondents are agreed and the remaining 13 (28.3%) are strongly agreed with a mean score of 4.2826 and a smaller standard deviation 0.45524 which implies respondents are consistent for this question by their agreement for the given question i.e. employees performance involved in budget preparation have impact on the system.

The answer given by the respondents for the question “Senior management team involved on budget preparation will affect the budgetary controlling system” shown as there is a variation in

responses given by this study respondents i.e. their mean score is 2.7391 which indicates they are neutral on this with a higher standard deviation 1.30699; when we see the count of the responses given 14(30.4%) of them agree, 11(23.9%) are strongly disagree, 10 (21.7%) are disagree, 8 (17.4%) are neutral and the remaining 3 (6.5%) of them strongly disagree.

On employee's participation respondents are consistent i.e. for the question "Do you agree that employee participation add value to the budgeting process?" 28(60.9%) are agree and the remaining 18(39.1%) are strongly agree with a mean score of 4.3913 and a standard deviation 0.49344 which indicates respondents firmly believe the involvement of employees in the budget preparation process add value.

For the question "Variances between budget and actual is partly due to absence of or limited employee participation in budget preparation"; 16 (34.8%) of respondents are strongly agreed, 11 (23.9%) are agreed, 10 (21.7%) are strongly disagree, 5 (10.9%) of them are neutral and the remaining 4 (8.7%) of them are disagree with a mean score of 3.4130 and a standard deviation 1.57164 which implies they are neutral in this regard since their mean score is situated in the category 2.5 to 3.5 with higher variation, which indicates respondents are not sure whether or not limited staff or absence of employees participation in the course of budget preparation create a variance budget and actual during the course of the project implementation.

The last question in this section was "Coordination among the various departments during budget preparation is essential for budget preparation" and here 24(52.2%) of respondents are strongly agree and the remaining 22 (47.8%) of them agree with a mean score of 4.5217 and a standard deviation of 0.50505 which indicates respondents believe coordination among the various departments during budget preparation is vital.

Therefore, in this study in SCI Ethiopia Co. staffs are involved in the budget preparation, they have adequate knowhow on the budget preparation, performance of employees matters on the budgeting system, employee participation add value to the budget process and coordination among various departments during budget preparation is crucial. In addition to the above facts; in Save the Children; it is indefinite to say; staffs in operations are involved in the budget preparation, two integral units (Finance and Award) in the budget preparation have input for a good budgetary system, SMT involvement in the budget development affect the budget

controlling system and variance between budget and actual is partly due to absence or limited staff participation.

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %		
<i>Do you think you will involve on all budget preparation?</i>	0	0.0%	0	0.0%	0	0.0%	34	73.9%	12	26.1%	4.2609	.44396
<i>Do you have adequate understanding on budget preparation?</i>	0	0.0%	0	0.0%	0	0.0%	21	45.7%	25	54.3%	4.5435	.50361
<i>Do you think all staff related with operation involve on budget preparation?</i>	10	21.7%	4	8.7%	4	8.7%	11	23.9%	17	37.0%	3.4565	1.58754
<i>Finance/award team participation on budget preparation have input for good budgetary system.</i>	11	23.9%	5	10.9%	3	6.5%	9	19.6%	18	39.1%	3.3913	1.65299
<i>The performance of employee involved on budget preparation have impact on system.</i>	0	0.0%	0	0.0%	0	0.0%	33	71.7%	13	28.3%	4.2826	.45524
<i>Senior management team involved on budget preparation will affect the budgetary controlling system</i>	11	23.9%	10	21.7%	8	17.4%	14	30.4%	3	6.5%	2.7391	1.30699
<i>Do you agree that employee participation add value to the budgeting process?</i>	0	0.0%	0	0.0%	0	0.0%	28	60.9%	18	39.1%	4.3913	.49344
<i>Variances between budget and actual is partly due to absence of or limited employee participation in budget preparation</i>	10	21.7%	4	8.7%	5	10.9%	11	23.9%	16	34.8%	3.4130	1.57164
<i>Coordination among the various departments during budget preparation is essential for budget preparation</i>	0	0.0%	0	0.0%	0	0.0%	22	47.8%	24	52.2%	4.5217	.50505

TABLE 5: BUDGET PREPARATION INVOLVEMENT IN SAVE THE CHILDREN INTERNATIONAL

4.6. Budget Controlling System in Save the Children International Ethiopia Co.

In this section the researcher instructs respondents to give their level of agreement for 6 question which can be answered by scale numbered from 1 to 5; here those numbers indicate 1 is “Strongly Disagree”, 2 indicates “Disagree”, 3 indicates “Neither Agree nor Disagree (Neutral)”, 4 indicates “Agree” and 5 indicates “Strongly Agree”. Therefore, the mean scores of 0-1.5 means that the respondents strongly disagree, between 1.50 to 2.50 means they are disagreeing, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they are agreed, and a mean above 4.50 means the respondents are strongly agreed by the statements presented in the drivers of employee engagement. Therefore, table 6 below gives as the descriptive result on budget controlling system in Save the children international Ethiopia Co.

For the question “Budget controlling system is strong across all the program and as organization.” The majority 30 (65.2%) of respondents are agree, 15 (32.6%) are Strongly agree and the remaining 1 (2.2%) of the respondent is neutral with a mean score of 4.3043 and a standard deviation 0.51075 which indicates respondents are agreed in SCI budget controlling systems are strong across all programs and in the organization. 25 (54.3%) of respondents are agree on the Change of program staff or implementers of budgets affect the achievements of the budgets; in this regard 10 (21.7%) of respondents are strongly agreed and the remaining 11(23.9%) of them are neutral with a mean score of 3.9783 and a standard deviation 0.68278 which indicates change in staff or implementers of the budget affect the attainment of the budget.

For the question; “The approved budgets are shared with all departments, relevant staff and ensure they are understood.” 32(69.6%) of respondents in this study agreed, 9 (19.6%) of respondents are strongly agreed and the remaining 5 (10.9%) of them are neutral with a mean score of 4.0870 and a standard deviation 0.55080 which indicates respondents are agree on in SCI all approved budgets are shared to all departments, relevant staffs and there is a mechanism to give understanding by all users of those budgets. Among respondents in this study 35 (76.1%) of them agree on the question “The organization has documented budgeting process (budget notes) which is

referenced during the process.” And the remaining 11(23.9%) are strongly agree with a mean score of 4.2391 and a standard deviation 0.43127 which indicates respondents are agree on the existence of a budget process (budget note) in save the children international.

For the question “Budget holder’s/program manager monitor their budget and do variance analysis to control over and underspends. 24 (52.2%) of them gives response as strongly agree, 17 (37%) of them are agree, 4 (8.7%) of them are disagree and the remaining 1 (2.2%) of the respondent is neutral with a mean score of 4.3261 and a standard deviation 0.89578 which indicates respondents are agree on the existence of practice of the budget holders/ PMs monitor their budget and do variance analysis regularly to control the over and underutilization of their budget. To see the existence of policies and procedures in SCI on the budget preparation and control; the researcher provides a question called “There are policies and procedures in place in budget preparation, budget control and implementation to identify the role and responsibility of staffs in different departments.

” For this question 33 (71.7%) of respondents are agreed and the remaining 13 (28.3%) are strongly agreed with a mean score of 4.2826 and a standard deviation of 0.45524 which indicates in save the children there are policies and procedures already emplaced for the budget preparation, budget control and to identify the role and responsibilities of staffs in different departments. Therefore, from the findings in this section we can infer; in save the children international Ethiopia Co budget controlling system is strong across all department, change in staffs and implementers have impact in the budget utilization, there is documented process or budget note, BH/ PMs do a regular review and do variance analysis in their course of implementation of the project and in addition there are readymade policies and procedures for the preparation, control and identification of role and responsibilities of staffs across the organization.

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %		
<i>Budget controlling system is strong across all the program and as organization.</i>	0	0.0%	0	0.0%	1	2.2%	30	65.2%	15	32.6%	4.3043	.51075
<i>Change of program staff or implementers of budgets affect the achievements of the budgets.</i>	0	0.0%	0	0.0%	11	23.9%	25	54.3%	10	21.7%	3.9783	.68278
<i>The approved budgets are shared with all departments, relevant staff and ensure they are understood.</i>	0	0.0%	0	0.0%	5	10.9%	32	69.6%	9	19.6%	4.0870	.55080
<i>The organization has documented budgeting process (budget notes) which is referenced during the process.</i>	0	0.0%	0	0.0%	0	0.0%	35	76.1%	11	23.9%	4.2391	.43127
<i>Budget holder's/program manager monitor their budget and do variance analysis to control over and underspends.</i>	0	0.0%	4	8.7%	1	2.2%	17	37.0%	24	52.2%	4.3261	.89578
<i>There are policies and procedures in place in budget preparation, budget control and implementation to identify the role and responsibility of staffs in different departments.</i>	0	0.0%	0	0.0%	0	0.0%	33	71.7%	13	28.3%	4.2826	.45524

TABLE 6: BUDGET CONTROLLING SYSTEM IN SAVE THE CHILDREN INTERNATIONAL ETHIOPIA CO.

4.7. The Practice of Budget Utilization and detail implementation plan

In this section the researcher instructs respondents to give their level of agreement for 6 question which can be answered by scale numbered from 1 to 5; here those numbers indicate 1 is “Strongly Disagree”, 2 indicates “Disagree”, 3 indicates “Neither Agree nor Disagree (Neutral)”, 4 indicates “Agree” and 5 indicates “Strongly Agree”. Therefore, the mean scores of 0-1.5 means that the respondents strongly disagree, between 1.50 to 2.50 means they are disagreeing, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they are agreed, and a mean above 4.50 means the respondents are strongly agreed by the statements presented in the drivers of employee engagement.

Therefore, table 9 below gives as the descriptive result on the Practice of budget utilization and detail implementation plan; among a total of 46 respondents; 24 (52.2%) of them strongly agree on the question “Budgets are reviewed as need arises to capture the reality during implementation.” the remaining answers are situated as 11 (23.9%) respondents agree, 8 (17.4%) responses are Disagree and the remaining 3 (6.5%) of them gives Neutral.

For the question “Insufficient funds allocated to department or projects affect budget implementation.” Equal number of respondents give agree and strongly agree i.e. 16 (34.8%) of each of those responses were given by respondents and the remaining response is 8 (17.4%) disagree and 6 (13%) of them are Neutral with a mean score of 3.8696 and a standard deviation of 1.08748 which indicate Insufficient funds allocation to departments and projects affect the budget implementation.

For the question “Budget holders utilize their approved budget based on their plan in the budgetary system.” 28(60.9%) of respondents agree, 11 (23.9%) respondents are strongly agree and the remaining 7 (15.2%) of them are neutral with a mean score of 4.0870 and a standard deviation of 0.62632 which indicates in SCI Ethiopia CO Budget holders utilize their approved budget based on their plan in the budgetary system.

For the question “Your office revises its plan frequently in relation to budget.” 16 (34.8%) of respondents are agree, 12 (26.1%) of them respond Disagree, 9 (19.6%) of them respond as Neutral and the remaining 2 (4.3%) of respondents are strongly agree on this statement with a mean score of 2.8696 and a standard deviation of 1.18526 which implies staffs of Save the Children international Ethiopia CO are neutral or indifferent in the frequent revision of the project budget since the mean score of those response is laid in the range 2.5 to 3.5.

The last question given to those respondents in the study were “You have adequate knowledge to prepare program detail implementation plan (DIP) and its budget.”. Here, 14 (30.4%) of respondents disagree, 13 (28.3%) of them are neutral, 10 (21.7%) of them strongly disagree, 7 (15.2%) of them are strongly agree and the remining 2 (4.3%) of respondents agree on this statement with a mean score of 2.6087 and standard deviation of 1.30773 which implies respondents/ staffs of Save the Children International Ethiopia Co are indifferent in their knowledge to prepare a detail implementation plan and its budget.

Therefore, from the finding in this study, the following practice of budget utilization and DIP are identified as a common practice of SCI Ethiopia CO; Budget revision is undertaken as need in order to capture the reality during implementation, Insufficient funds allocated to department or projects affect budget implementation and BHs utilize their approved budget based on their work plan and phased budge in the financial system. In addition, in this section SCI Ethiopia CO staffs are indifferent in their office revision of budget frequently and their adequacy of knowledge to prepare program detail implementation plan (DIP) and budget.

	<i>Strongly Disagree</i>		<i>Disagree</i>		<i>Neutral</i>		<i>Agree</i>		<i>Strongly Agree</i>		<i>Mean</i>	<i>Std. Deviation</i>
	<i>Count</i>	<i>Row N %</i>	<i>Count</i>	<i>Row N %</i>	<i>Count</i>	<i>Row N %</i>	<i>Count</i>	<i>Row N %</i>	<i>Count</i>	<i>Row N %</i>		
<i>Budgets are reviewed as need arises to capture the reality during implementation.</i>	0	0.0%	8	17.4%	3	6.5%	11	23.9%	24	52.2%	4.1087	1.13975
<i>Insufficient funds allocated to department or projects affect budget implementation.</i>	0	0.0%	8	17.4%	6	13.0%	16	34.8%	16	34.8%	3.8696	1.08748
<i>Budget holders utilize their approved budget based on their plan in the budgetary system.</i>	0	0.0%	0	0.0%	7	15.2%	28	60.9%	11	23.9%	4.0870	.62632
<i>Your office revises its plan frequently in relation to budget.</i>	7	15.2%	12	26.1%	9	19.6%	16	34.8%	2	4.3%	2.8696	1.18526
<i>You have adequate knowledge to prepare program detail implementation plan (DIP) and its budget.</i>	10	21.7%	14	30.4%	13	28.3%	2	4.3%	7	15.2%	2.6087	1.30773

TABLE 7: THE PRACTICE OF BUDGET UTILIZATION AND DETAIL IMPLEMENTATION PLAN

Chapter Five

Summary, Conclusion and Recommendations

5. Introduction

In this chapter, the researcher gives the summary, conclusions, recommendations and suggestions for further research based on the results in chapter four on Assessment of budgetary controlling system: In the case of Save the Children International Ethiopia Office.

5.1. Summary of Findings

- Below are the main findings of the study on the budget preparation involvement of staffs in save the children international Ethiopia Co.
 - All concerned staffs in different units which comprises finance, award and program are involved in the budget preparation,
 - Most of those involved staffs have adequate knowhow on the budget preparation,
 - Performance of employees matter on the budgeting system and Employee participation add value to the budget process and
 - Coordination among various departments during budget preparation is crucial.
 - In addition to the above facts; in Save the Children; it is indefinite to say.
 - staffs in operations are involved in the budget preparation,
 - Two integral units (Finance and Award) in the budget preparation have input for a good budgetary system,
 - SMT involvement in the budget development affect the budget controlling system and
 - Variance between budget and actual is partly due to absence or limited staff participation.

- The below main findings are related to the budget controlling system of save the children international Ethiopia Country office,
 - In this organization budget controlling systems are strong across all department,
 - Change in staffs and implementers have impact in the budget utilization,
 - There is documented process or budget note,
 - BH/ PMs do a regular review and do variance analysis in their course of implementation of the project
 - There are readymade policies and procedures for the preparation, control and identification of role and responsibilities of staffs across the organization.
- ✓ In terms of practice of budget utilization and DIP in SCI Ethiopia CO.
 - Budget revision is undertaken as need in order to capture the reality during implementation,
 - Insufficient funds allocated to department or projects affect budget implementation and
 - BHs utilize their approved budget based on their work plan and phased budget in the financial system.
 - In addition, staffs are indifferent in their office revision of budget frequency and their adequacy of knowledge to prepare program detail implementation plan (DIP).

5.2. Conclusion

In save the Children International Ethiopia CO. budget preparation follows a participatory approach which comprises staffs from finance specifically a unit called budget unit, award and program staff which are called program development unit (PDU) staffs but it is indifferent to say staffs in operations are involved in the budget preparation and other staffs of finance in the development of budget for a project. In terms of knowhow; there is no doubt all staffs involved in the preparation of the budget have adequate knowledge for preparing a budget and it is believed in SCI Ethiopia CO; during budget development it is crucial to coordinate to various

departments to make the budget. The researcher also found the variance in the utilization of fund is not partly the absence or the limited staff involvements. When we see the budget controlling system in save the children; they are strong across programs and departments; here SCI have a budget note or process which is documented well in addition to the readymade policies and procedures for the preparation, control and identification of role and responsibilities of staffs across the organization which will help to measure how those developed budgets are accurate and aligned with the goal and strategy of the organization. In a regular ways budget holders and program managers together with other point persons in other integral units seat together to review the BVA reports and they identify the cause of variances above the tolerable limits. In this research the researcher also found some of the budget utilization variance is created due to the change in staffs and implementers. In SCI Ethiopia CO, there is a practice of budget revision as need order to capture the reality during implementation which is active system which fit the raised needs, BHs/ PMs utilize their budget by referring their DIP and budget in addition to the controlling mechanisms they usually followed like BVA review and variance analysis they make regularly. But there is doubt on the adequate knowledge of the preparation of detail implementation plan (DIP).

5.3. Recommendation

Therefore, the study recommends save the children Ethiopia country office program development and budget development units should continue in their participatory approach but in addition to this they should also look the process mapping to include those operation staffs during the development of budget since they are a front runners and they have a very realistic needs of the beneficiaries of those projects. In this study the researcher also found staffs are indifferent in their knowledge for developing DIP; therefore, if possible those planning units should do a knowledge assessment for those staffs and should do a training based on the identified needs to those personals who are involved in the preparation and use of detail implementation plan.

5.4. Suggested further study

If there were to be further research on this topic, the researcher would suggest using a similar study by gathering vast data from other units like operations and other admin units like Supply chain, HR, admin etc... and a comparison study can be done.

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Annex I: Questioner

Dear Respondent

This questionnaire is designed to assess on Budgetary system in Save the Children International, Country office (SCI). As part of academic work, the survey is Assessment on budgeting controlling system in the case Save the Children International, Country office (SCI).

Please spare few minutes of your time and respond to the below questionnaires as honestly as you can. Information provided by you is for academic purposes only and will be treated as private and confidential

Section 1 - General Question

1. What is your level of Education?

Diploma

- BA Degree
- Master's degree
- Above

2. Gender

- Male
- Female

3. year of experience in the organization?

- Less than 1 Year
- 1-3 years
- Above 3 years

Section 2: Please Use a rating of 1 to 5 to indicate your view on the following statements where

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

To ensure who are involved on budget preparation in the organization?

		Strongly Agree (1)	Agree (2)	Neutral (3)	Disagree (4)	Strongly Disagree (5)
1.	Do you think you will involve on all budget preparation?					
2.	Do you have adequate understanding on budget preparation?					
3.	Do you think all staff related with operation					

	involve on budget preparation?					
4.	Finance/award team participation on budget preparation have input for good budgetary system.					
5.	The performance of employee involved on budget preparation have impact or system?					
6	Senior management team involved on budget preparation will affect the budgetary controlling system					
8.	Do you agree that employee participation add value to the budgeting process					
9.	Variances between budget and actual is partly due to absence of or limited employee participation in budget preparation					
10.	Coordination among the various departments during budget preparation is essential for budget preparation					

What are the budget controlling system in SCI?

		Strongly Agree (1)	Agree (2)	Neutral (3)	Disagree (4)	Strongly Disagree (5)
1.	Budget controlling system is strong across all the program and as organization.					
2.	Change of program staff or implementers of budgets affect the achievements of the budgets.					
3.	The approved budgets are shared with all departments, relevant staff and ensure they are understood.					

4.	The organization has documented budgeting process (budget notes) which is referenced during the process.					
5.	Budget holder's/program manager monitor their budget and do variance analysis to control over and underspends.					
6.	There are policies and procedures in place in budget preparation, budget control and implementation to identify the role and responsibility of staffs in different departments.					

Are all detail activities in the budget is incorporated in the budgetary system?

		Strongly Agree (1)	Agree (2)	Neutral (3)	Disagree (4)	Strongly Disagree (5)
1.	Budgets are reviewed as need arises to capture the reality during implementation.					
2.	Insufficient funds allocated to department or projects affect budget implementation.					
3.	Budget holders utilize their approved budget based on their plan in the budgetary system.					
4.	Your office revises its plan frequently in relation to budget.					
5.	You have adequate knowledge to prepare program detail implementation plan (DIP)					

	and its budget.					
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