



Assessment of Public Finance Management: Accounting And Reporting Practice: Evidence from Mizan-Tepi University, Bench Maji, Kaffa and Sheka Zone (Finance and Budget Sections)

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Keywords

Public Body, Integrated Budget Expenditure (IBEX).

Jel Classification

G18.

Abstract

A sound public financial management is vital for efficient and equitable utilization of scarce national resources. However, public financial management specifically on accounting and reporting practices hindered by several problems that lead budgeted resources to deficiency. The objective of the study was to assess public financial management: accounting and reporting practice; Mizan-Tepi University, Bench Maji, Kaffa and Sheka Zones. Descriptive method of data analysis with the help of SPSS version 21 was used. Findings of the study showed that in selected public bodies there is no compliance with directives in preparing report, mismatch of approved budget with expenditure, lack of collaboration between budget and finance section with integration of IBEX system, misapplication of server and lack of IBEX trained experts. Thus, the public bodies have to refer financial manuals, record budget with respective code, correct amount, checking the approved budget balance, hire qualified IBEX experts and configure multi user IBEX system.

1. Introduction

Public Financial Management (PFM) underlies all government activity that encompasses the mobilization of revenue; the allocation of these funds to various activities; expenditure; and accounting for spent funds. It is concerned with planning, organizing, procurement and utilization of government financial resources as well as the formulation of appropriate policies in order to achieve the aspirations of members of that society (Onuorah , 2012). It also deals with the set of processes and procedures that cover all aspects of expenditure in government public financial management. Proper accounting information and interpretation thereof is very much needed for sound, economic and proper management decisions (Nagendrakumar, 2017).

Financial information is the foundation of financial accountability which is produced through governmental accounting standard board (GASB). In order to satisfy fully and effectively the financial accountability function of public sector entities attention should be given not only to the quantity but also to the quality of information provided to users. The efficient use of financial resources is particularly important in public entities because of their significant impact on a nation's overall social and economic life. Thus, the public accounting profession's appreciation of the need for separate financial reporting standards for the public sector because of their unique operating environment is well accepted by the world (Nagendrakumar, 2017).

According to Ijeoma (2014), high-quality financial reports have the potential to support the produce of financial information that report government activities/events timely and faithfully in the period in which they occurred.

As per Ijeoma & Oghoghomeh (2014) finding timely, clear and open annual financial statements play a significant role in the accountability of governments to their citizens and their elected representatives.

Further, a major element of financial information activity rests in the act of budgeting. Budgeting is the process of allocating finite resources to the prioritized needs of an organization. In most cases, for a governmental entity, the budget represents the legal authority to spend money. Adoption of a budget in the public sector implies that a set of decisions has been made by the governing board and administrators that culminates in matching a government's resources with the entity's needs. A budget is a basic and

powerful tool in management and serves as a tool for planning and controlling the use of scarce financial resources in the accomplishment of organizational goals (Yemisrach and Mulugeta, 2012) and (Nyakarura, et,al 2016).

Ethiopia has introduced a program structure to the budget. This reform was introduced in order to create a mechanism to evaluate performance of ministries, particularly in the context of civil service reforms such as strategic planning and management and service delivery improvement (Tefera, 2017).

Program budgeting is not an initiative that is appropriate for all countries. A decision about whether to introduce such a system in any specific country should be based on serious consideration of the governance conditions, the state of the basic public financial management (PFM) systems, and the available human and financial resources. Technical improvements like performance-based (program) budgeting cannot be expected to succeed in improving the efficiency and effectiveness of public expenditure in countries with very poor governance (Robinson, 2009). To meet the government policy of implementing the accounts and budget reforms nationwide and use the new information communications technology (ICT) infrastructure, the government specified that the Budget Information System (BIS) / Budget, Disbursement and Accounts (BDA) systems upgraded in to the Integrated Budget Expenditure (IBEX) System (MoFED, 2010).

Public financial management (PFM) builds on the development community's efforts to strengthen developing countries' capacity to better manage their public finances. The development objective of the PFM for Ethiopia is improving efficiency, transparency, and accountability of public expenditure at the federal and regional levels. On the other hand in developing countries, traditionally, public sector financial management intended with circumventing wastage and wasteful spending, and especially, the loss of public money through various forms of corruptions (Abdu, 2014).

However the PFM specifically on accounting and reporting practices of the public bodies can be hindered by several problems/challenges that lead the budgeted resources to deficiency. The existence of deficiency leads the public bodies not to attain the goal of federal government. Further deficiency in accounting systems is the main reason for improper, inaccurate and delayed financial information communication. Thus, lack of

information makes it more difficult to make decisions about expanding public programs (Rahaman, 2001).

Within the existing Ethiopian government development goals and transformation plan, executives frequently warn that corruption and rent seeking is one of the threats for this plan and its implementation (POM, 2012). For example, the Office of Federal Audit General (OFAG) report to parliament of FDRE government for the budget year 2004/2005 and previous budget years uncovered several weaknesses of financial aspects maintained and executed by government agencies and Universities, particularly on internal control related to use of budget and accounting system. During 2003/2004 Ethiopian budget year the report revealed only 44% of audited public Universities and other government institutions were provided unqualified audit report, while 35% were provided similar audit opinion during 2004/2005. The report finally asserts that it is a threat for the government to meet its set development goals and objectives.

Furthermore, even if the automated IBEX system implemented in federal and regional level starting from 2010 onwards, the financial reporting system is shown time delay, inaccuracy, and inconsistency.

Governmental institutions in Southwest of Ethiopia also shares the threat that faced by other areas. Financial reports which are sent to Ministry of Finance and Economic Development (MoFED) from Mizan-Tepi University finance and budget directorate shows time delay, inaccuracy, inconsistency, and ambiguity. Similarly Zone of Finance and Economic Development (ZoFED) of Bench-Maji, Sheka and Kaffa Zones financial report which directly sends to Bureau of Finance and Economic Development (BoFED) reflects similar misgivings as Mizan-Tepi University finance and budget directorate.

As per the researchers knowledge no one is conducted research on public financial management: specifically on accounting and reporting practice in developed and developing countries. However, some studies were conducted on public financial management in developing country: related to international accounting reporting standards (Oulasvirta, 2010), (Onuorah, 2012), (Ijeoma & Oghoghomeh, 2014), (Ijeoma, 2014), (Nagalinagm et.al.,2015) and (MONARI, 2015). Related to reforms on financial aspects (Rahaman, 2001), (Abdu, 2014), (Unegbu, 2014), (OKEWOLE,2016), (Nagendrakumar, 2017), and also related to budget (Robinson and Last, 2009),

(Yemisrach and Mulugeta, 2012), (Imuezerua, 2014), (Nyakarura et.al., 2016) and (Tefera,2017).

Therefore, this research has contribution towards filling the gap by examining accounting and reporting procedures, budget procedure and contribution of IBEX implementation.

2. Materials and Methods

2.1 Research Approach

In order to reach at logical conclusions the researchers used mixed research approach which advocates a combination of both qualitative and quantitative aspects.

2.2 Research Design

In this study descriptive research design were used. The purpose is to portray the facts pertaining in MTU, Bench Maji Zone, Sheka zone and Kaffa zone related to the “Public Finance Management: Accounting and Reporting Practice.

2.3 Source and Methods of Data Collection

So as to achieve the targeted goal of the study, both primary and secondary data were used. The primary data collected through observation, interview and questionnaire. Moreover, the researchers also made observation of audited and unedited financial records and other necessary documents by physically presenting in the public bodies. In order to get detail information questionnaire based interview made with concerned public financial management officers. Since research questionnaire is among the tools for getting adequate know-how, the researchers chosen it to gather all necessary data.

On the other hand, secondary sources also used as a means of getting supplementary data regarding Public Financial Management; Accounting and Reporting Practice. These data collected from yearly, quarterly, monthly and daily financial records of the public body; financial record of public body assists to get accurate and reliable data about the fiscal period. In addition proclamations, directives, manuals, books and journals were the other sources of data.

2.4 Sampling Technique

The public bodies selected purposively; MTU, Bench Maji, Kaffa and Sheka Zone. The reason of selection of these public bodies was the 3 Zonal level Finance & Economic Development (i.e. Bench Maji, Kaffa and Sheka Zone) offices submit their reports for BoFED. In addition to these 3 zonal public bodies the researchers took Mizan Tepi University (MTU) which is

the ministry appendage. The procedure that followed by zone is differs from the ministry public bodies. Zone of Finance & Economic Development (ZoFED) is in need of budget allocation from Bureau of Finance & Economic Development (BoFED). BoFED allocate budget for ZoFED offices on behalf of Ministry of Finance and Economic Development (MoFED). So, the study tried to assess the four public financial management bodies by incorporating the ministry public body and the 3 zones finance offices.

From purposively selected public bodies, the researchers selected employees in finance and budget section as targeted respondent of the study. To distribute the research questionnaire judgmental sampling was applied because the technique enables to get the right information from the right respondents. Therefore, head of finance and budget directorates, pecuniary coordinators, senior experts, accountants and finance officers of the public sectors chosen as sample respondents.

2.5 Method of Data Analysis

This study structured within the framework of descriptive research design. To get accurate and reliable figure on the study the collected data through questionnaire was analyzed with descriptive statistics; means, frequency distribution and the standard deviation through statistical package for social science (SPSS) version 21. Chi-square test also runs at 95% confidence level to test independency among Likert scale alternatives. Moreover, the data that was collected from the interview and reviews of documents were interpreted qualitatively.

3 Result and Discussion

3.1 Accounting and reporting procedures followed with the correspondence of principles

Table 1: Accounting and reporting procedures followed

S.no	Explanation	Measurement level										Mean ¹	Std. Deviation	Chi-Square Test		
		Strongly Agree		Agree		Neutral		Disagree		Strongly disagree						
		Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage					
1	Clear understanding about accounting working manual	42	33	58	45	12	9	13	10	4	3	3.94	1.054	82.512	4	.000
2	Application of Modified cash basis of accounting	29	23	88	68	8	6	4	3			4.10	.635	139.682	3	.000
3	Supportive documents are attached to receipts and payments transactions	47	37	73	56	5	4	4	3			4.26	.679	106.008	3	.000
4	Transactions are recorded based on their budget code	49	38	68	53			12	9			4.19	.849	37.721	2	.000
5	Transactions recorded as per Governmental Accounting manual	48	36	50	38	4	3	26	22	1	1	3.91	1.132	84.062	4	.000
6	Accounts passed on journal are posted in the ledger	74	57	24	19	13	10	18	14			4.19	1.097	73.946	3	.000
7	Trial balance prepared from ledger	49	38	60	47	8	6	8	6	4	3	4.10	.983	109.178	4	.000
8	Adjustment is made for accounts which need adjustment	35	27	78	60	4	3	12	10			4.05	.823	102.597	3	.000
9	All temporary accounts are closed at the end of every accounting year	26	20	70	54	17	13	12	10	4	3	3.79	.974	104.527	4	.000
10	Post closing trial balance is prepared after the preparation of report and become an input for the new budget year	32	25	68	53	21	16	8	6			3.96	.814	61.721	3	.000
11	segregation of duties related to control of cash internally	34	26	73	57	9	7	4	3	9	7	3.92	1.043	129.256	4	.000
12	Receipt of cash is immediately deposited	25	19	80	63	16	12	4	3	4	3	3.91	.848	154.450	4	.000
13	Small payments are controlled through petty cash	43	33	77	60	5	4	4	3			4.23	.667	113.450	3	.000
14	Bank reconciliation made regularly	47	37	56	43	13	10	13	10			4.06	.933	47.217	3	.000
15	Cost of assets include purchase price and all additional costs related to purchase.	23	18	78	60	20	16	4	3	4	3	3.87	.851	144.062	4	.000
16	Depreciation of fixed asset is computed annually.	9	7	27	21	25	19	56	43	12	9	2.73	1.109	53.752	4	.000
17	Depreciation of fixed asset is computed annually and recorded as contra account of fixed assets	7	5	44	34	16	12	50	39	12	9	2.88	1.146	60.341	4	.000
18	Fixed assets are disposed when the asset are Unserviceable, obsolete, surplus and abandoned.	33	26	43	33	16	12	33	26	4	3	3.53	1.212	37.628	4	.000

¹¹¹ It is based on likert scale values which states; Strongly agree= 5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

In table 1 item 1 majority (45%) of the respondents agreed that there is a clear understanding about accounting working manual in the selected public body. Likewise the mean value (3.94) and the chi square tests (82.512) also reveal an existence of clear understanding about accounting working manual in the public body. But the information obtained from interview showed the concerned employees of the public body specifically in MTU prefer to have understanding through getting experience rather than referring frequently the existed working manual. Those manuals forwarded by MoFED that should be applied as a guiding principles incorporates; Governmental cash management manual, Accounting system manual, Financial responsibility manual and Budget administration manual. From this it is evident to say without having clear understanding about Governmental Accounting Working Manual not possible to undertake accounting and reporting activities in the public body.

According to Table 1 item 2, 68% respondents agreed on the application of modified cash basis of accounting. Similarly the mean value (4.10) and the chi square tests (139.682) also indicate, there is application of modified cash basis of accounting in the organizations. Furthermore, the interviewers and document observation assured as the selected public bodies applied modified cash basis of accounting which advocate a combination of both cash and accrual basis of accounting. In the other words, in these sectors most transactions are recorded using cash basis of accounting and some transactions are recorded using accrual basis of accounting. From this it possible to say the selected public bodies apply modified cash basis of accounting that compromise the two extreme basis of accounting.

With respect to documents, majority 56% of the respondents agreed that each supportive documents are attached to the related receipts and payments transactions. Similarly as the mean value (4.26) and the chi square tests (106.008) also indicates each supportive documents are attached to the related receipts and payments. Based on the interview response attaching supportive document is the initial step in accounting and reporting practice that serve as evidence for accuracy and external auditors. The main source documents that used in the public body are payment voucher (PV), journal voucher (JV), bank payments and receipt voucher (RV). Therefore, the researchers understood that in the selected public body each transaction is supported by source documents.

Table 1 item 4, 53% of the respondents agreed that transactions are recorded based on their budget code. Similarly the mean value (4.19) and the chi square tests (37.721) also show that transactions are recorded based on their budget code. But the response obtained from interview and observed documents, there were transactions not recorded based on their respective budget code which results in budget deficit. Thus, the researchers conclude that even if transactions are recorded based on budget code, there is mismatch of accounts with their budget code.

With respect to compliance with manuals, majority 38% of the respondents agreed that they recorded in journal as per governmental accounting manuals. Likewise the mean value (3.91) and the chi square tests (84.062) also indicate that each transaction recorded in journal as per governmental accounting manuals. However, the information through interview depicts absence of conformity with governmental accounting manuals. The IBEX manual requires maintaining accounting records daily but due to carelessness, rotation of employees, turnover and workload and knowledge gap they fail to record in daily basis (rather they recorded on weekly and monthly basis). In general it obvious to say in the selected public body to some extent transactions is not maintained in accordance with governmental accounting manuals.

On table 1 item 6 about 57% respondents strongly agreed that accounts passed on journal are posted in the ledger. In a similar way the mean value (4.19) and the chi square tests (73.946) also show that each accounts passed on journal of the organizations are posted in the ledger. In addition the interviewer also depicts accounts passed on journal are posted to ledger through computerized system, IBEX.

Regarding preparation of trial balance from ledger the respondents assured by agreement of 47% and also the mean value (4.10) and the chi square tests (109.178) also indicate there is preparation of Trial balance from ledger. The interview made with responsible body and reviewed documents reveals as there is preparation of trial balance from ledger through IBEX system. In general in selected public body process of maintaining accounting records, posting to ledger, preparing trial balance and producing reports done by the IBEX system.

The same item 8, 60% of the respondents agreed that adjustment is made for accounts which need adjustment. Similarly as the mean value (4.05) and the chi square tests

(102.597) also indicates that adjustment is made for accounts which need adjustment. The information through interview and documents review also confirms that adjustment of accounts is made for unadjusted accounts before posting otherwise it is necessary to wait up to end of accounting period. In IBEX system there is a separate section which is available to make necessary adjustment. In general in selected public body accounts are adjusted before posting to ledger but any adjustment recurring after posting to ledger will postpone to the next accounting period.

Regarding, temporary accounts, about 54% of respondents agreed that all those accounts are closed at the end of every accounting year. Similarly as the mean value (3.79) and the chi square tests (104.527) also indicate all temporary accounts are closed at the end of every accounting year. The reviewed documents also supported that temporary accounts are closed at the end of every accounting year.

Regarding, Post closing trial balance, about 53% of the respondents agreed that it prepared after preparation of report and become an input for the new budget year. Similarly as the mean value (3.96) and the chi square tests (61.721) also indicate post closing trial balance is prepared after the preparation of report and becomes an input for the new budget year. The information through interview reveal there is preparation of post closing trial balance but without the permission of MoFED the trial balance not used as input for the new budget year. In general in selected public body there is preparation of post closing trial balance after necessary adjustment of accounts and closing temporary accounts but without the permission of MoFED (zonal officials for ZoFED) the trial balance not used as a beginning balance for the next budget year.

On table 1 item 11, majority 57% of the respondents agreed that an existence of segregation of duties related to control of cash internally. Similarly as the mean value (3.92) and the chi square tests (129.256) also indicates existence of segregation of duties related to control of cash internally. The interviewer also states that there is segregation of duty between accountant and cashier (main cashier and assistant cashier). From this the researchers concludes that there is segregation of duties between employees for controlling cash internally.

Table1 item 12 about 63% respondents agreed that cash received is immediately deposited to bank by the responsible body. Similarly as the mean value (3.91) and the chi square tests

(154.450) also indicate cash received is immediately deposited to bank by responsible body. The interviewers also justify the same fact. On the other hand reviewed document revealed possibility of more cash (greater than birr 100,000) in the lockbox. In general it is obvious to say in selected public body bank account used as a controlling tool.

With respect to small payments, majority 60% of the respondents is agreed that they are controlled through petty cash. Similarly as the mean value (4.23) and the chi square tests (113.450) also indicates the small payments are controlled through petty cash. As per interview response and reviewed documents in selected public body, petty cash (imprest fund) used for miscellaneous payments less than five thousands that requires issuance of check. The evidence showed that as the fund placed in custody of responsible cashier that have a mandate of withdrawing cash from bank up to 100, 000 ETB (for MTU) and 30,000 (for ZoFED) per day. And also the cashier has an obligation of maintaining a minimum of 10,000 ETB (for MTU) and 0 (for ZoFED) cash on hand and necessary to replenish again by withdrawing from the bank since small payments are frequent by their nature. However, evidence from document analysis showed that the existence of payment more than birr 5000 specifically in MTU. From this the researchers concludes that in selected public body petty cash fund used to make petty payments, the fund placed in custody of responsible cashier and also there is restoring when the fund reach minimum level.

With respect to reconciliation, majority 43.41% of the respondents agreed that Bank reconciliation is made regularly for the difference between bank statement and the sectors ledger account. Similarly as the mean value (4.06) and the chi square tests (47.217) also indicates as Bank reconciliation is made regularly by the organizations.

With respect to cost, majority 60% of the respondents agreed that Cost of assets include only purchase price and treated as expenditure. Similarly as the mean value (3.87) and the chi square tests (144.062) also indicate the Cost of assets include purchase price. On the other hand, the interviewers and observed documents assured that only purchase price recorded as cost of the asset without calculation of periodic book value of the fixed asset. In other words those evidence assured as the report of the public body lack accuracy. From this the researcher concludes that there is no capitalization of fixed asset rather treated as expenditure.

Regarding, to depreciation, majority 43% of the respondents disagree on the computation of annual depreciation for fixed asset. Similarly as the mean value (2.73) and the chi square tests (1.109) also indicates that depreciation of fixed asset is not computed annually.

Regarding, to record of depreciation, majority 39% of the respondents disagree on the companies treatment of accumulated depreciation expense as a contra account of cost of fixed asset. Similarly as the mean value (2.88) and the chi square tests (60.341) also indicates that depreciation expense of fixed asset is not computed annually and not recorded as contra account of fixed assets

In general it is possible to conclude the selected public bodies apply financial resources measurement focus which ignores noncurrent asset totally.

Lastly, on the same table majority 33% of the respondents agree that fixed assets are disposed when the asset are unserviceable, obsolete, surplus and abandoned. Similarly as the mean value (3.53 and the chi square tests (37.628) also indicates that fixed assets are disposed when the asset are unserviceable, obsolete, surplus and abandoned. The interviewers indicate fixed which do not have longer usefulness for the organization disposed through discarding (either by giving as a gift for other entities or by removing from asset account by procurement agency) (for MTU) and through discarding and sale (for ZoFED).

3.2 Budget procedures

S. n p	Explanation	Measurement level										Mean ²	Std. Deviation	Chi-Square Test		
		Strongly Agree		Agree		Neutral		Disagree		Strongly disagree				X ²	df	LSig
		Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage					
1	Proper identification of activities before preparing budget.	35	27	82	63	4	3	4	3	5	4	4.06	.878	177.923	4	.000
2	Budget prepared based on prior identified activities.	27	21	87	67	8	6	4	3	4	3	3.99	.821	192.846	4	.000
3	Adequate knowhow to prepare budget	36	28	80	61	10	8	4	3			4.14	.679	110.369	3	.000
4	Annual budget prepared based on financial calendar	51	39	67	52	12	9					4.30	.631	36.938	2	.000
5	Existence recurrent budget preparation procedure	34	26	87	67	5	4	4	3			4.16	.633	139.723	3	.000
6	Existence capital budget preparation procedure	30	24	89	68	3	2	8	6			4.08	.705	143.662	3	.000
7	Approved budget utilized based on allocated budget	38	29.2	65	50	2	1.5	21	16	4	3.1	3.86	1.105	105.769	4	.000
8	Expenditure report prepared based on allocated budget	34	26	78	60	9	7	9	7			4.05	.781	97.754	3	.000
9	Submits repeatedly a request for adjustment of budget allotments after it is approved	31	24	75	58	16	12	4	3	4	3	3.96	.875	134.385	4	.000

Table 2: Budget procedure

Source: Questionnaire result through SPSS, 2018

As shown on table 2 item 1, about 63 % of the respondents agreed that the public body identify each programs before preparing budget. Similarly as the mean value (4.046) and also the chi square tests (177.923) indicate that there is pre identification of programs before preparing budget. As supported by the information obtained through interview the budget directorate (for MTU) and different woredas for (ZoFED) has the mandate to

² It is based on likert scale values which states; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

identify each program and budgetary institutions respectively. But specifically in MTU, the requested offices fail to submit their desired budget proposal. These programs are Administrative, student services, learning and teaching, campus and basic student services, research, community service and MTU teaching hospitals are among recurrent budget of MTU. Moreover existing projects program and new project programs are among capital budget. On the other hand, around 34 budgetary institutions are incorporated under ZoFED in each zone. Furthermore, in the zonal administration budget classified as recurrent and capital. The recurrent budget also sub grouped in to two as mandatory and other activity running cost.

Therefore, from this the researchers conclude that in the selected public body there is a pre identification of activities by budgetary institutions (for ZoFED) before preparation of budget. However, in MTU there is no pre identification of program activities before preparation of budget which can be taken as a challenge of public financial management

Table 2 item 2 about 67% of the respondents agreed that the organizations prepare budget based on prior identified programs. Similarly as the mean value (3.99) and the chi square tests (192.846) also indicate that in selected public body budget preparation is based on prior identified programs (for MTU) and budgetary institutions (for ZoFED).

According to table 2 item 3 majority 62% of the respondents agreed that the organizations concerned employees have adequate knowhow to prepare budget. Similarly as the mean value (4.14) and the chi square tests (110.369) also revealed that the employees have adequate knowhow for preparation of budget. However, the response through interview and observed documents indicates existence knowledge gap in MTU. Therefore, even if the concerned employees have knowhow to prepare budget but still there is an indication of knowledge gap specifically in MTU.

On the same table 2 item 4 majority 52% of the respondent agreed that the annual budget preparation is based on the financial calendar of the public bodies. Similarly as the mean value (4.30) and the chi square tests (36.938) also revealed that the annual budget preparation is based on the financial calendar of the public bodies. Based on the information gathered through interview, Hamle 1 and Sene 30 is beginning and ending budget calendar for both MTU and ZoFED.

On the same table 2 item 5 majority 67% of the respondents agreed that the public bodies have procedure to prepare recurrent budget. Similarly as the mean value (4.16) and the chi square tests (139.723) also revealed that there are procedures to prepare recurrent budget.

Table 2 item 6 majority 89 (68%) of the respondents agreed that the public bodies have procedure to prepare capital budget. Similarly as the mean value (4.08) and the chi square tests (143.662) also revealed that there are procedures to prepare capital budget.

As supported by interview response, MTU prepare budget (both recurrent and capital) as per the listed sources of budget and in line with budget ceiling sent by MoFED. The first procedure in preparing budget is requesting each office (programs) to prepare their own desired budget proposal for each program. Secondly, plan and program budget directorate assign budget to different offices by itself because the requested offices fail to submit their desired budget proposal based on programs. Then the budget directorate assign budget based on past performance experience for routine and continual activities (like research) by prioritizing programs. Thirdly, plan and program budget directorate submit the prepared budget as per budget ceiling set by MoFED to managing council of the university. Therefore, the managing council held discussion for comments on fairness of assigned budget. Fourthly, the prepared budgets send to MoFED on each program for approval after making adjustment based on the given comments by management body. Finally, MoFED send the approved budget to the University for each Budget Code separately. Then the budget directorate disseminates the approved budget for each program to enhance efficient budget utilization and transparency.

As per the information through interview requesting each budgetary institution to prepare their budget demand is the first procedure in preparing budget in ZoFED. Secondly, revise the budget demand proposal sent by budgetary institution at zonal level based on prioritized activities. The revised budget proposal submitted to zonal level administration for adjustment with debate. Then thirdly in order to verify its fairness the adjusted budgets at zonal administration noticed to Woreda council. Then the allocated budget submitted to BoFED for approval. Thus, from this the researchers concluded the selected public body have procedures to prepare budgets (recurrent and capital) but with different format.

On the same table 2 item 7 majority 50% of the respondents agreed that organizations utilized the approved budget based on allocated budget. Similarly as the mean value (3.86) and the chi square tests (105.769) also indicated that the organizations utilized the approved budget based on allocated budget. However, based on the information gathered through interview most of the time the organizations specifically MTU is not utilize as per approved budget. This is due to (1) resistance of some offices/college to prepare desired budget proposal that required by budget directorate/sections (2) The finance sections make payment as per required without cross checking the approved budget for each programs that cause mismatch between approved budget and utilized. (3) Mismatch budget codes which cause budget. Therefore, even if the public body use the allocated budget based on approved, there is mismatch between budget code and programs which can be considered as a challenge of public financial management.

Regarding, to the report, on table 2 item 8, majority 60% of the respondents disagree on the public body prepare expenditure report based on allocated budget. Similarly as the mean value (4.05) and the chi square tests (97.754) also indicated that as the public body did not prepare expenditure report based on allocated budget.

Lastly, on table 2 item 9 majority 58% of the respondents agreed that the public body submit repeatedly a request for adjustment of budget allotments after utilization of the approved budget. Similarly as the mean value (3.96) and the chi square tests (134.385) also indicated that the public body submits repeatedly a request for adjustment of budget allotments after utilization of the approved budget. As supported by response obtained from interview, the public body (MTU) faced with budget deficit and surplus. The budget adjustment is takes place specifically for budget deficit through (1) transferring from one budget code to the other among recurrent budget and (2) requesting supplementary budget from MoFED. On the other hand, in zonal administration there is false surplus. Therefore the researchers understood that adjustment is made for budget deficit/ surplus so as to accomplish the objective of the organization.

3.3 IBEX Contribution

Table 3: Integrated Budgets and Expenditure (IBEX)

S. no	Explanation	Measurement level										Mean ³	Std. Deviation	Chi-Square Test		
		Strongly Agree		Agree		Neutral		Disagree		Strongly disagree				X ²	d f	LSig
		Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage					
1	Adequate Know-how on IBEX system	16	13	32	27	9	7	56	46	8	7	2.93	1.236	67.471	4	.000
2	Able to generate and consolidate accounting reports by IBEX	22	18	43	36	12	10	26	21	18	15	2.87	1.390	26.810	4	.000
3	Familiarity and ability to perform IBEX modules	37	31	49	40	6	5	11	9	18	15	3.63	1.391	54.661	4	.000
4	IBEX can able to provide timely financial information	58	48	32	26	9	7	14	12	8	7	3.98	1.275	74.413	4	.000
5	Doing with computer the IBEX has overhand than the previous accounting procedure	39	32	55	46	9	7	18	15			3.95	.999	42.669	3	.000
6	Each employees has their own secured password privilege	28	23	69	57	5	4	15	12	4	3	3.84	1.025	119.124	4	.000
7	The IBEX system run without any difficulties	14	12	16		30		49		12		2.76	1.162	40.033	4	.000

Regarding IBEX system on table 3 items 1 majority 46 % of the respondents disagreed that the concerned employees have required know-how on IBEX system. Similarly as the mean value (2.93) and the chi square tests (67.471) also indicated non existence of required Know-how on IBEX system. However, as per the interview made with ZoFED coordinator

³ It is based on likert scale values which states; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

stated that as they are using server system and also there is assigned individual working on IBEX modules that are capable to perform the integrated automated system. On the other hand, in MTU (1) there is no trained employee on integrated automated system (2) the system is not run by qualified IBEX expertise. (3) There is no multi-user IBEX system (server) rather they use stand alone system.

On the same table 3 item 2 majority 36% of the respondents agreed that the concerned employees have ability to generate the compiled accounting reports through help of IBEX. Similarly as the mean value (2.87) and the chi square tests (26.810) also indicated that the employees able to generate compiled accounting reports using IBEX system.

On the same table 3 item 3 majority 40% of the respondents disagreed on the organizations concerned body familiarity and ability to perform IBEX modules. Similarly as the mean value (3.63) and the chi square tests (54.661) also indicated that concerned employees are not familiar and able to perform IBEX modules. In ZoFED the concerned employees are familiar with all IBEX module but in MTU only account module accessed by the assigned employees.

With respect to IBEX information, table 3 item 4 majority 48% of the respondents agreed that IBEX system able to provide timely financial information. Similarly as the mean value (3.98) and the chi square tests (74.413) also indicated that IBEX system able to provide timely financial information.

On the same table item 5 majorities 46% of the respondents agreed that doing with IBEX computer system has overhand than the previous accounting procedure. Similarly as the mean value (3.95) and the chi square tests (42.669) also indicated that doing with IBEX computer system has overhand than the previous accounting procedure. It is also supported by interview response and observation as IBEX system has contribution than the previous systems (manual and BDA) for running accounting procedures.

In general the main contributions of launching IBEX for public bodies are timely submission of quality and adequate financial reports, uniformity of financial report formats and accessibility of financial reports for the concerned body. Therefore, the researchers understood that IBEX system has its own contribution in generating timely and well-organized financial report.

With respect to password, table 3 item 6 majority 57% of the respondents strongly agreed that each employee has their own secured password privilege. Similarly as the mean value (3.84) and the chi square tests (119.124) also indicated that each employee has their own secured password privilege. As per information through interview in selected public body the concerned bodies have their own secured password even if there is a gap.

Lastly, on table 3 item 7, majority 41% of the respondents disagreed on the IBEX system run without any difficulties. Similarly as the mean value (2.76) and the chi square tests (40.033) also indicated that IBEX system is not run without any difficulties. It is also supported by interview response like power interruption, virus corrupt, skill gaps and connection accesses are some of the challenges in running IBEX system. Therefore, the researchers understood that as of there are challenges in running IBEX.

3.4 Challenges of Accounting and Reporting practice (Interview and documentary observation)

Since the concerned employees have no required qualification and existences of high turnover/ reshuffle of jobs: they prefer to get experience from former/senior experts rather than referring the financial manuals on the day to day transactions. This result in lack of confidence, unable to give immediate solution on raised challenges, recording on improper budget codes and unable to record. From this the researchers concluded that the public bodies employees most of the time they are not familiar with the current accounting and reporting working manual.

The budget section lack coordination with all budget programs/activities. Moreover, the budget section does not disclose the approved budget and the detail breakdown for each programs / activities separately specifically in MTU. Therefore, the researchers understood that there is lack of decentralization and coordination between finance and budget section which resulted in budget deficit.

Even if the selected public bodies applied IBEX system, the information from the response revealed that the existence of challenges; Internet connection interruption, unable to retain IBEX trained experts and lack of multi-user system IBEX specifically in MTU. Thus, the researchers concluded that the stated challenges are reducing the contribution of IBEX system in the public body.

4 Conclusion and policy implication

The findings of the study showed that the public body faced with the problems of not giving an emphasis to working manual which resulted in non compliance with directives in preparing the report, lack of collaboration budget section with finance section and with integration of IBEX. Mismatch of approved budget and expenditure that resulted in the public body budget deficit. Moreover, IBEX contribution is restricted due to misapplication of server, network interruption and IBEX trained expert in all selected public body. The public bodies have to refer financial manuals on their day to day transactions and need to have clear understanding of engaged employees in their works. The public bodies finance and budget section employees should give an emphasis / care for properly recording the budget code with respective budget code, correct amount, program and checking the approved budget balance for each program. The public bodies should develop mechanisms to equalize the approved budget with the total expenditures so as to reduce the occurrence of false surplus. To improve the contribution of IBEX in the public bodies: It is better to hire PBS qualified IBEX experts, arrange consecutive trainings, configure multi user IBEX system (server) specifically in MTU and to solve the internet connection interruption better to collaborate with the concerned body.

Acknowledgment

We would like to thank several people who have contributed either directly or indirectly to the completion of this study. Without supports, advices, helps and sacrifices from and made by those many peoples, it would be impossible to complete this study. Here, we are happy to extend our gratitude to the peoples involved.

First, we would like to express our deep sense of gratitude and appreciation to staffs of Mizan-Tepi University, Bench Maji, Kaffa and Sheka Zones for kindly providing of the necessary materials and information.

Second, our heartfelt gratitude goes to Mizan Tepi University for providing us financial support to carry out the study.

Last but not least, we also give due consideration those peoples who encourage us to undertake this study and to our dearest and closest friends for their any kind of support.

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