AN ASSESSMENT OF EFFECTIVENESS OF BUDGETING AND BUDGETARY CONTROL SYSTEM IN A GOVERNMENT BASED INSTITUTION - A CASE STUDY OF MINISTRY OF EDUCATION

A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE AWARD FOR A BACHELOR OF ARTS IN ECONOMICS DEGREE

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August 2018
DECLARATION

I, Fines Mutinta do hereby declare that this work is my own and that the ideas and work of other persons utilized in this case study has been duly acknowledged. This work presented here has not been previously presented for this or any other university for similar purposes.

The views and opinions obtained in this report do not in any way represent Cavendish University but my own.

Signature……………………… Date…………………………

Supervisor: Mr. Beda Mwale

Signed: .......................... Date ............................
DEDICATIONS

I dedicate this work to my beloved parents and family. I wholeheartedly dedicate all efforts exerted to produce this work to you for your unfailing understanding during my absence from home and not being there for you whenever you needed me the most during the time of my studies. I say God bless you even more abundantly. Above all and most importantly, I dedicate this work to the Lord God Almighty, who has been there for me and my family always.
ACKNOWLEDGEMENTS

I would like to thank God the Almighty for the strength, guidance and protection during the course of this study. Special thanks deeply go to my supervisor Mr. Beda Mwale for his tireless effort, support; advice and continued guidance that has made this work a success. In the same note, many special thanks also go to my parents for the continued concern and encouragement they offered me during the times of my research work.

Finally sincere gratitude also goes to all those who supported me in one way or another and to the Management, employees and other workers from MoE for helping out to get the necessary information for completion of my report. Furthermore, I would like to acknowledge scholars whose works were consulted as well as others who gave me assistance in the course of this study.
ABSTRACT

This study sought to assess the effectiveness of budgeting and budgetary control system in a government based institution- basing the case study on ministry of education. Where an investigation of the relationship between budgetary controls and financial performance was done. Furthermore, the study sought to determine the salient features of budgetary controls in MoE as a public institution, establish the human factors within budgetary controls, establish the process of budgetary control in public organizations, and determine the challenges affecting budgetary control. In addition, this work also tried to determine whether there are budgetary control facilitates, planning and controlling functions of management in MoE.

The study is important in the sense that it would provide managers of Ministry of Education with valuable information to reach a better understanding on how the effectiveness of budgeting and budgetary control influences their performance.

The main objective of the study was to determine how budgeting and budgetary control systems are implemented in the Government Institutions. Specifically, the objectives were to determine whether the budget provides a detailed plan of action for an organisation over a definite period of time: to find out whether budget is actually a communication device and to determine whether budgetary control is necessary to ensure that plans and objectives as laid down in the budgets are being achieved.

To achieve the main objective and other specific objectives, data was collected through a survey from all sampled employees, supervisors and managers. Data was collected using a self-designed interview questionnaire. Responses were received from thirty seven (37) sampled respondents from a target of fifty (50), giving a 74 percent response rate. The study was purely non experimental, exploratory, descriptive in nature. Further the research was qualitative. SPSS and Microsoft office package were used for data entry, analysis, and report writing respectively.

However, the key findings are that the current budget systems being used by the MoE are not effective, not cost efficient and uneconomical and are dysfunctional. This is in line with reasons which where communicated to by top management which include; striking of employees as a result of unmet salary demands and poor working environment not been met and lack of flexible budgetary structure. This is according to the 40% who responded that there have been a lot of unachieved tasks due to poor implementation of the budget in the Ministry of Education.
The findings indicates a low implementation of budgetary controls, low perceived financial performance though slightly above average; with budgeting and planning. The findings also showed that; budgetary features reflect ability to predict financial milestones of organizations. Human factors within budgetary controls thus managerial commitment, employees’ motivation, employee training, competence as well as the attitude affect the budget control process.

The study recommends sensitization of management and employees of state corporations on the importance of budgetary controls in enhancing financial performance, avoidance of political interference in the budgetary process and use of budgets as tools for management efficiency. There should also be sensitization of management and employees of state corporations on the importance of budgetary controls in enhancing financial performance, avoidance of political interference in the budgetary process and use of budgets as tools for management efficiency.
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CHAPTER ONE
INTRODUCTION

1.0 Introduction

This chapter presents an introduction to the research background, research problem, research objectives, research questions and the scope of study. Government use budgets as a guiding tool for planning and control of its resources, be it financial or otherwise. Budgeting and budgetary control occupies an important place among the various techniques which are used in performing these functions. The use of budget involves knowing how much money one earns and spends over a period, particularly one year. When a budget of an establishment, department or ministry is created, it means creating a plan for spending and saving money. The budget is a financial and quantitative statement of an organization’s activities which is prepared prior to a definitive period of time. It provides managers and policy makers with financial information to assist them in taking strategic decisions for which they are responsible (Anessi-Pessina et al., 2012).

In any large organisation, and particularly in the public sector, there will be conflicting policy objectives all of which will have different resource implications which may have either capital or revenue consequences. Therefore, an effective budgeting process should allow all of the financial implications of alternative policy objectives to be assessed thereby enabling policy makers to appraise them and compare the costs against available resources (Bourmistrov and Kaarboe, 2013).

1.1 Background

The budget is a financial/resource representation of corporate objectives and also a plan of action for the period covered. Once the budget is adopted by a public authority it's delivery is placed within the remit of the accounting management who will have approval to incur expenditure in line with stated financial regulations and a scheme of delegation. Hence it forms the basis of a controlling mechanism for the various resources of a public authority. Budgetary control can be applied at all managerial levels provided that managers are made accountable for the budgets for which they are responsible. The budget can also highlight variations from expectations so that senior
management can take remedial action to ensure that expenditure is contained within the budget and remains consistent with corporate objectives and policies (Hope and Fraser, 2003).

When exceeding funds available in the public sector, budget deviations are an important performance dimension. Because of political and institutional pressures, it is crucial that public sector organisations neither overspend, nor under spend. Budget deviations actualize the issue of tight budget control. Budgeting and budgetary control represent the central logic for planning, control, and accountability in public sector organisations. It remains so despite the general criticism of budget control in the accounting literature (Marginson and Ogden, 2005) and the beyond budgeting literature. The rationale of public sector budgeting is that allocated resources are to be used for welfare (policy) purposes. If economic resources in the budget are not used and transformed into welfare services, the realization of political priorities is not completed and the public sector organisation adds less value to citizens than politically intended. Thus, budget surpluses are signs of insufficient budget discipline with implications for democracy and welfare. However, this budget control-related problem is not the most common type. Rather, many public sector organisations face dire economic difficulties forcing them to reduce spending. This means cutbacks in budgets and subsequent challenges to comply with spending levels. Even if budgets are balanced before the fiscal year, the outcome may be a deficit; presumably due to a combination of tough budget targets and insufficient budget control. From a societal perspective, failure to control budget deviations is problematic (Wallander, 1999).

Against this background, it is surprising how little research has been devoted to the design, use, and effectiveness of public sector budget control systems in controlling budgets and budgeting behavior. Literature reviews of accounting research on budget control show an almost complete dominance of research on private sector organisations (Chapman, 1997, Hartmann, 2000 and Chenhall, 2003). In a similar vein, according to a recent review of public sector budgeting research in the accounting and public administration literature, research on budget control-related outcomes is non-existing. The accounting research still conducted on public sector budgeting has historically dealt with budgeting and budget controls in connection with accounting changes (the New Public Management movement) and implementation at the sector level (Anessi-Pessina
et al., 2012) and in budgeting decision-making processes. With the contextual framing of global economic turbulence and fiscally stressed public sector organisations in mind, the aim of this research is to assess the effectiveness of budgeting and budgetary control systems and how they are implemented in the Government Institutions, in this case using the ministry of education as a case study. The new economic circumstances mean that public sector organisations need to amplify and refocus their budget control activities towards goal achievement. The new spending limits, prioritizations, and performance levels increase the need for direction on how to perform and what is important. Tight budget control is argued to be a structure that facilitates these needs.

With education increasingly becoming the primary determinant of overall development in the emerging knowledge economy, The Ministry of Education has been determined since 1990 to increase access to education and to improve its quality in accordance with the needs of the Zambian Society. Below are the levels of Zambian education system: Early Childhood Education, Basic Education, High School Education and Tertiary (Educating our future, 2010).

The current education system as outlined in the 1996 National Policy document is highly centralized with hierarchical decision-making procedures that run from the national headquarters to provincial, district and institutional levels. The core functions of the Ministry of Education are: Recruitment, appointment, confirmation, promotion, retirement and disciplining of staff which is characterized by rigid bureaucratic procedures. Secondly, all major decisions concerning personnel are dealt with by the Teaching Service Commission. Thirdly, the excessive centralization of power and authority is accompanied by over-reliance on civil service procedures that have severely compromised efficiency in all operational areas of the education system. Additionally, due to the unclear chain of command, adequate supervision and performance criteria have been lacking at the points of delivery. Furthermore, the structure for planning and performance monitoring are deficient. Hence, to remedy the situation portrayed above, the Zambian government has decided to decentralize, restructure and improve all aspects of management systems in education.
1.2  **Research Problem**

Budgeting and financial management are at the core of economic and public sector reform programs in most nations around the world. With the growing pressures for enhanced service delivery and the challenges of budgetary crises and fiscal shocks, the need for improved budget processes and innovative financial management techniques is especially critical in developing and emerging economies (Simons, 1995). Budgetary control is used by most organisations as a tool for proper management of resources in the organisation and its activities. A firm with well formulated budgetary controls easily assigns its managers the responsibility for the use of designated financial resources to achieve their assigned operational objectives. Therefore Budget controls provide comparisons of actual results against budget plans. So that departures from budget can then be investigated and the reasons for the differences can be divided into controllable and non-controllable factors, as this is essential in reducing inefficiencies and poor budget practices leading to efficient allocation of scarce resources. The decision as to how to distribute limited financial and non-financial resources, in an effective and efficient manner, is an important challenge in all organisations. In most large and complex organisations, this task would be nearly impossible without budgeting. Without effective budget analysis and feedback about budgetary controls, many organisations would become bankrupt. Some of the problems arise from inadequate data to formulate and implement a proper budget, and non-existence of well-defined structure, which leads to overlapping of duties. These deficiencies can therefore be addressed through the use of budgetary controls.

Henceforth, it is largely important that the resource allocation of the collected money is monitored so as to ensure accountability as well as effectiveness and where possible to offer advice where pitfalls are identified. Therefore this study will endeavour to assess the effectiveness of budgeting and budgetary control system in government institution and in this context the Ministry of Education.

1.3  **Research Objectives**
1.3.1 General Objective

The primary objective of this study is to determine how the budgeting and budgetary control enables Government institutions more effectively plan, control, coordinate and evaluate their activities.

1.3.2 Specific Objective

1.3.2.1 To establish the essential components of an effective budgetary control system.

1.3.2.2 To establish the effects of poor application of the budget and budgetary controls.

1.3.2.3 To establish whether poor application of budget and budgetary control could result in operational failure.

1.4 Research Questions

This study answered the following questions:

1.4.1 What is the general system of budgeting and budgetary control practice adopted at Ministry of Education and how appropriate is it in the public sector?

1.4.2 How can effective budgetary control bring about efficiency at Ministry of Education?

1.4.3 What are the effects of poor application of budget and budgetary control to the Ministry of Education?

1.4.4 How does poor application of the budget and budgetary control cause failure at the Ministry of Education?

1.5 Scope of the study

This was an exploratory and descriptive study. It involved reviewing the Ministry of Education head office in Lusaka budgeting and budgetary processes and other literature and its implementation by engaging stakeholders by way of questionnaires and interviews. The research covered the period 2010 to 2015.

1.6 Significance of the study
Findings of the study were conducted to help MoE in identifying the effects and implications of its inconsistencies towards its tertiary education budget commitments and to guide tertiary education administrators to a new planning paradigm to efficient and effective budgetary controls.

i. To enable the MoE to re-assess its organizational policies and practices that hinder effective budgeting and budgetary controls.

ii. The study was done with hopes that it can be used by other institutions and researchers as literature. Furthermore, it was done in order to add to the existing body of knowledge in the area of planning and budgeting.

iii. The research was done to help provide empirical data on which future policy changes should be based in the quest to improve on government budgeting and budgetary control processes.

This work also sought to determine whether the budget and budgetary control facilitates, planning and controlling functions of management in the given organization. It also provided a good benchmark for measuring performance and determines the role of budget as a tool for efficient and effective management of the human and material resources. The study is important in the sense that it would provide managers of Ministry of Education with valuable information to reach a better understanding on how the effectiveness of budgeting and budgetary control influences their performance.

1.7. Definition of major concepts

Budgetary control

This is the process of developing a spending plan and periodically comparing actual expenditures against that plan to determine if it or the spending patterns need adjustment to stay on track. This process is necessary to control spending and meet various financial goals. Governments rely heavily on budgetary control to manage their spending activities, and this technique is also used by companies as well as private individuals, such as heads of household who want to make sure they live within their means.

Budget
A formal statement of the financial resources set aside for carrying out specific activities in a given period of time. It helps to co-ordinate the activities of the organisation.

Effectiveness

For Budget control to be effective, budgets must be aligned with the organization’s strategies, appropriate strategic planning, and performance management processes introduced, and must involve processes that are value based, consequential and continuous. The work of Tim Blumentritt (2006) could be viewed as further contributions to the above stand point as he recognizes the need for organizations to integrate strategic management and budgeting. What seems rather unfortunate according to Tim Blumentritt (2006) is the fact that most organizations still treat the budgeting and strategic management processes separately and also, a significant portion of small- and medium-sized enterprises do not engage in strategic planning (Tim Blumentritt, 2006).

Essentials of effective budgetary control are:

1. **Sound forecasting**

   The estimates for the future needs of business should be precise and accurate. A scientific forecasting system gives adequate and reliable data for budgeting.

2. **Goal orientation**

   Budgets must directly flow from objectives of the enterprise, and goals of budgetary control must be clearly defined.

3. **Proper recording system**

   Sound accounting procedures should be allowed for proper recording of actual operations. Unless the actual performance is accurately recorded and quickly reported; the whole structure of budgeting will fall. Budgeting is greatly helped if there is also the system of standard costing in use.

4. **Participation**

   All individuals responsible for achieving results should be consulted in the formulation of budgets. No system of budgetary control can succeed without the mutual understanding of superiors and subordinates. Participation assures full co-operation and commitment for making budgets successful. Participation also makes budgets realistic and workable.

5. **Top management support**

   Since budgeting highlights inefficiencies there is bound to be resistance. This makes it more necessary that top management should believe in the importance of budgetary control. Thus the overall budgets must be set and approved at the chief executive level.

6. **Flexibility**
Budgets should be flexible. If actual business conditions differ from what was expected, it should be possible to recast the budget quickly.

7. **Enforce timeliness:**

Budgets must be prepared so as to be ready before the period to which they relate. Moreover sufficient time should be allowed for the budget programme to develop and reach near perfection.

8. **Efficient organization:**

A good organisation structure is necessary for success in budgeting. There should be fixed responsibility centers, budget committee and budget controller.

9. **Proper Co-ordination:**

The budget plans must be properly coordinated in order to eliminate bottlenecks. Individual budgets should be co-ordinate with one another.

10. **Sound administration:**

Budgets cannot replace good management. Budgets should be administered efficiently by responsible executives.

11. **Constant Review:**

Constant review of the budgets is necessary so as to prevent them from degenerating into license for spending the full budgeted amount even though it may not be necessary.

12. **Reward and punishment:**

The concerned employees should be suitably rewarded for performance as per the budget. But slack employees should not be allowed to go unpunished.

13. **Results take time:**

The budgetary control is an efficient tool to control performance. But it requires time to show results. Those who administer budgetary control should have high degree of knowledge and experience in the field.
CHAPTER TWO
LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0 Introduction

In the preceding chapter, the focus of this study has been stated. In this chapter, the main task is to put the aspect of budgeting and budget control system in the public sector into perspective against related works. This chapter presents a review of literature from works of government documents, theoretical framework, the theory of budgeting, budgeting control model, accounting theory in budgeting control.

2.1 Literature Review

Budgets are considered to be the core element of the control-process and consequently vital part to the umbrella concept of performance measurement. Research has shown that there is no single approach to budgeting suitable for all businesses. Instead, the suitability of a particular 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 is planning, evaluation, monitoring and control.

Lockyer, K (1983) was of the opinion that once a budget has been drawn up, it can be used as an instrument of control by continually comparing actual with budget performance. Since all activities are ultimately capable of being expressed in financial terms, the breath of control possible is very great. Hence budget control is part of the overall system of responsibility accounting within an organisation, as costs and revenues are analysed in accordance with areas of personal responsibilities of the budget holders through permitting financial monitoring. Budgetary control relates expenditures to the personnel responsible for the various expenditures at the various cost centers so that each manager is held responsible for the cost by which he has control.

2.2 Theoretical Framework

Budget in this context is defined as an accounting device used to plan and control resources of operational departments of Governments and divisions. Control is a system
or process consisting of comparisons between standard and actual performances, with the comparisons serving as a basis for determining the proper responses to actual operating results. If control is viewed from the standpoint of its direct relationship to planning, and then it becomes complementary to planning. Many a time Government budgets in developing countries like Nigeria is nothing but addition of figures only to be read to the ears of the public (Gerdin, 2004).

There are three theories that support budgetary control of firms namely the theory of budgeting, budgetary control model and accounting theory in budgetary control as discussed below:

### 2.3 The Theory of Budgeting

Hirst (1987) explains that an effective budgetary control solves an organization’s need to plan and consider how to confront future potential risks and opportunities by establishing an efficient system of control, a detector of variances between organizational objectives and performance (Shields and Young, 1993). Budgets are considered to be the core element of an efficient control process and consequently vital part to the umbrella concept of an effective budgetary control.

Budgets project future financial performance which enables evaluating the financial viability of a chosen strategy. In most organisations this process is formalized by preparing annual budgets and monitoring performance against budgets. Budgets are therefore merely a collection of plans and forecasts (Silva and Jayamaha, 2012).

### 2.4 Budgetary Control Model

In reference to Robinson and Last (2009), budgeting system is a tool used by the firm as a framework for their spending and revenue allocation. To ensure the firm’s resources are not wasted, the organisation must be able to come out with an effective budgeting system. This is important as it ensures that the outputs produced and services delivered achieve the objectives. According to this theory, a good budgeting system must be able to addresses the efficiency and effectiveness of the organization’s
expenditure. A good budget is determined by the level of income of the organisation (Robinson, 2009).

The organisation has to put proper controls that ensure that the budget is properly maintained and allocated. A firm that is able to run its operations efficiently is able to allocate more revenues for the organisation. This is achieved through cutting costs in order to increase the quality and quality of goods and service offered by the organisation.

2.5 Accounting Theory in Budgetary Control

Kaplan and Norton (1996), accounting theory is aimed towards provision of a coherent set of logical principles that form the general frame of reference for the evaluation and development of sound accounting practices and policy development. Otley and Pollanen (2000), the purpose in developing a theory of accounting is to establish standard for judging the acceptability of accounting methods.

The study will attempt to find out whether the theories listed above will be good determinants to effective budget implementation of budgets among organisations. These determinants will include adequate availability of financial resources, competent human resource, participation of both staff and other stakeholders in the budgeting process and proper planning. Adequate availability of financial resources is one of the determinants of effectiveness. To achieve an effective budget, the organisation must ensure that it has adequate access to financial resources in order to finance its projects and to carry out its activities.

Competence of human resource is another determinant of effectiveness. To successfully execute its activities the organisation should ensure that it has competent human resource with knowledge and skills on efficient and effective means of budgetary control processes and procedures. The organisation should be well equipped with knowledgeable and skilled employees who are well conversant with budgetary control measures to effectively implement the budgetary control processes and allocation. Employees play an integral role in the process of planning, monitoring control and
evaluation processes of budget implementation this highly contributes to monitoring budget expenditures and accountability in the use of the budget.

All individuals responsible for achieving results should be consulted in the formulation of budgets. No system of budgetary control can succeed without the mutual understanding of superiors and subordinates. The organisation should communicate the outcome of budget decisions to all the relevant staff. Budgets have an important part to play in the communication of objectives, targets and responsibilities throughout the organisation. If carried out properly, this can have considerable benefits in promoting co-operation at all levels (Callahan and Waymire, 2007). To ensure that the process of implementing the budget is successful, the management and the employees should work together to ensure that the interests of all stakeholders are fully represented when making key decisions involving budgetary allocations in key projects.

In order to carry out budgetary control, it is necessary to formulate a fully coordinated detailed plan in both financial and quantitative terms for a forthcoming period. The duration of the period is usually one year. The plan needs to be in line with the long term development strategy of the organisation, although in the shorter term of a budget year, conditions may prevail which could dilute this aim. For example a depressed economy could lead to a temporary departure from the long term plans. Therefore, before formulating the budgets, the policy to be pursued during the forthcoming trading period needs to be established (Dunk, et al, 2001).

Once budgets are operating throughout an organisation, it is important that feedback is made available to the managers responsible for its operation. This is often done by means of monthly budget reports. These reports contain comparisons between the budget and the actual position and throw up differences which are known technically as variances. The budget plans must be properly co-ordinated in order to eliminate bottlenecks. Individual budgets should be co-ordinated with one another to ensure that the implementation process is conducted effectively in order to save time and costs (Horngren, Forster and Dater, 1997).

To facilitate proper planning, the management team should define the patterns of expenditure and revenue over the life of the project or the activity that the organisation
is undertaking. A predetermined budget of possible costs that was incurred carrying out the activities planned in a project should be made. Realistic planning of finances is key to the implementation of a project or programme (Joshi and Abdulla, 1996).

The researcher observed that notwithstanding the existing literature on budgeting and planning this area being pursued in this research has not been covered in previous researches. Against this background, it is surprising how little research has been devoted to the design, use, and effectiveness of public sector budget control systems in controlling budgets and budgeting behavior. Literature reviews of accounting research on budget control show an almost complete dominance of research on private sector organizations and not public institutions.

In a similar vein, according to a recent review of public sector budgeting research in the accounting and public administration literature, research on budgetary control related outcomes is non-existing. The accounting research still conducted on public sector budgeting has historically dealt with budgeting and budgetary controls in connection with accounting changes (the New Public Management movement) and implementation at the sector level and in budgeting decision-making processes. With the contextual framing of global economic turbulence and fiscally stressed public sector organisations in mind and the extensive gap between budgetary control literature on private sector organisations and public institutions, the researcher was determined to assess the effectiveness of budgeting and budgetary control systems and how they are implemented in the Government Institutions, in this case using the Ministry of education as a case study. The new economic circumstances mean that public sector organisations need to amplify and refocus their budgetary control activities towards goal achievement. The new spending limits, prioritizations, and performance levels increase the need for direction on how to perform and what is important. Tight budgetary control is argued to be a structure that facilitates these needs.

With education increasingly becoming the primary determinant of overall development in the emerging knowledge economy, The Ministry of Education has been determined since 1990 to increase access to education and to improve its quality in accordance with the needs of the Zambian Society. Currently, much attention in literature has been given to the strengthening of budget and planning and their interrelationship in developing
countries including Zambia. The advocacy for this has come from prominent international agencies as United Nations, International Monetary Fund, World Bank and United States Agency for International Development. All these agencies are all interested in encouraging developing and underdeveloped nations to improve their budget practice.
CHAPTER THREE
RESEARCH METHODOLOGY

3.0  Introduction

This chapter focuses on the methodology used in the research in terms of the research design, population, sample size, data collection methods and data analysis. The section or part for data collection explored how data was collected from the selected sample/respondents. Data analysis explored how the data was collected and analyzed. This chapter presents a the research methodology and design, literature review, theoretical frame work, the theory of budgeting, budgeting control model and accounting theory in budgetary control.

Research Design

The study is both exploratory and descriptive and it took a retrospective approach to consider the budgeting and budgetary processes. A combination of qualitative and quantitative methods of data collection and analysis were employed in this study. In order to capture a holistic picture of what was happening on the ground, the researcher employed methodical triangulation - looking at the research question from several viewpoints with a view to have a holistic account (Fielding and Fielding 1986:33).

The study also attempted at finding and building theories that will investigate the effectiveness of budgeting and budgetary controls in a government based institution. This was done so as to allow an in-depth collection of information.

3.1  Sample Size

The population in this research consisted of Administrators, accountants, Financial Sector employees in the Ministry of Education. Henceforth, the sample size for this research was determined by how much information was needed and depending on who needs to be interviewed. This study used convenience judgmental sampling method to select 50 respondents at the Ministry of Education headquarters in Lusaka. The reason for using 50 respondents at the headquarters is due to the limitation of time, resources.
and distance to travel for data collection and interviews and also due to the availability of sampling techniques that facilitate the sampling procedures.

3.2 Data collection

This research adopted purposive sampling technique as well as snowball in some cases and questionnaires. This sampling technique was chosen because:

- It allows for cheaper access to respondents especially the people involved in the budgeting at the ministry because they are the people who can offer the much needed information on the subject matter.
- It is cheaper in terms of reducing time, money and energy. Moreover, the sampling unit of this research was employees of either sex in the selected departments. To achieve this, interview was conducted on the respondents using the interview questionnaire guide so as to allow collection of more information from these people bearing in mind that most of the people in these departments are busy therefore a questionnaire interview guide was opted for. A structured written interview questionnaire guide that uses a quantitative self-report technique was used to collect data in this study.

3.3 Data processing and analysis

The results of the research were processed both qualitatively and quantitatively. Quantitative analysis was conducted on background information considering the size of the sample, manual calculations and tabulations were not used because there too cumbersome for quantitative data, therefore, after all the data was collected using the interview questionnaire guide it was checked for uniformity, consistency and accuracy. The raw data collected was subjected to coding, for fast and efficient processing of data, computers with appropriate software were used. Data entry was done using Statistical package for social sciences (SPSS). The SPSS used was version 16.0 for windows integrated student version. This programme is ideal for quantitative data. Graphs were created using MS-EXCEL. Frequency tables and graphs were used to facilitate data presentation. The aforementioned software packages were favored for the task because:

- They are user friendly.
- Of their capability to handle large numbers.
• They are most suitable programme for the analysis of quantitative data.
• Whilst MS Excel can be used for analysis, SPSS was used for both data entry and analysis.
• They are perceived as being efficient as they allow for cross tabulation of numerous variables.

On the other hand, qualitative data was analysed using the content analysis by going through the contents of the in depth explanations given and present them narrative form.

3.4 Ethical issues in budgeting

Budgeting creates serious ethical issues for many people. Much of the information of the budget is provided by managers and employees whose performance is then compared with the budget they develop. Maher and Deakin (1994), suggest that companies/institutions should provide incentives for people to report truthfully, which means the company/institution must reward both for honest estimate and good performance. But reality is that, many companies put considerable pressure on employees to achieve increasingly difficult targets.
CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND FINDINGS

4.0 Introduction
This chapter presents data which was collected from Administrators, accountants, Financial Sector employees in the ministry of education on effective budgeting and budgetary control systems and how they aid in effective execution of government activities.

4.1 Study Population
The target population for the study was Fifty (50) drawn from the different budgeting departments of the Ministry of education. Of these thirty seven (37) completed the interview questionnaire guide and thirteen (13) were not available (did not complete the interview questionnaire guide) representing 74 percent and 26 percent of the target population respectively. The table and the pie chart below illustrate this information.

<table>
<thead>
<tr>
<th>Valid</th>
<th>frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Answered interview questionnaire</td>
<td>37</td>
<td>74%</td>
</tr>
<tr>
<td>Not available</td>
<td>13</td>
<td>26%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.1: Field study 2017
The information in table 4.1 shows the total sample of the study. Out of the total sample of fifty, thirty seven respondents completed the questionnaires and the remaining thirteen respondents did not complete the questionnaires.

**Figure 4.1**

![Profile of respondents: Gender](image)

**Profile of respondents: Gender**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>21</td>
<td>42.0</td>
<td>42.0</td>
<td>42.0</td>
</tr>
<tr>
<td>Female</td>
<td>16</td>
<td>32.0</td>
<td>32.0</td>
<td>74.0</td>
</tr>
<tr>
<td>not available</td>
<td>13</td>
<td>26.0</td>
<td>26.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Table 4.1

**Table 4.2**

The total population sample for the study was fifty (50). Out of fifty (50), twenty one (21) respondents representing 42.0 percent were male, sixteen (16) were female representing 32.0 percent. Thirteen were non-available. Among the twenty one (21)
male respondents, six (6) hold top management positions. On the other hand, two (2) among the sixteen (16) female respondents were in top management.

**Figure 4.2**

![Pie chart showing the gender distribution of respondents](image)

*Source: table 4.2*

**Table 4.3 Profile of respondents: Professional qualification**

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>certificate</td>
<td>7</td>
<td>14</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>diploma</td>
<td>13</td>
<td>26</td>
<td>26</td>
<td>40</td>
</tr>
<tr>
<td>degree</td>
<td>9</td>
<td>18</td>
<td>18</td>
<td>58</td>
</tr>
<tr>
<td>Master's degree</td>
<td>5</td>
<td>10</td>
<td>10</td>
<td>68</td>
</tr>
<tr>
<td>PhD</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>74</td>
</tr>
<tr>
<td>not available</td>
<td>13</td>
<td>26</td>
<td>26</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Field study 2017*
Table 4.3 shows the professional qualifications of the sampled respondents. Seven (7) respondents representing 14.0 percent had certificates, those with diploma qualifications were thirteen (13) representing 26.0 percent of the sampled population while nine (9) had degrees translating into 18.0 percent and Five (5) had Master’s degrees representing 10.0 percent of the sampled population. Three (3) had PhD’s representing 6.0 percent and Thirteen (13) respondents were non-available representing 26.0 percent.

**Figure 4.3**

![Pie chart showing professional qualifications of respondents](image)

**Source:** Table 4.3

**Table 4.4:** Profile of respondents: work experience

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid 0 to 5 years</td>
<td>27</td>
<td>54.0</td>
<td>54.0</td>
<td>54.0</td>
</tr>
<tr>
<td>6 to 10 years</td>
<td>8</td>
<td>16.0</td>
<td>16.0</td>
<td>70.0</td>
</tr>
<tr>
<td>11 to 15 years</td>
<td>2</td>
<td>4.0</td>
<td>4.0</td>
<td>74.0</td>
</tr>
<tr>
<td>non available</td>
<td>13</td>
<td>26.0</td>
<td>26.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Field Study 2017
In terms of experience, those who had served for five (5) years and below were only twenty seven (27) representing 54.0 percent of the respondents. While eight (8) had served the institution between six (6) and ten (10) years also representing 16.0 percent. Two had served between eleven (11) to fifteen (15) years representing 4.0 percent. Thirteen of the sampled respondents were non-available representing 26.0 percent.

**Figure 4.4**

![Pie chart showing the distribution of experience levels among respondents. The chart indicates that 54.0% have served for 5 years and below, 16.0% for 6-10 years, 4.0% for 11-15 years, and 26.0% are non-available.]

Source: Table 4.4

**The budget control function variables.**

The budget control function variables that have been tested in this study are economic allocation, fiscal discipline, control framework and public debt and budget deficit. The public expects the government to operate in an accountable and transparent manner in respect of public funds. Budget control is by nature a tool to ensure that all public servants who deliver public goods and services verify expenditure trends to be within the scope of work approved by parliament. This led the population of this study to include level 8 to level 16, that is, State Accountant, Financial Administration Officers, Assistant Directors, Deputy Directors, Directors and above as these levels form middle management.

**Economic allocation** The economic allocation may be described as the extent to which the scarce financial resources are distributed fairly between competing demands of the citizens. The legal obligation that is embodied in public policy forms the basis for the fair distribution of scarce public financial resources to enhance the effective budget control function. The sub variables of economic allocation include incremental budgeting (line item budgeting system), the planning, programming budgeting system and zero base budgeting system. The findings
also explain the economic tasks that embrace stabilization, distribution and economic growth to measure the impact of the budget control on education.

**Incremental budgeting** In this sub-variable the respondents were given three options such as yes, no and don’t know to choose from. In the first question the respondents were asked whether there is a limit in the utilization of voted funds. Altogether 38 percent agreed that there is a ceiling, 16 percent indicated that there is no ceiling whilst 46 percent did not know that there is a limit in the utilization of voted funds for the purchase of items in the Ministry of Education’s budget. This is an indication of the fact that the greater numbers of the respondents do not perceive the budget as a restraint to control scarce financial resources. Figure 4.5 below shows a clear picture of the respondents’ responses in relation to the defined variables.

**Table 4.5**

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>19</td>
<td>38%</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>23</td>
<td>46%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Figure 4.5**
Public debt and budget deficit Public debt is the sum of all the outstanding financial liabilities of the institution where there is a primary and legal responsibility to repay the amount owing. The respondents were asked to show their attitude and knowledge through a choice of five options embracing strongly agree, agree, undecided, disagree, and strongly disagree with a given statement. The respondents were asked whether the provincial treasury effectively monitors the cash flow requisition of the provincial Department of Education. In response 20 percent strongly agreed, 62 percent agreed, 8 percent were undecided, 6 percent disagreed and 4 percent strongly disagreed. This means that 90 percent agreed that the provincial treasury accurately monitors the cash flow of the provincial Department of Education and 6 percent disagreed with the statement. Figure 4.6 below shows the distribution of the responses.

Planning, programming budgeting system The respondents were asked whether they are involved in analyzing the value of existing and new programmes to which 16 percent responded positively, 70 percent responded negatively and 14 percent did not know. The 70 percent of respondents who are not participating in financial planning is significant. This reflects what is termed a “top down” approach in financial planning that is a hindrance to the budget control function. Figure 4.6 depicts the respondents’ responses.
Table 4.6

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>No</td>
<td>35</td>
<td>70%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>7</td>
<td>14%</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 4.7
Control framework As regards the question whether the provincial treasury’s existence is relevant in playing an oversight role, 48 percent strongly agreed, 40 percent agreed, 10 percent were undecided whilst 2 percent disagreed. Figure 4.8 below gives a reflection of the respondents.

Figure 4.8

Table 4.8 Views about efficient and effective budgetary control system

<table>
<thead>
<tr>
<th>What in your view would you consider as efficient and effective budgetary control system</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• flexible budget</td>
</tr>
<tr>
<td></td>
<td>• warrant system</td>
</tr>
<tr>
<td></td>
<td>• Direct supervision and observation : traditional method (DSO)</td>
</tr>
<tr>
<td></td>
<td>• Financial statements : statement of financial position and ratio (FS);</td>
</tr>
<tr>
<td></td>
<td>• Budgetary control committee : opex, capital and revenue, large entities (BC);</td>
</tr>
<tr>
<td></td>
<td>• Break-even analysis : no profit / no loss point, for Sales mostly (BE);</td>
</tr>
<tr>
<td></td>
<td>• Return-on-investment : performance comparison between 2 time points, also good for inter-entities comparison (ROI);</td>
</tr>
</tbody>
</table>
Management by Objectives: delegating to a finance team, each member having objectives, required for bigger business (MBO);

Management Information System: automatic computerize program collecting and compiling the finance data and analysis; for medium-bigger business with well-established processes (MIS);

ERT / CPM techniques: Critical Path Method derived from project management, practical to optimize time or costs on a defined budget (ERT).

MTEF approach

Source: Field Data 2017

Table 4.8: descriptive statistics of responses to any of the control system employed in the Ministry of Education

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>30</td>
<td>60.0</td>
<td>60.0</td>
<td>60.0</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>14.0</td>
<td>14.0</td>
<td>74.0</td>
</tr>
<tr>
<td>non available</td>
<td>13</td>
<td>26.0</td>
<td>26.0</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
<td>100.0</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field study 2017

Table 4.9 shows responses to MoE having a budgetary control system in place. In response to the above question, Thirty (30) agreed representing 60.0 percent of the total sampled population and seven (7) representing 14.0 percent disagreed. Thirteen (13) respondents representing 26.0 percent were non-available.
Figure 4.9

Table 4.10: kind of budgetary control system

<table>
<thead>
<tr>
<th>If no what kind of budgetary control system does the ministry of Education use?</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• expenditure control system</td>
</tr>
<tr>
<td></td>
<td>• adaptable budgetary planning and control system</td>
</tr>
<tr>
<td></td>
<td>• MTEF approach</td>
</tr>
</tbody>
</table>

Source: Field Data 2017

Table 4.11: benefits of having an effective budgetary control system

<table>
<thead>
<tr>
<th>What do you think are the benefits of having an effective budgetary control system?</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Minimizing the wastage &amp; maximizing the efficiency of various departments.</td>
</tr>
<tr>
<td></td>
<td>• It limits the amount that ministries are authorized to spend subject to cash limits.</td>
</tr>
<tr>
<td></td>
<td>• Ensures that expenditure commitments were contained within the cash limits.</td>
</tr>
<tr>
<td></td>
<td>• Ensures that the desired objectives are achieved</td>
</tr>
</tbody>
</table>
• Translates the plans into budgets.
• Relates the responsibilities of executives to the budgets.
• Ensures continuous comparison of the actual results with that of the budget & the ascertainment of deviations (Positive/negative).
• Control is necessary to ensure that plans and objectives as laid down in the budgets are being achieved.
• Control, as applied to budgeting, is a systematized effort to keep the management informed of whether planned performance is being achieved or not. For this purpose, a comparison is made between plans and actual performance.
• The difference between the two is reported to the management for taking corrective action.
• In budgetary control, variances are normally not revealed through accounts and control is exercised by statistically putting budgets and actuals side by side.

Source: Field Data 2017

Table 4.12: descriptive statistics of effectiveness of the budgetary control system used at the Ministry of Education

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>yes</td>
<td>25</td>
<td>50.0</td>
<td>50.0</td>
<td>50.0</td>
</tr>
<tr>
<td>no</td>
<td>12</td>
<td>24.0</td>
<td>24.0</td>
<td>74.0</td>
</tr>
<tr>
<td>non available</td>
<td>13</td>
<td>26.0</td>
<td>26.0</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field study 2017

Table 4.9 shows responses to effectiveness of the budgetary control system used at the Ministry of Education. In response to the above question, Twenty five (25) agreed representing 50.0
percent of the total sampled population and twelve (12) representing 24.0 percent disagreed. Thirteen (13) respondents representing 26.0 percent were non-available.

**Figure 4.10**

Source: Table 4.9

**Table 4.13: Reasons for your responses in (8)**

<table>
<thead>
<tr>
<th>Give reasons for your answer in (8)</th>
<th>Responses</th>
</tr>
</thead>
</table>
| Yes                                | • Increase in efficiency in financial transfers from districts to the facility and this affects the execution of the budget goals  
  • Affordability  
  • Has lead into lead into cost effective procurement  
  • provide cash expenditure tracking and reduce operational cost  
  • it has acted as a financial tool that facilitated prediction of financial milestones for organizations |
| No                                 | • striking of employees as a result of unmet salary demands and poor working environment has not been met  
  • There is Lack of flexible budgetary structure  
  • There is still failure to involve the finance function in the initial process |

Source: Field Data 2017
Table 4.14: Descriptive Statistics

Has there at any time been a poor unachieved task due to poor implementation of the budget in the Ministry of Education?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Valid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>20</td>
<td>40.0</td>
<td>40.0</td>
<td>40.0</td>
</tr>
<tr>
<td>No</td>
<td>17</td>
<td>34.0</td>
<td>34.0</td>
<td>74.0</td>
</tr>
<tr>
<td>non available</td>
<td>13</td>
<td>26.0</td>
<td>26.0</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50</td>
<td>100.0</td>
<td>100.0</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Study 2017

Table 11 shows responses to poor unachieved tasks due to poor implementation of the budget in the Ministry of Education. In response to the above question, Twenty (20) agreed representing 40.0 percent of the total sampled population and seventeen (7) representing 14.0 percent disagreed. Thirteen (13) respondents representing 26.0 percent were non-available.

Figure 4.11

Source: Table 4.14
Table 4.15: Descriptive Statistics

Do you feel most operational failures in the ministry are as a result of ineffective budgetary control systems?

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>28</td>
<td>56.0</td>
<td>56.0</td>
<td>56.0</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>14.0</td>
<td>14.0</td>
<td>70.0</td>
</tr>
<tr>
<td>non available</td>
<td>13</td>
<td>26.0</td>
<td>26.0</td>
<td>96.0</td>
</tr>
<tr>
<td>non response</td>
<td>2</td>
<td>4.0</td>
<td>4.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Study 2017

Twenty eight (28) respondents representing 56.0 percent felt most failures in the ministry are as a result of ineffective budgetary control systems while seven (7) representing 14.0 percent held the view that it was not as a result of ineffective budgetary control systems. Thirteen (13) respondents were non-available representing 26.0 percent while only two (2) didn’t respond to this question in the questionnaire representing 2.0 percent.

Figure 4.12

Source: table 4.15

Table 4.16: How can Ministry of education improve its budgetary control systems to make them more efficient and effective?
In what ways can the Ministry of education improve its budgetary control systems to make them more efficient and effective?

<table>
<thead>
<tr>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The MoE must improve sector plan delivery so that resources allocated to the sector actually achieve intended results. The planning and budgeting must be better linked so that budgeting is target specific and in line with the Annual Strategic Plan and five-year plans.</td>
</tr>
<tr>
<td>• There must be support of Top Management:</td>
</tr>
<tr>
<td>• Participation by Responsible Executives.</td>
</tr>
<tr>
<td>• There must be reasonable Goals:</td>
</tr>
<tr>
<td>• Continuous Budget Education:</td>
</tr>
<tr>
<td>• Adequate Accounting System:</td>
</tr>
<tr>
<td>• Constant Vigilance:</td>
</tr>
<tr>
<td>• Cost of the System: Integration with Standard Costing System:</td>
</tr>
</tbody>
</table>

Source: Field Data 2017

Table 4.17 ways in which reasons given above improve the running of the Ministry as well as other government institutions

<table>
<thead>
<tr>
<th>How will the ways you have given above improve the running of the Ministry as well as other government institutions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responses</td>
</tr>
<tr>
<td>• If the budget system is to be successful, it must be fully supported by every member of the management and the impetus and direction must come from the very top management. No control system can be effective unless the organisation is convinced that the top management considers the system to be important.</td>
</tr>
<tr>
<td>• Those entrusted with the performance of the budgets will participate in the process of setting the budget figures. This will ensure proper implementation of budget programmes</td>
</tr>
</tbody>
</table>
• The budget figures will be realistic and represent reasonably attainable goals. The responsible top management and budgeters will also agree that the budget goals are reasonable and attainable.

• This will help to derive maximum benefits from the budget system; as well defined responsibility centers such as departments will be built up within the Government ministries. The controllable costs for each responsibility centers as a result will be separately shown.

• This will lead to the best way to ensure that active interest of the responsible supervisors is continuous budget education in respect of objectives, potentials & techniques of budgeting.

• This may also lead to accomplished ministerial goals through written manuals, meetings etc., whereby preparation of budgets, actual results achieved etc., may be discussed.

• There is close relationship between budgeting and accounting. For the preparation of budgets, one has to depend on the accounting department for reliable historical data which primarily forms the basis for many estimates. The accounting system should be so designed so as to set up accounts in terms of areas of managerial responsibility. In other words, responsibility accounting is essential for successful budgetary control.

• Reports comparing budget and actual results should be promptly prepared and special attention focused on significant exceptions i.e. figures that are significantly different from those expected.

• There will be surety that budget system will not cost more than it is worth. Since it is not practicable to
calculate exactly what a budget system is worth, it only implies a caution against adding expensive refinements unless their value clearly justifies them.

- If standard costing system is used, it will be completely integrated with the budget programme, in respect of both budget preparation and variance analysis

Source: Field Data 2017

A number of responses were given in the interview as to what ways the Ministry of education can improve its budgetary control systems to make them more effective. The responses given provided important information that could act as a strong basis for decision making on how best to improve on some of the roles and functions to be performed by the budgeting and control department.
5.1 Analysis of overall findings

The findings are that the current budget systems being used by the MoE are not effective, not cost efficient and uneconomical and are dysfunctional. This is in line with reasons which where communicated to by top management which include; striking of employees as a result of unmet salary demands and poor working environment not been met and lack of flexible budgetary structure. This is according to the 40% who responded that there have been a lot of unachieved tasks due to poor implementation of the budget in the Ministry of Education. The finding is also in line with the failure to involve the finance function in the initial process.

The research also found that the Ministry of Education operates some form of budgetary control but not defined. It was found that they have employed expenditure control system, adaptable budgetary planning and control system and MTEF approach. As to whether budgetary controls exist in the MoE, 60% of respondents responded in the affirmative. According to them the guidelines given out to the various budgeted activities responsibilities assigned, resources allocated is evidence. It was found that they have employed expenditure control system, adaptable budgetary planning and control system and MTEF approach. Furthermore it was discovered that these approaches where employed due to the following reasons; they have led to increase in efficiency in financial transfers from districts to the facility and this affects the execution of the budget goals, affordable and has led into cost effective procurement thereby providing cash expenditure tracking and reduced operational cost. They explain that after the allocation of the funds to the various activities, the functional heads apply for the release of the funds by writing a memo to the District Coordinating Director (DCD) who is the spending officer, who acts as a financial tool that facilitates prediction of financial milestones for MoE.

However, the middle management and the junior level representing 56% availed that the MoE must improve sector plan delivery so that resources allocated to the sector actually achieve intended results. The planning and budgeting must be better linked so that budgeting is target specific and in line with the Annual Strategic Plan and five-year plans. There must be support of Top Management and participation by Responsible Executives. As a result of lack of this link between top management and executives and middle management and lower management
there is no Integration with Standard Costing System therefore making budget system dysfunction.

Therefore, the budgetary control report is very important in the feedback process and to ensure maximum effectiveness. It is important that its design, timing and general impact is not ignored or misunderstood otherwise it will not lead to effective actions and so will be useless. The key items which should be shown are the budgeted level of costs and revenue for the period and year to date, the actual level of cost and revenue for the period and year to date, the actual level of cost and revenue for the period and year to date, the variance between the above two points stated together with the trends in variances, and indication of what variances are significant together with, where possible, analysis and comments which can be used to bring the variances under control.

However in order to tackle all these institutional gaps the following reasons where given by lower and middle management if the budget control system is to be successful:

- It must be fully supported by every member of the management and the impetus and direction must come from the very top management. No control system can be effective unless the organisation is convinced that the top management considers the system to be important.

- Those entrusted with the performance of the budgets must participate in the process of setting the budget figures. This will ensure proper implementation of budget programmes. This in turn will make the budget figures to be realistic and represent reasonably attainable goals. As a result making responsible top management and budgeters to agree that the budget goals are reasonable and attainable.

In line with this, top management failed to derive maximum benefits from the budget control system. Defined responsibility centres such as departments should be built up within the ministry. So as the controllable costs for each responsibility centres as a result will be separately shown. In addition to this, the standard costing system used must completely integrate with the budget programme, in respect of both budget preparation and variance analysis; thereby leading to accomplished ministerial goals through written manuals, meetings etc. Also resulting into the best way to ensure that active interest of the responsible supervisors is continuous budget education in respect of objectives, potentials & techniques of budgeting whereby preparation of budgets, actual results achieved etc., may be discussed.
CHAPTER SIX
CONCLUSION AND RECOMMENDATIONS

6.1 Introduction
This chapter seeks to summarize what was discussed in the previous chapters and draw
conclusions from what was established from the findings of the interview conducted.
The conclusions are based on the facts obtained from MoE’s response and various
opinions gathered from other literature.

6.2 Summary
The purpose of the study was to identify the system of budgeting and budgetary control
practice adopted in the Ministry of Education and analyse how effective it is for the
ministry. The instrument used in collecting the data for the study was a self-designed
questionnaire. The research reveals that, performance is enhanced by budgetary control.
It is prepared mostly every year and it is presented to the board of directors for approval.
As a result of the frequent control measures in place, an organisation is able to avoid
challenges like inflation and waste.

6.3 Conclusion
It was discovered that like other control methods, budgets have the potential to help
organizations and their members reach their goals. These dysfunctional aspects of
budgets systems may interfere with the attainment of the organization's goals. One
generally accepted guideline for effective budgeting is to establish goals that are
difficult but attainable.

In general, this study has examined the budgetary controls and perceived financial
performance of Ministry of Education. The relationship between budgetary controls
and financial performance is clear especially when one considers the implementation
of its components by the staff at MoE. The implementation of budgeting and planning,
monitoring and control, analyzing and feedback will affect financial performance in
terms of infrastructure development, service delivery and expenditure related activities
at MoE.
The findings are that the current budget systems being used by the MoE are not effective, not cost efficient and uneconomical and are dysfunctional. Other findings indicate that budgeting and planning, monitoring and control, analyzing and feedback as components of budgetary controls were significant predictors of financial performance at MoE. All the three components of budgetary controls; budgeting and planning, monitoring and control, and analyzing and feedback significantly and positively affected the financial performance at MoE. The findings also indicate that budget participation has an impact on the organizations performance hence the budgetary controls should not be top-down in nature, instead the top management should make efforts to elicit feedback from subordinates at different levels in developing the organizations budget. As such, top management needs to understand that the positive impact of budgetary participation on managerial performance works both directly, as a consequence of management involvement in the budgetary process, as well as indirectly, when managers’ commitment to the organization increases due to their participation and involvement in the budgetary control process.

6.4 Recommendations

From the above findings and in order for the Ministry to operate effectively, they must take the following critical steps:

6.4.1 Adopt a budgetary system of adequate planning with strict adherence to implementation, which cuts across the finance and administration

6.4.2 The finance department should review all existing standards and introduce measures that will tighten the internal control system to prevent leakages of financial resources;

6.4.3 Budgeting and budgetary control system should not be too complex for the people to understand;

6.4.4 To enhance the attainability of budgets, resources should be provided to complement the budgets;

6.4.5 As the environment is dynamic, budget should be reviewed and adjustment made from time to time, where necessary;

6.4.6 The management should ensure that workers pursue the set budget;

6.4.7 There should be an excellent communication link among all departments, so as to meet target thereby eliminating undue variances.
REFERENCES


Bourmistrov, A and Kaarboe, K.(2013). From comfort to stretch zones, a field study of two multinational companies applying beyond budgeting ideas Manage.


Hartmann, F.G.H (2000). The appropriateness of RAPM: toward the further development of theory.


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This interview is intended to collect information from employees at the ministry of education on effective budgeting and budgetary control systems and how they aid in effective execution of government activities. The findings of this research will help us come up with policies and strategies on how running public institutions can be made more effective through the implementation of better budgetary control systems. The information you will give will be treated with utmost confidentiality. You may be assured that this study is purely academic and all the information you will give in this questionnaire is for academic purposes and will be treated with utmost confidentiality and anonymity.
INSTRUCTIONS

1. Please feel free and honest in your answering of questions. There is neither right nor wrong answer.

2. You are not required to give your name. Your responses will be treated with highest level of confidentiality and solely for education purposes.

PART ONE: BACKGROUND INFORMATION

1. What is your sex?
   i. MALE [ ]
   ii. FEMALE [ ]

2. What is your level of education?
   1. Certificate [ ]
   2. Diploma [ ]
   3. Degree [ ]
   4. Master Degree [ ]
   5. PHD [ ]

3. How long have you worked for Ministry of Education?
   i. 0 to 5 years [ ]
   ii. 6 to 10 years [ ]
   iii. 11 to 15 years [ ]
   iv. Above 15 years [ ]
PART TWO: BUDGETARY CONTROL VARIABLES

4. Are maximum limits set for the purchase of items in the provincial Department of Education budget for programmes?

   i. YES [ ]
   ii. NO [ ]
   iii. DON’T KNOW [ ]

5. Are you involved in the evaluation of the feasibility studies for existing and new programmes to determine their profitability in terms of benefit to the organisation?

   i. YES [ ]
   ii. NO [ ]
   iii. DON’T KNOW [ ]

6. The provincial treasury is effective in ensuring that the programmes and activities that are not budgeted for are not implemented by the provincial Department of Education.

   i. Strongly Agree [ ]
   ii. Agree [ ]
   iii. Undecided [ ]
   iv. Disagree [ ]
   v. Strongly Disagree [ ]

PART TWO: PERCEPTION ON BUDGETARY CONTROL SYSTEMS

7. What in your view would you consider as effective budgetary control system?

   ………………………………………………………………………………………………………
   ………………………………………………………………………………………………………
   ………………………………………………………………………………………………………
   ………………………………………………………………………………………………………
   ………………………………………………………………………………………………………
   ………………………………………………………………………………………………………
8. Is this (your answer above) something employed in the Ministry of Education?
   i.   YES [   ]
   ii.  NO   [   ]

9. If no what kind of budgetary control system does the ministry of Education use?
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................

10. What do you think are the benefits of having an effective budgetary control system?
    ........................................................................................................................................
    ........................................................................................................................................
    ........................................................................................................................................
    ........................................................................................................................................

11. Would you suggest that the current budgetary control system used at the Ministry of Education has been effective?
   i. YES[   ]
   ii. NO   [   ]

12. Give reasons for your answer in (8) above
    ........................................................................................................................................
    ........................................................................................................................................
    ........................................................................................................................................
    ........................................................................................................................................

13. Have there at any time been poor unachieved tasks due to poor implementation of the budget in the Ministry of Education?
   (i)   YES [   ]
   (ii)  NO   [   ]

46
14. Do you feel most operational failures in the ministry are as a result of ineffective budgetary control systems?
   (i) YES [ ]
   (ii) NO [ ]

15. Give reasons for your answer in (11)

   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

16. In what ways can the Ministry of education improve its budgetary control systems to make them more effective?

   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

17. How will the ways you have given above improve the running of the Ministry as well as other government institutions

   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

Thank you for your time and cooperation!