



THE BUDGETING AND BUDGETARY CONTROL PRACTICES AND ITS INFLUENCE IN AKENTEN APPIAH MENKA UNIVERSITY OF SKILLS TRAINING AND ENTREPRENEURIAL DEVELOPMENT

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ABSTRACT

The study examined budgeting and budgetary control practice in Ghana with reference to Akenten Appiah Menka University of Skills Training and Entrepreneurial Development (AAMUSTED), formally called College of Technology of Education, Kumasi (COLTEK). The research design employed was characterized and analyzed to achieve the purpose of the study. Purposive sampling techniques were used to select the respondents. The sample size for the study was fifty (50) participants and five (5) internal control comprising, units of Management members, Junior and senior staff. Questionnaire and interview guide were used to collect data from the respondents, which was analyzed to generate frequencies and percentages with the help of Microsoft Excel. The result of the study showed that the management of AAMUSTED is positively related to the budgetary control practices. In establishing the time period covered by budgets, the study found that AAMUSTED reviews its budget after 1 to 5 years. The approximate annual budget revenue, the study found that budgets have clear goals and objectives and when budgeting, outcomes, goals and objectives are linked to programmes and activities of AAMUSTED. On the Impact of evaluation on budgetary control practices in the management of AAMUSTED, the study further established that AAMUSTED engage its stakeholders in making key budgetary decisions and that the Management of AAMUSTED reviews the budget periodically. The study recommended that budget review and controls should be undertaken as frequently as possible to achieve greater results in prudent financial management of the University.

KEY WORDS: Budgetary; Budgeting; Control; Practices; Education; Management; Businesses.

1. Introduction

The Akenten Appiah Menka University of Skills Training and Entrepreneurial Development (AAMUSTED), formally called College of Technology of Education, Kumasi (COLTEK) and other colleges need to recognize that their businesses budgeting and budgetary items need the control practices [1]. Investors and the business community have long sought for ways to better control the budgets of institutions, companies and enterprises they run. As part of a broader micro-economic reform of the public sector, the higher education sector had been targeted for its perceived role for improving the economic status of a nation [2, 3, & 4]. Government being skeptical about the effectiveness and efficiency of Higher Educational Institution's (HEI) operations, had instituted policies and undertaken reviews of the sector with the intention of improving the governance and management of higher education institutions. Government had subjected higher education institutions to market mechanisms and greater competition by reducing the proportion of government funding, forcing AAMUSTED to diversify their funding sources, needs clarification and increased accessibility to higher education [5 & 6]. The rationale behind such reforms was that competition would produce better outcomes than government intervention [7]. In view of the reduced government funding, and the increase in population, government had argued that AAMUSTED needs to become more accountable for its use of resources. Consequently, the combination of increased competition, decreased funding and increased demand for enhanced accountability had forced AAMUSTED to appraise the effectiveness of its finances and other management and control devices employed [8]. In response, AAMUSTED had become more business-like, adopting private sector business models of organisational structure, management systems, and accounting and budgetary control practices, accountability relationships to accomplish the desired Commonwealth government changes [9].

Internal cost centres, budgeting and budgetary controls, flattening of hierarchies, the fostering of competition between employees, public relations, monitoring of efficiency and effectiveness through measurement of outcomes, introduction of accrual accounting and audit, introduction of long-term strategic planning, and individual staff appraisals have been identified as some of the private sector techniques, which could be adopted by public institutions, including Universities. These techniques are believed to foster more efficient and effective organizational functioning. However, budgeting and budgetary control practices are employed by many institutions to ensure orderly and efficient running of their operations as well as compliance to management policies and internal control practices. Every organization develops a set of goals, such as profitability, growth and others with the hope of achieving them in the face of limited resources. Economic theory however states that an organization should conduct itself in a certain economic manner to be able to ensure an optimum allocation of resources for any anticipated objective to be achieved [10]. Managers who have opted and practiced budgeting and budgetary controls are of the opinion that the benefits associated with this practice outweigh the costs. This therefore makes it imperative and worthwhile for all organizations both profit and nonprofit, to

employ it in the management of its limited resources. Budgeting systems are mainly utilized in large profit-making organizations than in AAMUSTED. The organizational structure and nature of AAMUSTED calls for the preparation of a legislative budget to request for funds from government, based on which Management budgets are prepared in congruence with the approved funds. AAMUSTED have been established with specific academic and non-academic departments. Some of the staffs and head of department come in the course of the year make requests for special advance to buy certain items which urgent, most of these items turn out not to have been budgeted for. Apart from the finance department, most of the staff do demand items which were budgeted for the first quarter, in the fourth quarter and vice versa. This tends to distort the budgetary control measures and monitoring activities of the officers in charge. For an efficient management of such institutions to prevail, proper planning and control systems are required. Budgeting and budgetary controls are among the numerous management tools that are needed for efficient allocation of organization's resources [2]. It is therefore anticipated that a AAMUSTED would manage its resources, both financial and non-financial, using the budgeting and budgetary control systems as a tool of guidance religiously. This phenomenon kept the researchers to direct their study to assess the budgeting and budgetary control practices of the AAMUSTED. The study focused on the importance of managing the AAMUSTED with budgeting and budgetary control systems serving as a guide, the budgeting systems in place, the procedures involved in budget preparation, implementation and review. The concept of budget and budgeting according to [11], the concept of budgeting involves evaluating what has taken place and preparing goals or plans for the future. Budgeting involves planning for the various revenue generating and cost producing activities of an organization. The plan is quantified in monetary terms, prepared and approved prior to a defined period of time, usually showing planned income to be generated and/or expenditure to be incurred during that period and the capital to be employed to attain a given objective. Thus, a budget is a quantified, planned course of action over a definitive time period. It is an attempt to estimate inputs and the costs of inputs along with associated outputs and revenues form outputs. A budget is a formal statement of the financial resources set aside for carrying out specific activities in a given period of time. It could therefore be said that budget is simply the plan stated in financial terms, of how the organization expects to carry out its activities and meet the financial goals established in the planning process. Budgeting is a positive stimulant to many acceptable management practices. In order to make the right budgetary decision, the formal organization should be clear in its objectives departments or units should have clear financial responsibilities and accounts and planning should be highly specific and must be done well in advance. Further, budgeting may become the basis for long range planning. This promotes overall perspectives, cooperation and team spirit among employees, as it brings together the activities of various divisions. Budgeting also helps to have improved communication.

2. Methodology

Research methodology defines the systematic and scientific procedure used to arrive at the results and findings for a study against which claims for knowledge are evaluated. [2] Against this background, it was found that the descriptive research survey design was appropriate and used for the study because it enables researchers to administer a set of questions to a large number of respondents concerning the current status of the issue under study. Furthermore, this study had “learning by participation” as its main objective. It implies that, the researchers and individuals identify a problem, find the courses and make recommendations and advise for an intervention mechanism to solve that problem. The purpose of this study that necessitated the choice of research to enhance management’s compliance to internal control assessment procedures of Budgeting and Budgetary Control Practices and its Influence at the institutional and organizational levels. When the procedures involved in the use of research method were thoroughly examined, it fitted the topic for this study, hence its adoption. In order to solicit information from staff of the organization, the basic instruments used were interview and questionnaire. On the collection of data, a semi-structured interview schedule was arranged with the staff, during which a lot of responses were gathered to get adequate information on review issues that were pertaining to the establishment. A questionnaire was used to further solicit the causes of gaps within the assessment system. The research questions were the bases on which all the data gathered for the study were characterised and analysed. The data analysis was done with the aid of the descriptive statistics approach emphasising mainly on the percentage (%) technique. Other data from the interviews were analysed with the view of Ornamental management’s compliance to review procedures.

3.0 Results and Discussion

3.1 Results

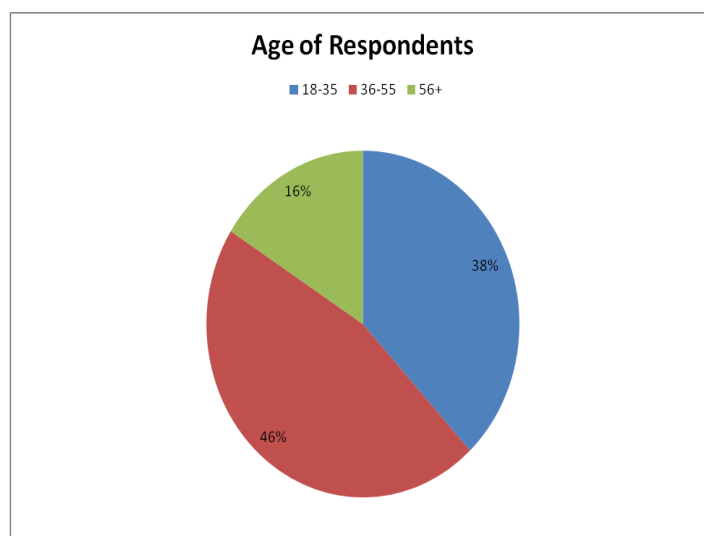


Figure 1 Age of the Respondents

As shown in figure 1, the results indicated that about 84% of the respondents were below the age of 55years with 38%, below the age of 35 years, and 46% between 36years and 55years, while 16% were above 56years. Also, 75 percent of the respondents agreed that they had been given opportunities to suggest ideas for the budget preparation process. That could be due to the fact that all the respondents chosen in this study were directly involved in the university budget preparation. Ninety-seven percent of the respondents agreed that they were well aware of their responsibilities, roles and authorities. In figure 3 below about 47% of the members of staff who were involve in the budget preparation process had qualifications below Higher National Diploma (HND), while 46% held either first degree or masters. However, 22 percent of the respondents indicate that they were not well-trained staff and had not been given the opportunity to upgrade their knowledge of budgeting. Moreover, about 68% of the respondents who were involve in the budget preparation process were in the central administration while the remaining 32% were spread among the Faculty of Technology Education (FTE), Faculty of Business Education (FBE) and the halls of residence in the following ratio 14%, 14% and 4%, respectively, as indicated in figure 2 below.

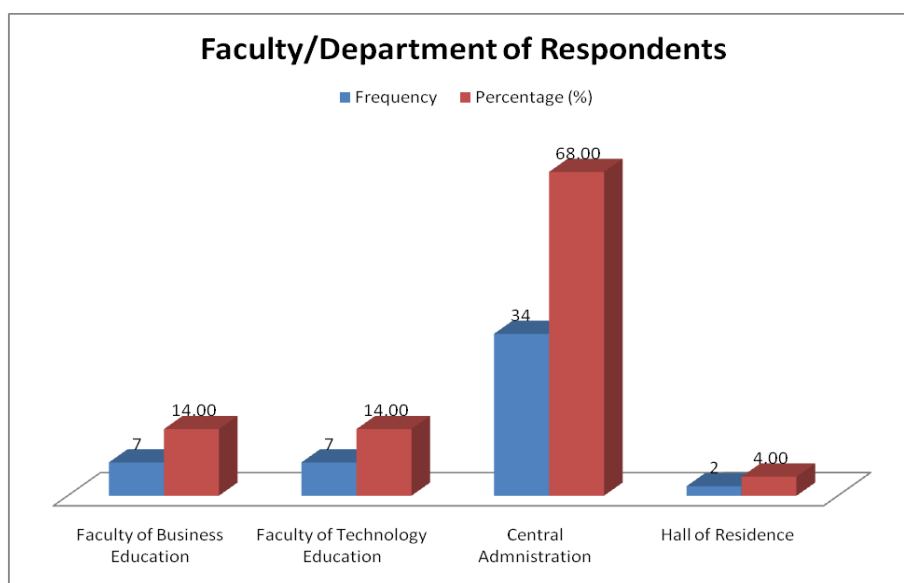


Figure 2 Faculty/Department of Respondents

From the figure 2 above, 68% of the respondents representing 34 out of 50 respondents were from the central administration department. The FBE and FTE had 7 respondents each, representing 14% each from the two (2) faculties and 4% from the halls of residents. This indicates that most of the budgeting and control works were done by the central administration staff with support from the spending officers in the various faculties, units and departments.

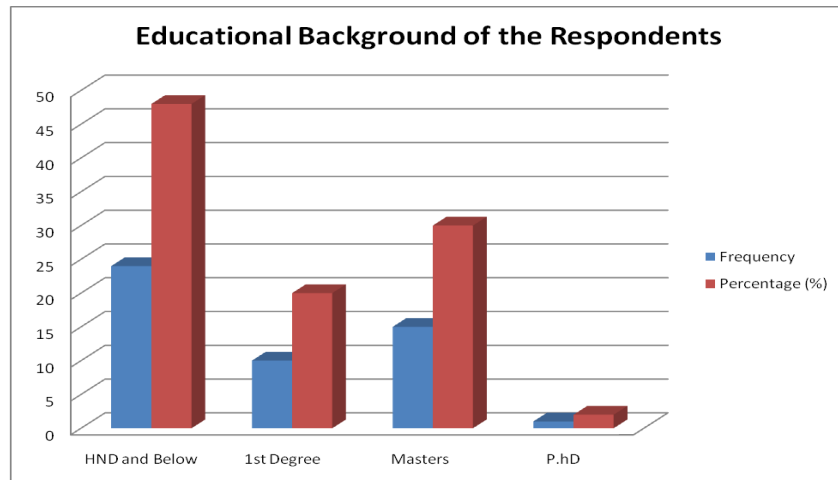


Figure 3 Qualification of Respondents

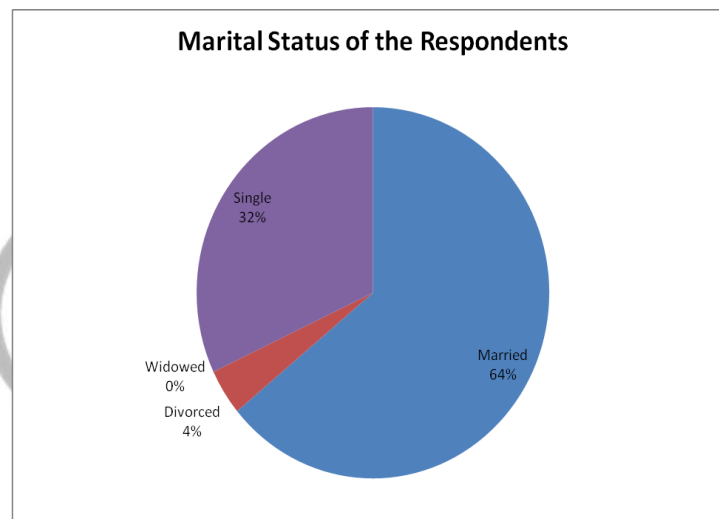


Figure 4 Marital Status of Respondents

Also about 64% of the respondents were married, making it very difficult for them to overstay beyond the normal working hours. However, 32% of the respondents who were not married felt that they were not well-trained to handle most of the budgeting issues, without proper supervision and monitoring.

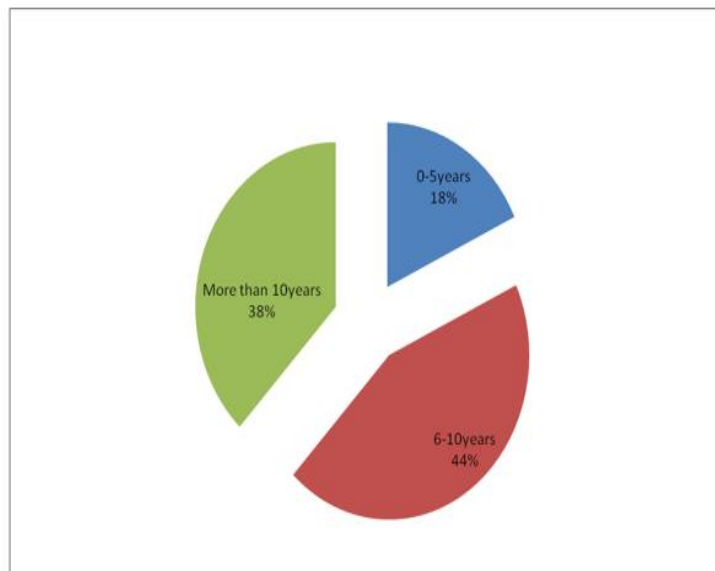


Figure 5 Years of Experience of Respondents

Figure 5 reveals that 38% of the respondents had worked with the AAMUSTED for more than ten (10) years, while 44% have worked between 6 years to 10 years at the AAMUSTED. Moreover, as indicated in figure 6, about 30% of the respondents disclosed that capital expenditure budget was prepared by the various departments, whilst 35% made it known that cash budget was also prepared by the various departments. 35% said that recurrent budget was prepared by the departments. This undoubtedly pointed to the fact that the main budgets prepared by the various departments of the AAMUSTED are the recurrent budget and the cash budget. However, as indicated by some respondents constituting 30%, a department goes further to prepare recurrent revenue budget, which was normally the work of the entire University. According to them it was incumbent on every department to prepare cash and capital expenditure budget but departments were allowed to prepare recurrent revenue budget, if they so wish. Henceforth, some departments sometimes prepare that in addition to enable that department know its entire revenue status from the coming year, especially, if the department undertakes other revenue generating activity.

3.2 TYPES OF BUDGETS PREPARED BY AAMUSTED

The research revealed that three (3) main types of budgets were prepared, including cash budget, recurrent and expenditure budget for the purpose of satisfying statutory obligations to the government through the Ministry of Finance and also for planning, monitoring and evaluation of institutional performance. From figure 7 below 70% of the respondents stated recurrent and cash budgets were prepared, while 30% indicated that capital expenditure budget was prepared.

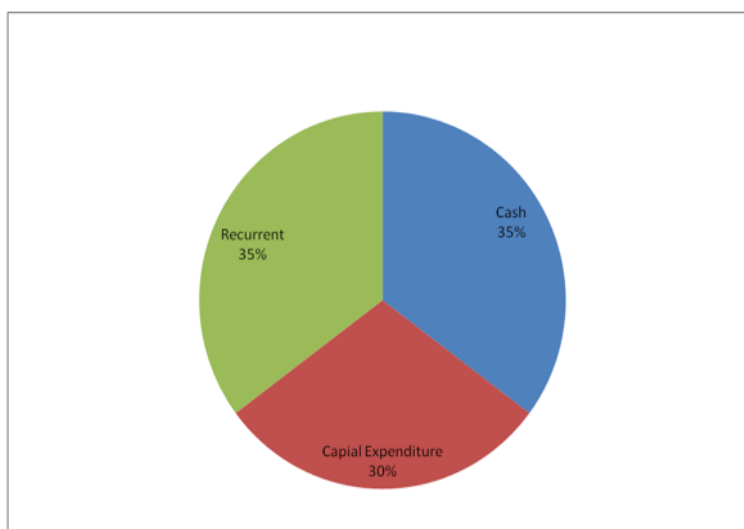


Figure 6 Type of Budget Prepared

Figure 7 indicate that 50% and 42% of the respondents showed that amount of money, the irreversible nature of capital budgeting decisions and long-term commitment of such investments were considered respectively when preparing capital budgets, whilst 8% of the respondents said nothing was considered. These four (4) respondents who make up the 8% categorically stated that they had not been to any meeting where such matters had been discussed. They, however, attributed that to the fact that they have been in the University for only a few months (less than a year), and as a result may not have the full knowledge of all the budgeting activities that want on in the institution. However, many respondents as indicated above were sure that all the above stated issues were considered. This therefore confirms the assertion made by [10] that all the above enumerated issues were considered when preparing a capital budget and at for being practiced by AAMUSTED. It must therefore be noted that the irreversible nature of capital budgeting decisions was highly prioritized in terms of decisions considered when preparing capital budgets in the various departments. Also, about 32% of the respondents denounced that budgeting issues were not taken seriously. According to these respondents, dates set for meetings concerning budgets to be held were mostly not strictly adhered to, and most of the departmental heads usually delegated the budget preparation tasks to their subordinates or assistants in the departments. Supervision of budgets prepared at the departments by the Deans was usually not done and as they claimed due to time constraints. There was unsatisfactory and poor attitude on the part of the administrative staff towards budget preparation in the departments because they felt they were not allowed to participate fully when suggestions were being solicited. That was to say their views were not welcomed during budget preparation periods. Again, those in higher positions were given sitting allowances, whenever meetings were held but nothing was given to the subordinates (the administrative assistants) both at the department level and the University level. Lastly, guidelines provided by the Ministry of Finance and Economic Planning were not meticulously followed.

These individual respondents, however noted that these grievances being unearthed were not common to all the departments in the college. On the other hand, 68% of the respondents declared that budgeting issues are taken seriously by the various departments. The individuals, though recognized certain challenges they were of the view that their objectives for preparing budgets were always met, so in their view some levels of seriousness were attached to budgeting issues. It could therefore be argued that, in so far as the majority held the view that budgeting issues were taken seriously; it is believed by the researcher that most of the departments take budgeting issues seriously, even though few of them do not. The findings also indicated that about 69 % of the respondents agreed that they got full support and clear directions from their higher authorities. More than 60% of the respondents were satisfied with the existing budgeting systems and used it as a tool to achieve their university goals. Goals influence the individual's actions and consequently her/his performance. Thus, goals must be realistic and attainable. About 72% of the respondents agreed that their university had realistic and achievable long-term goals. The respondents also said they understood the goals and act appropriately toward achieving the goals. As the University's budget was comparable with the strategy formulated, thus showing that 82 % of the respondents agreed that the strategy should be based on uncertainty and uncontrollable factors. Ninety percent (90%) indicated that the budget was a vital aspect in management for operating and measuring performance. Overall, it can be said that department and the University as a whole had reasonable set of goals.

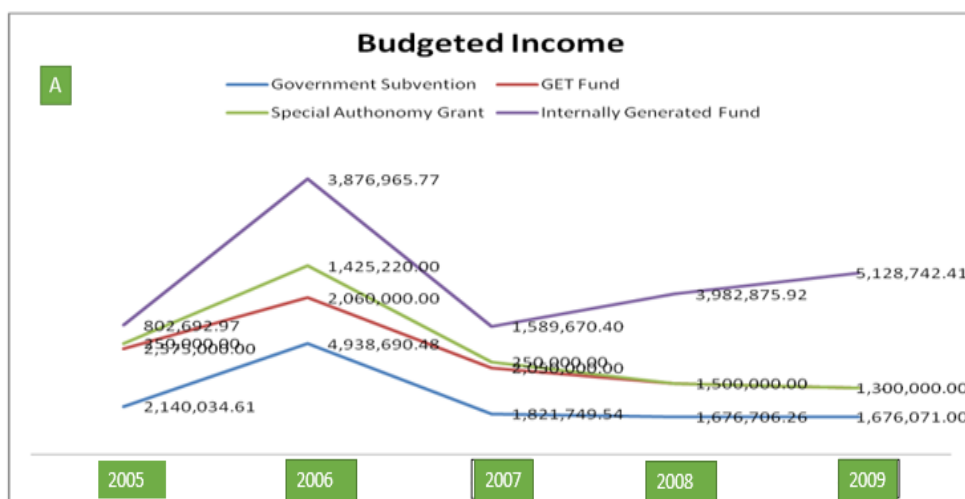


Figure 7 Budgeted Income

Over the past five (5) to six (6) years the pattern of financing the expenditure of the University had not changed with greater percentage of the income coming from internally generated sources, such as; fees charged on sandwich programmes, residential facilities, examination and interest on income. As shown in figure 9 above, the pattern of budgeted income of the Universities had been consistent over the years with over 50% of the revenue coming from

internally generated sources, while the rest either came from Government of Ghana (GoG) or from Donor agencies in support of certain specific programmes and projects of the Institution. However, in practice, the greater percentage of the income came from government subvention and Ghana Education Trust (GET) fund.

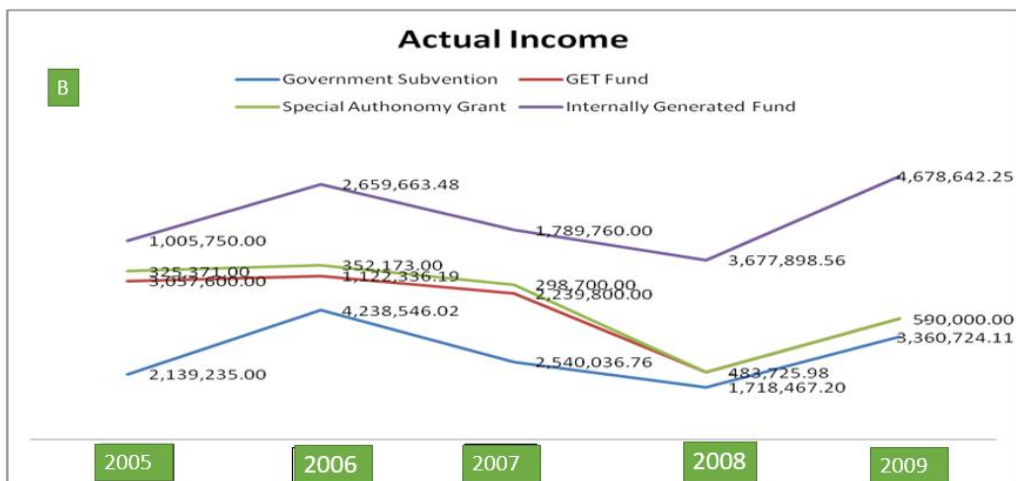


Figure 8 Actual Income

In relation to the budgeted income, the actual income increased from GHS1,005,750 in 2005 to GHS2,659,663.48 in 2007, fell again in 2007 by about 30% and rose again to GHS4,678,642.25 in 2009 from figure 8.

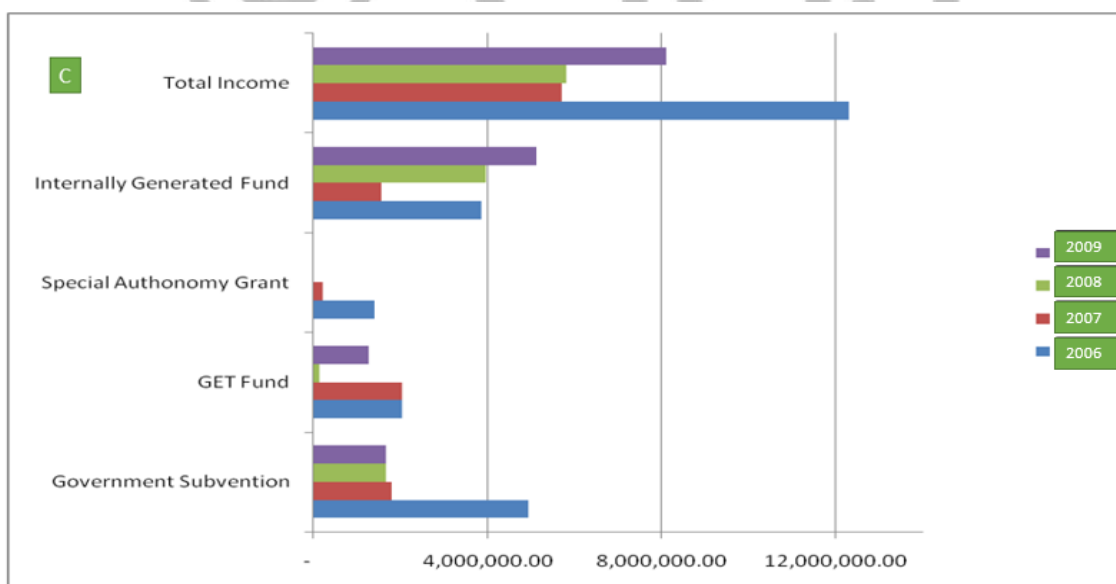


Figure 9 Actual Income

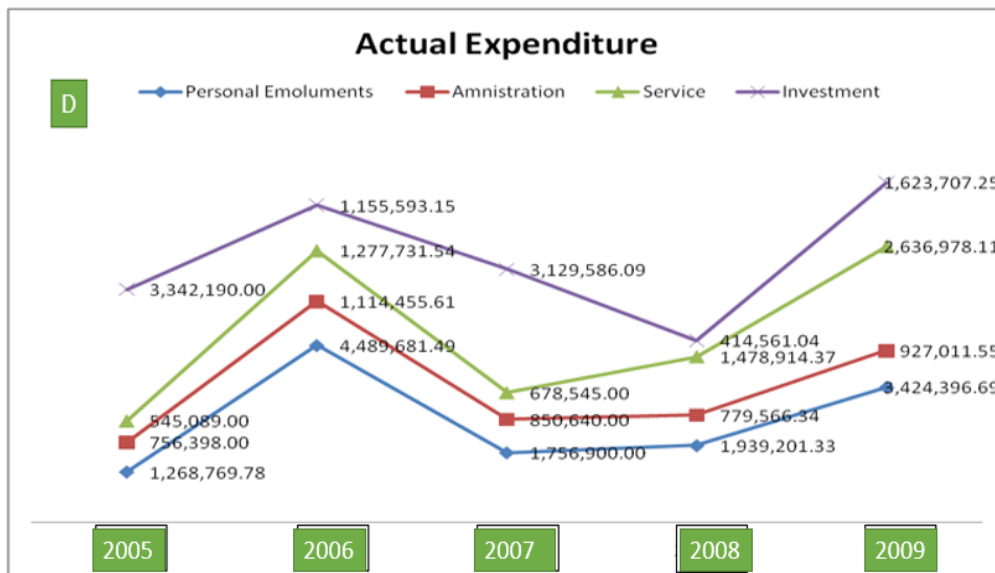


Figure 10 Actual Expenditure Allocation from 2005 to 2009

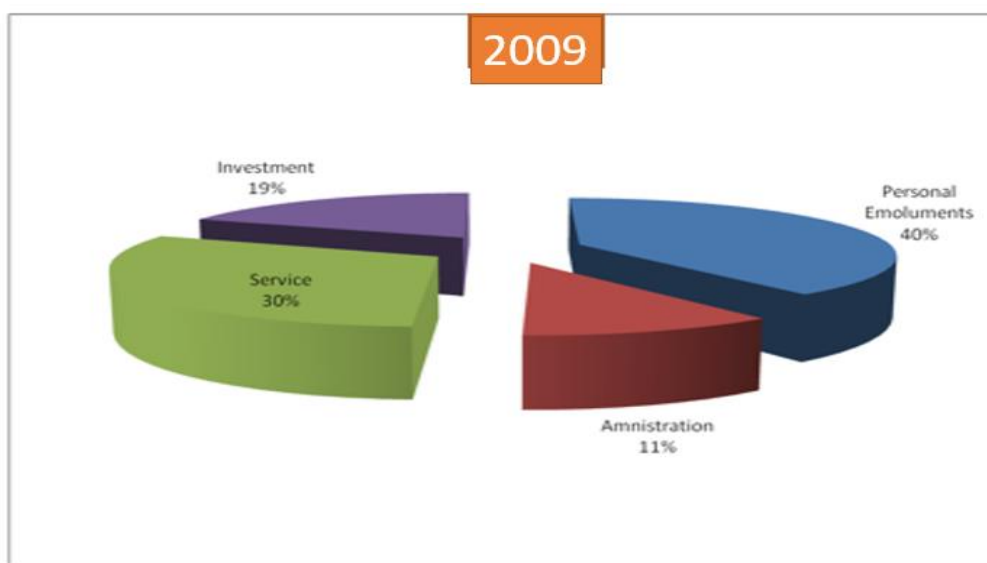


Figure 11 Actual Exp. Allocation of the University for 2009

The personnel emoluments budget covered basic salary and all allowances paid to staff as well as expenditure on contract appointment, study leave and the employer's contribution to Ghana Universities Superannuation Scheme (GUSS)/ the Social Security Fund (SSF). Whiles Administration activity costs consisted of expenditures on utilities, sanitation, office cleaning, office consumables, printing and publication, travel and transport, rent, general maintenance financial charges and medical expenses among others. Service activity costs comprised expenditures on various teaching programmes run by the University. In other words, expenditure on training of students apart from personnel emoluments was captured under service activity costs.

These included: seminars and conferences costs, materials and consumables, such as: stationery, refreshments, printing & publications, travel & transport and teaching aids and materials. Others were library books, newspapers, periodicals, laboratory materials and chemicals, etc. Investment activity costs consisted of expenditures on fixed assets such as: construction of buildings and driveways, rehabilitation/refurbishment of existing properties, and acquisition of plants, equipment, furniture and vehicles.

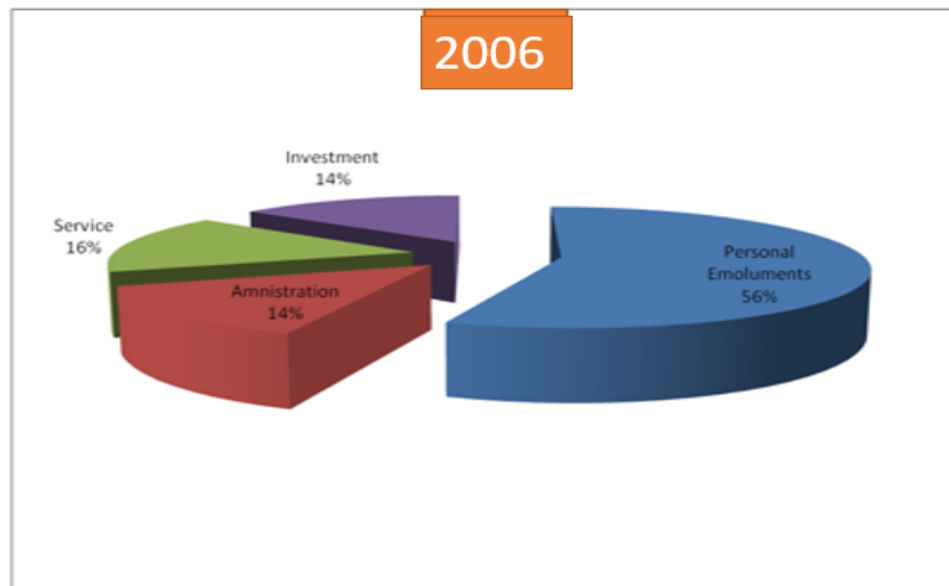


Figure 12 Actual Exp. Allocation of the University for 2006

Table 1. Income sources for 2009 Budget year.

Income for 2009	GH ¢	%
Government Subvention	- 3,761,274.97	37.81
GET Fund	- 1,300,000.00	13.07
Internally Generated Funds - Fees	- 4,601,017.90	45.42
Non-Fees	- 368,024.30	3.70
	<u>10,030,317.17</u>	<u>100.00</u>

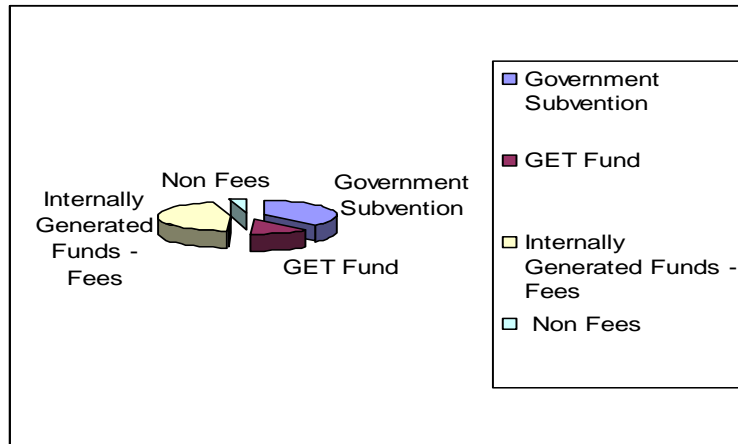


Figure 13 Sources of Funding

Table 2. Expenditure for 2009	GH ¢	%
Personnel Emoluments	- 3,693,145.89	36.82
Administration	- 759,982.53	7.58
Service	- 4,036,248.54	40.24
Investment	- 1,540,940.21	15.36
	<u>10,030,317.17</u>	<u>100.00</u>

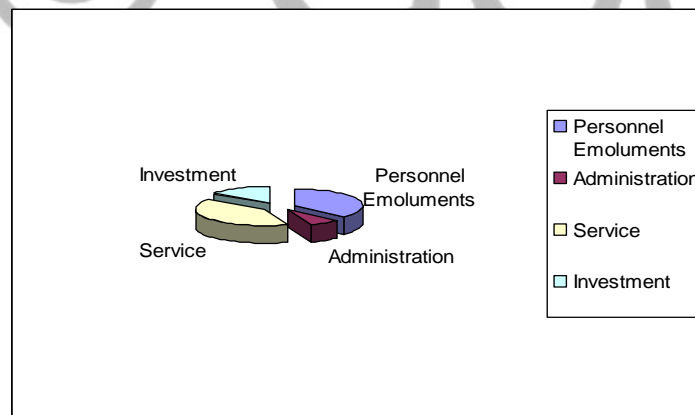


Figure 14 Expenditure Allocation for 2009

A total of GH¢ 1,000.00 and GH ¢ 71,640.80 had been incorporated into the administration costs and service costs, respectively, as provisions for contingencies. Like any other budget of the AAMUSTED, the 2009 budgets of the Operating Budget of University were clearly aligned with the University's strategic priorities and would continue to be directed towards the development of short, medium and long-range strategies for investing in the University's vision. Attention was being focused on developing a comprehensive strategy to enhance the resource base, maintaining

budgeting flexibility to support investments in strategic initiatives, controlling the “drivers” of costs and enhancing the annual planning, budgeting and budgetary control processes.

4.3 Capital Investment Evaluation

Figure 17 shows that 70% of the respondents claimed that capital investments were evaluated, while 30% said otherwise. In the opinion of these respondents (30%) other departments might have started embarking on such activities but they had not witnessed anything in relation to that in their various departments. For them they were totally unaware of such developments. The researchers conceded that an attempt had been made by some few departments to evaluate capital investment but others had not decided on that at all. That was backed by the percentages indicated below.

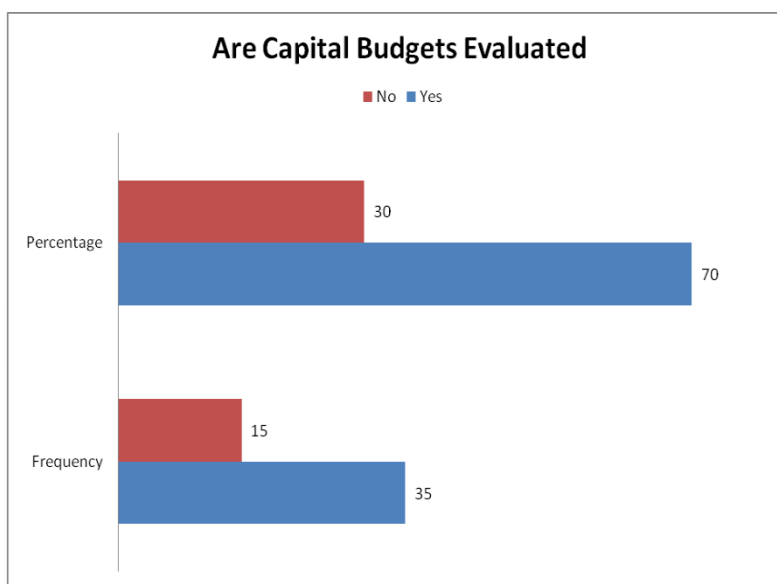


Figure 15 Are Capital Budgets Evaluated

4.4 Methods Used in Evaluating Capital Budget

Figure 18 makes it clear that 21% and 11% of the respondents indicated that the departments used Net present value and Internal rate of return respectively. 66% of the respondents however made it known that none of payback period were mostly used in evaluating capital budgets, since it was very easy to use compared to the other methods. Those respondents (52.5%) disclosed that it was not a practice that had been fully accepted by the University for implementation by its departments, even though some of the departments had started using some of the methods for capital investment evaluation in order to enable them handle it well when it becomes a policy of

AAMUSTED. As a result, many departments had not taken the pain to consider it for implementation.

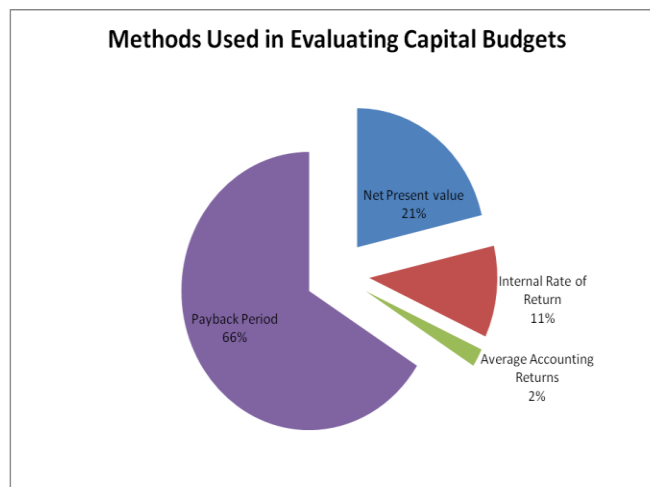


Figure 16 methods Used in Evaluating Capital Budgets

Figure 16 above confirms the assertion made by the researchers that some of the departments had made an attempt to evaluate capital investment at the majority do not.

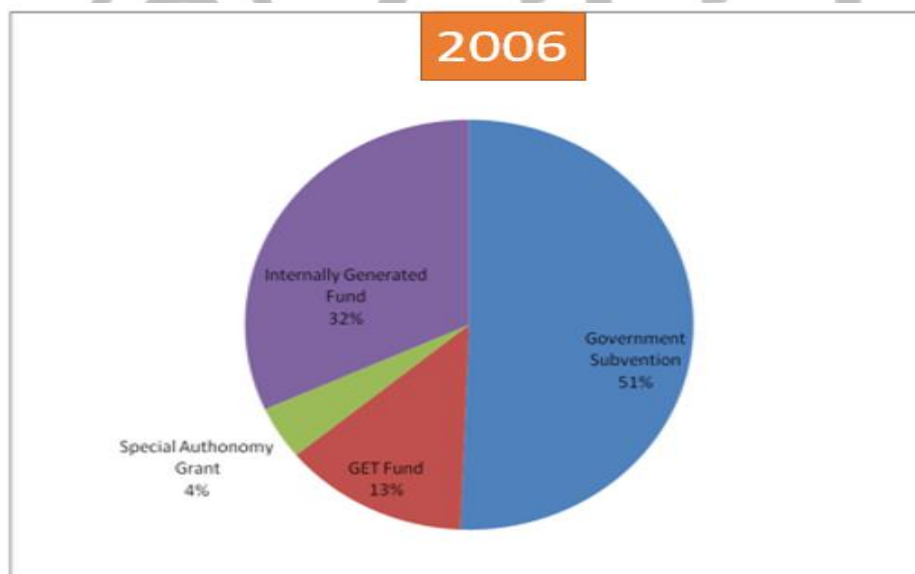


Figure 17 Actual Income Source

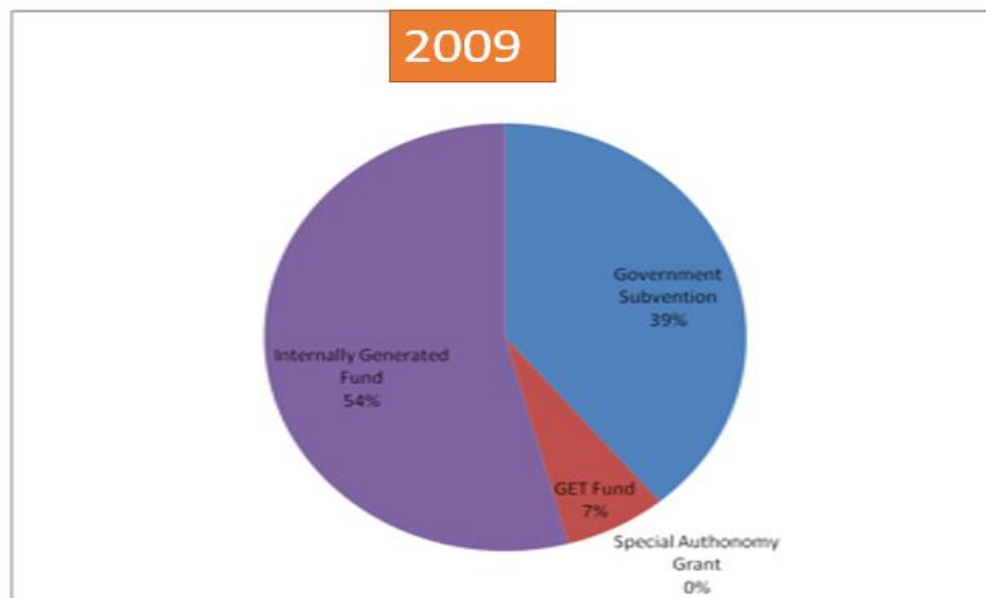


Figure 18 Actual Income Source for 2019

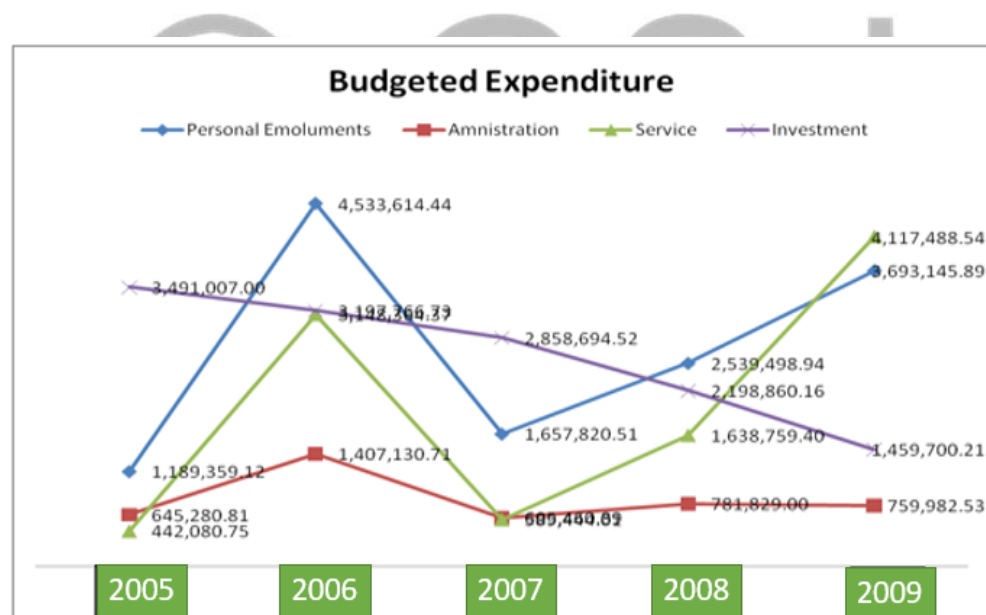


Figure 19 Budgeted Expenditure

Figure 19 and 20 depicts that the trend of financing capital investment had changed significantly with the year 2006 recording 51% and 32% for Government and internally generated sources respectively, whiles in 2009 internally generated funds contributed 54% with government subvention contributing 39% with the rest coming from GET fund and donor agencies 2009 (Budget Statement of the University). This was supported by the respondents, most of whom, indicated that capital expenditure was financed from an internally generated funds, government

grants and the GET Fund respectively. According to them, capital expenditure budget was usually financed through government grants and the GET fund. They however disclosed that internally generated funds from the University's revenue generating unit and school fees collected were also used to finance capital budgets but this formed a smaller portion of funds usually needed for the above purpose, as can be deduced from the responses. This established a very important fact that, all the above served as sources from which the University financed its capital expenditure, even though funds from the revenue generating unit and school fees formed a lesser proportion of it.

Table 3 Allocations from total expenditure budget for capital expenditure

Allocation %		Frequency	Percent
	20%	1	2.0
	30%	3	6.0
	40%	46	92.0
	Total	50	100.0

Source: Researchers' Field Work

It can be observed from Table 3 that 2.0%, 6% and 92% of the respondents indicated that 20%, 30, 40%, respectively, of total expenditure budget were allocated to capital expenditure. Respondents in the categories of 2.0% and 6% said they were not sure of the percentages so only answered the question in relation to that by guessing. However, the respondents in the 90% category, as they explained, were fully aware that every year, 40% of the total expenditure budget was allocated to capital expenditure. This was confirmed by the researchers when the Finance Officer at the time was contracted on this particular issue. He explicitly said that 40% of total expenditure budget was always allocated to capital expenditure every year as had been indicated by the responses above.

4.5 REASONS CASH BUDGET PREPARED

The research revealed that the various departments always had daily commitments that were normally settled on regular basis. As a result of that cash budgets needed to be prepared by the respective departments to be able to maintain the right amount of cash for the settlement of their obligations as and when they fell due. Also, the institution prepared cash budgets to avoid large cash balances and to maintain the cash balance needed to meet their obligations but the latter was emphasized.

Table 4. Why Cash Budget is Prepared

		Responses	
		N	Percent
	To pre-arrange loans	2	3.1%
	Avoidance of large cash balance	23	35.4%
	Maintain cash balance needed to meet its obligation	40	61.5%
Total		65	100.0%

Source: Researcher's field work

It can be observed from Table 4. that 3.1%, 35.4% and 61.5% of the respondents admitted that cash budget was prepared by the various departments purposely to pre-arrange loans, to avoid large cash balance and to maintain the cash balance needed to meet their obligations accordingly. The above indicates that cash budget was primarily prepared in order to maintain cash balance needed to meet its obligations. This is confirmed by the 61.5% respondents which represent a large proportion of the total respondents.

4.6 CHALLENGES ASSOCIATED WITH BUDGET PREPARATION

According to Table 5, 40.8%, 40% and 18.4% of the respondents felt that preparing budgets was time consuming, full of calculations and too mechanical. In the views of the 31 respondents who claimed that preparing budget was time consuming, said sometimes it was very difficult to be able to complete budget preparation in time even though the exercise is started or begun in April each year. The other 31 respondents who declared that budget preparation was full of calculations, said that they were always tasked to use different budgeting methods in arriving at certain items in the budget. Those in the 18.4% disclosed that they were always made to follow a particular pattern in preparing budgets. That made budget preparation more boring in the University.

Table 5 Difficulties associated with budget preparation

		Responses	
		N	Precent
	Time consuming	31	40.8%
	Lost of calculations	31	40.0%
	Mechanic	14	18.4%
Total		76	100.0%

It was however noted by the researchers that the problem of time consuming and numerous calculations involved in budget preparations was a setback to effective budget preparation in the University than any other. This can be observed from the percentages derived.

4.7 BUDGETING PROCESS IN AAMUSTED

4.7.1 The Budget Office invites departmental budgets:

In April every year the Budget Committee in collaboration with the Budget Office sends circular to all the departments in the University instructing them to start preparing their departmental budgets. Upon completion these budgets were sent to the Budget Office. The budgets were then collated by the Budget Office under the supervision of the directory of finance (formally) of the Finance Officer of the University.

4.7.2 The Budget Office meets departmental heads to discuss budgets:

After the budgets had been collated, the departmental heads in the University were invited by the Budget Office for a thorough discussion of the budgets, particularly, the items in them. Management then meets to discuss the budgets. After budgets have been discussed with the departmental heads the management of the University meets again to discuss the budgets to ensure that all anomalies were corrected.

4.7.3 Academic Board meets to discuss the budgets:

Because budgets prepared mostly relates to issues concerning academics, the Academic Board of the Institution meets to discuss the budgets in order to ensure that the interest of students, and for that matter academics was prioritized in the various budgets prepared by the respective departments.

4.7.4 Finance Committee (Budget Committee) meets to discuss the budgets:

The Finance Committee which happens to be in charge of all issues bordering on budgets meets to discuss the budget finally to streamline things.

4.7.5 Preparation of the legislative budget:

After the final discussion of the budgets the legislative budget is prepared and sent to the Ghana Tertiary Education Commission (GTEC), formally Known as the National Council for Tertiary Education (N.C.T.E).

4.7.6 Budget is defended:

The University is now invited by the GTEC to defend the budget. Here, they are asked to justify certain items in the budget and why they had included them. After the defense at the GTEC, the

budget is sent to the Ministry of Finance and Economic Planning for approval and for funds requested from the government to be released. Management's budget is now prepared considering the amount approved by the government for the approval of the University Council.

4.8 BUDGET ADMINISTRATION IN THE AAMUSTED

Table 6. Existence of budget committee

		Frequency	Percent
	Yes	46	92
	Not sure	4	8
	Total	50	100.0

Source: Researchers' field work

Table 6 reveals that 92% of the respondents were of the view that there was a Budget Committee in the Institution while 8% said they were not sure. According to the respondents representing 8%, they were not sure because they were not aware of such a committee in the University by the name. They claimed that they were only aware of the committee which were commonly known as Finance Committee in the institution and that constituted a twelve-member team. It was found out by the researcher that there was a Budget Committee but as had been indicated above, the Committee was known in the University as Finance Committee.

Table 7 Criteria for Selecting a Budget Committee Member

		Responses	
	Qualification	N	Percent
	Experience	8	16.7%
	Divisional	8	16.7%
	Heads/Deans/ Rector	31	64.6%
	Unknown	1	2.1%
Total		50	100.0%

Source: Researchers' field work

According to Table 7, a 16.7% and 16.7% of the respondents said members of the Budget Committee were selected based on qualification and experiences, respectively, while 2.1% was not aware. These respondents representing 16.7% and 16.7% respectively held that view because, as they explained, one could become a divisional head or dean. When that individual had acquired

some qualifications and also had certain level of experience. One respondent said he was not aware of the existence of any Budget Committee. This could be attributed to the above stated fact that even though there was a budget committee in the institution, it was rather known as Finance Committee. 65.6% however responded that one was considered a member only when one happened to be a divisional head or dean as was being exhibited by the majority of the respondents. One continued to be a member as long as one maintained one's position as a dean or divisional head. However, as disclosed by them, the Budget Committee had no budget manual that guides the institution in the preparation of its budgets. That was indicated in the table above where all the respondents (100%) confirmed that the Institution had no budget manual. According to them, guidelines needed for the preparation of budgets was usually provided by the Ministry of Finance and Economic Planning but unfortunately the Institution was normally unable to follow the guidelines strictly because as they said, they were not always clear. As a result, budgets were mostly prepared based on what officers (budget preparers) had learnt from theory and discretion. They however added that they sometimes followed the guidelines amid difficulties for the purpose of defense at the GTEC.

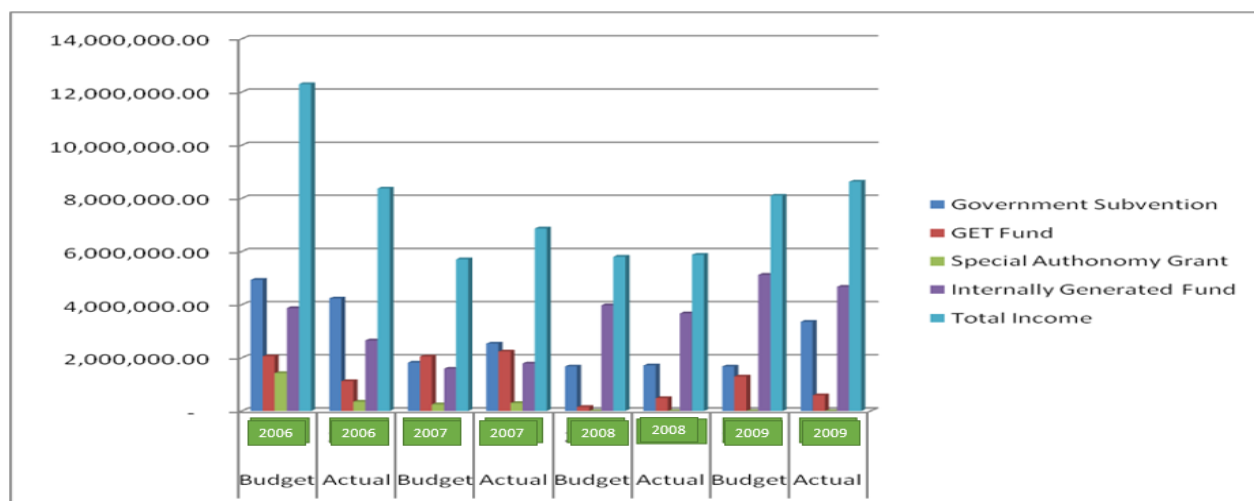


Figure 20 Comparism of Budget with Actual Capital Expenditure Finance Sources

All the fifty (50) respondents declared that budgeting control practices was an exercise that went on in the University. Budgeting control practices had been adopted by the University as a tool for financial management. As a result of that, an appropriate method had been adopted for implementation in order to ensure that the objective for employing the tool was realized. As shown in the above figure 21 the methods used for practicing budgetary control in the University was by comparing actual performance to budget, to identify variance in order to facilitate remedial action. This confirms the assertion that was made by [12]. According to him, “variance the difference between budgeted and actual and every organization that opts to practice budgetary control should always ensure that it compares its actual to the budgeted, for this is deemed as the best method if the organization wants to identify variances and to achieve it stated objective”. The variance in the

year 2006 in relation to government subvention were high, compared to the rest of the items and the rest of the ensuing years. It was revealed that monthly analysis report relating to the budget and actual performance are prepared and deviation addressed by the Budget Committee since the Budget Committee is responsible for remedial action. The Budget Committee in the Institution was commonly known as the Finance Committee and it was this Committee that took the responsibility of remedial actions. According to some members of the Finance Committee after monitoring the performance of the various departments using budget figures as standard variances were easily identified and it was immediately discussed by the committee members for remedial action to be taken with no hesitation. One individual person who did not respond to the questionnaire item said he did not know the committee in charge of remedial action and as a result refused to provide a response to that question.

4.9 MEASURES TO IMPROVE BUDGETING AND BUDGETARY CONTROL

Table 8 indicates that 16% of the respondents said remedial action was taken during implementation. Another 16% of the respondents also declare that remedial action was rather taken after implementation, whilst 68% said it was taken during implementation and after implementation (both). The above indication was supported by the researcher that remedial actions were taken during and after implementation. The eight (8) respondents who disclosed that remedial action was taken during implementation said that, usually in the course of implementing the approved budget in the various departments, members of the Finance Committee visited them to find out whether performance was going according to budget, so as to enable them take remedial action if variance were detected. So, for them they only knew that remedial action was taken during implementation.

Table 8 Remedial Action Period

	Frequency	Percentage
During Implementation	8	16
After implementation	8	16
Both	34	68
Total	50	100

Source: Researchers' field work

On the other hand, the other 16% also disclosed that for them reports on actual and budgeted are taken from them by members of the Finance Committee after implementation. However as indicated above 68% of the respondents revealed that they are very much aware that remedial actual is taken both during and after implementation of budgets. The researcher confirms that remedial actions are taken during and after implementation.

Table 9 effectiveness of variance prevention mechanism

	Frequency	Precent
Highly effective	31	62
Not effective	15	30
None	4	8
Total	50	100

Source: Researchers' field work

From Table 9, it could be observed that 62% of the respondents found the existing variance preventive mechanism highly effective while 30% felt it was not effective. According to these individual respondents, heads of departments did not take the pain to do in-depth analysis of budgeted and actual items, as expected of them. 8% of them find it as neither highly effective nor ineffective. These individuals share the same views as above. One individual respondent declared that he had no time to deliberate upon this particular issue. The researchers' shared the opinion of the respondents in the 62% category.

5.0 CONCLUSION

AAMUSTED to some extent adopted 'good budgeting and budgetary control practices' identified in the literature. This indicates that the budgeting systems of the University was not that bad and could be used as a control mechanism to strengthen performance measurement systems. This is important because public universities and colleges are moving towards corporatisation and need good budget and performance evaluation processes in order to gain competitive advantage.

Again, this study established that the management of AAMUSTED is positively related to the budgetary control practices. In establishing the time period covered by budgets, the study found that majority of AAMUSTED review budget between 1 to 5 years. On the approximate annual budget revenue, the study found that budgets have clear goals and objectives and when budgeting, outcomes, goals and objectives are linked to programmes and AAMUSTED activities. On the impact of evaluation on budgetary control practices in management of AAMUSTED, the study further established that AAMUSTED engaged its stakeholders in making key budget decisions and that the Management of AAMUSTED review the budget periodically. The study recommends that budget review and control should be done as frequently as possible to achieve greater results.

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