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Implementation of Budget and its *Preparations* in the Private Organization, Ghana

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Abstract

The study was conducted to know about implementation of budget and its preparations in the private organization (Ahantaman Rural Bank Ltd in Ghana). The purpose of the research was to emphasize the importance of budget and budgetary control and to investigate whether this important tool for focusing on corporative objective is being used by private sector organizations. Specifically the study seeks to investigate the budgetary process in the selected private company, Assess the implementation and monitoring process of budgets in the selected organization, Make recommendation for efficient budget and budgetary process in the selected organization. To address the issue of delay in budget implementation, the researcher suggests that, the appropriate persons are to constitute the budget committee being the head of the various departments. In their absence, the next in command should represent them to ensure proper coherence among the budget staff. There should be an authority in place to check proper and faster implementation of the budget. This will move budget implementation faster as different group of people are involved and can also serve as a check on one another. In so doing, the budget committee members will be somehow independent of what happens at their various departments.

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The authority should institute training programmes for budgeting officers. Such training should cover both senior and junior staff. This will update their knowledge and facilitate their work. Again, the instituted budgetary control system in the Authority should also go beyond identifying deviations and taking corrective actions. Where deviations usually occur, the departmental head responsible must be called upon to explain the causes and must be put on track. If deviation still persists, some disciplinary action must be taken against them. It will bring some improvement. Lastly, there should also be in place some reward scheme for budget officers who perform and discharge their work with proficiency. This will serve as a motivational tool for budget officers and even inspire others to work hard.

Keywords: Budget Implementation; Budget Preparations; Private Organization

1. Introduction

Organizations throughout the world have set objectives to achieve, so private companies also have their objectives that need to be achieved. Implementing budget is a way of converting the overall aims and plans of the organization into detailed flexible way of action on yearly basis [15].

An organization's budget is a consolidation of its various functions. Budgets when prepared help organizations in the following ways:

- i. To boost the annual operations of the organization.
- ii. To control the all the part of the company operations and to check on each department in order work together to achieve the aims of the business
- iii. Motivate managers to strive to achieve the organizational goals.
- iv. To have ideas on how the decisions and objectives of the budget is going to be achieved
- v. Evaluate the performance of managers.

Budgetary control is the establishment of budgets relating to the responsibility of executives and or managers to requirement of a policy, and continuous comparison of actual and the budgeted result by individual actions, and to provide a basis for its revision. Budgetary control, in other words is the mechanism put in place to check the budget prepared and ensure conformity and to take corrective actions where variance are unacceptable [2].

Among the uses of budgetary control are the following:

- i. To define the objectives of the organization as a whole and within the overall framework, to define the results that each department should achieve and these targets should be achieved not just for the budget but for the budget control period, hence planning is the basis control.
- ii. To provide basis of revision for current budget or for the preparation of future budget.
- iii. To indicate the efficiency with which the various activities of the organization have been coordinated.

Budget and budgetary control form the very basis of managing the scarce resources allocated by management/boards of organizations [3]. The research pinpointed a few reasons for embarking on this topic. The basic idea here has to do with the fact that resources are scarce and as such, the need for its

optimization to produce efficiency in the private sector. Another reason that necessitated this study is to emphasize on the need to set a comprehensive standard in the private sector so as to help avoid deviations from the main program. Budgets help set standards against which performance can be measured [1].

2. Literature Review

A budget in finance concerns how the government, individuals, and organizations raise its revenue and how this raised revenues are spend, or disbursed and the effect it has on the living standards of the people, and the organizations [5]. This implies that, the government, individuals, and organization explores avenues to raise revenue and spend them in order to better the social and economic lives of individuals and the organizations. Generally, the presents of expected revenue and proposed expenditure in a fiscal year in a document is what called the budget. The 2012 expected budget of Ahantaman Rural Bank total revenue of Ghc 423 billion with the estimated of expenditure of Ghc 453 billion creating a budget deficits of Ghc30 billion. However rural banking is the act of providing banking facility for the rural folks in order to mobilize saving and also provide funds to the development of the rural areas, this development support sometimes goes to their farming and industrial activities. Rural banks scheme was introduced in Ghana in 1976 and as at December 2000, these were about 130 rural banks throughout the country. Among them was Ahantaman bank.

Rural banks are banks established in the rural areas to provide an institutional link between rural savings and credit for small scale productive ventures. This is done in order to inculcate the habit of banking in the rural areas.

2.1 Budget

A budget is an annual financial statement of the individuals, organizations, and government as whole which shows the estimated revenue and the proposed expenditure for the coming year and also presents a report on the performance of the previous year [6].

That is, a budget spells out nations, organizations; individuals expected revenue, proposed expenditure and performance of the previous year.

Also a budget can be defined as a statement showing total expected revenue and expected expenditure within a specific period usually one year. From the definitions, clear notices that a budget is need to prepare and to approve in advance period of the year in order to be used. [10,11]. The components of a budget are:

- Revenue items
- Expenditure
- The capital employed.
- Income
- Significant activities of department

2.1.1 Budget Forecast

A budget need to include in its preparation the forecast of the company of the year and the policies to be used, an organization budget need let the staffs and management know the achievement of the previous year and the plans for the next year of the organizations operation. It must forecast for the year survival of the company in its operations [12].

2.1.2 Characteristics of Budgets

The essential elements of a good budget are as follows:

- i. It should compel management to plan in a comprehensive and coherence manner.
- ii. It must serve as a guide to the conduct of operations and a basis for evaluating actual results.
- iii. It should make possible the efficient allocation of resources.
- iv. Good budget must incorporate a device by which actual performance can be compared with the budget the causes of variances of analysed and investigated.

2.1.3 Types Of Budgets

According to [14], Budget may be grouped into the following:

- i. Master budgets
- ii. Functional budgets

2.1.4 Master Budget

The master budget is the summary budget incorporating the components of functional budgets, which is finally approved, adopted and employed. It is the summation of all the functional budgets of the organisation and indicates also a budget profit and loss account and balance sheet. Some of the components of master budget are production budget, sales budget, cash budget, purchasing budget, stocks budget, personnel, and capital budget [12].

2.1.5 Functional Budgets

A functional budget is one which relates to a particular function of the business. Under this type of budget, there are a number of budgets under. It includes:

2.1.6 Sales Budget

Sales budget is the phase of accounting that deals with the preparation of a plan or forecast for the future sales of the company, and values of the sales. This plan is very difficult to come by, because the demands for the company product to market customers are not just to be determined, this is due the nature of competition in the market. The factors to be considered in sales forecasting are:

- i. Past sales
- ii. Reports by salesmen company conditions
- iii. Business conditions
- iv. Special conditions and market analysis.

2.1.7 Production Budgeting

Production budget are budget that deals with productions of the organization for the period. Their primary function is to provide management with expenditure on production and amount of output to be determined in the year [13]. Production budget includes the quantity of production, cost of production calculated, and manufacturing operations.

However, when the production level goes down, the following alternatives may be considered;

- Sourcing or buying of new machinery and plant
- Bringing of a new shift
- Establishing of workers over time
- Renting of new machinery
- Awarding of production of sub-contracting component.

2.1.8 Production Cost Budget

This is budget that shows the value of production and its cost. The budget brings out the number of quantity of production to be produce, and this being shows in form or terms of cost in production budget and its shown in very wide details with respect of material cost, labour cost, and factory overheads.

2.1.9 Raw Material Budget

Raw material budget is phase in accounting budget that deals with preparations of a plan to estimate the quantity of raw materials and components requires for the production demanded by the production department.

- It enable the procurement department in planning for their purchases
- It assists the procurement officer in the preparations of procurement budget.
- It brings facts for the raw material control

2.1.10 Purchase Budget

Purchase budget are budget assigned to be prepared by the procurement managers of the organization. It also serves as control device and as a means of measuring efficiency of purchases [1,15]. The budget makes sure to provide details of purchases that are well planned to be made during the year period, its brings out

- The amount of quantity of each kind of raw material to be purchase
- The timing period of the purchase
- The cost of estimation of the raw materials

2.1.11 Labour Budget

The labour budget is a budget prepared to show number of labour workers to be used in the production of the company, in order to achieve its budget target. It does also include the cost of labour required to the production.

2.1.12 Factory Overhead Budget

The factory overheads budget are normally prepared to estimate the cost of overheads, and its mainly prepared by the productions managers of the organization.

2.1.13 Plant Utilisation Budget

It shows the plant utilisation required to the production within the budget period.

2.1.14 Capital Expenditure Budget

It shows the expected capital expenditure within the budget period.

2.1.15 Selling and Administration Budget

For simplicity sake, selling and administration budgets have been combined. In practice, separate budget have been prepared: the sales manager prepares the selling budget and the administrative manager prepares that of the administration. They are the selling and administration costs expected to be incurred during the budget period.

2.1.16 The Cash Budget

The cash budget is the estimation of cash receipts and payments for a future period after due consideration has been given to the expected conditions and overall budget plan. The objective of the cash budget is to ensure that sufficient cash is available at all times to meet the level of operations that are outlined in the various budgets. It could be done weekly, monthly, quarterly or yearly.

2.2 Classification of Budgets

Budget can be classified into three which includes balanced budget, surplus budget and deficit budget.

2.2.1 Balanced Budget

A balanced budget is achieved when the estimate revenue equals the proposed expenditure in a given year. In given words, a balanced budget is where an organization proposes in expenditure equal to the revenue. That's amount to be received by the organization is the same as what to intend to spend.

2.2.2 Budget Surplus

A surplus budget is achieved when the estimated revenue exceeds the proposed expenditure in given year. It is income organization expects to receive in a fiscal year is greater than the amount planned to spend.

2.2.3 Budget Deficit

A budget deficit is when the proposed expenditure exceeds the estimated revenue in a given year, which means that the amount money, the organization has planned to spend in given year period is greater than that of money he expects to receive.

2.3 Zero Base Budget and Incremental Budget

Zero base budgets are an alternative to incremental budgeting. Zero base budgets were introduced at Texas Instrument in USA by Peter Pharr, who is known as the father of (ZBB) [8,14].

In zero bases budgeting, budget requests for appropriation are accepted on the basis of cost benefits approach which ensures value for money.

2.3.1 Main Features of Zero Bases Budgeting (ZBB)

The main features of ZBB are as follows:

- All budget item, both old and newly proposed, are considered totally afresh.
- Amount to be spent on each budget item is to be totally justified.
- A detailed cost of benefit of each budget programme is undertaken and each programme has to compete for scarce resources.
- Departmental objectives are linked to corporate goals.
- The main stress is not on how much a department will spend but on why it needs to spend.

2.3.2 Advantages of Zero Base Budgets

The main advantages of zero base budgets are:

- In zero base budgets budgeting, all activities included in the budget are justified on cost benefit consideration which promotes more effective allocation of resources.
- Zero base budgeting discard the attitude of accepting the current position in favour of an attitude of questioning and challenging each item of budget.

- In course of zero base budgeting process, inefficient and loss making operating are identified and may be removed.
- It adds psychological push to employees to avoid wasteful expenditure.
- Cost behaviour patterns are more closely examined.
- Deliberately inflated budget request, get automatically weeded out in the zero base budget.
- It is an educational process and can promote a management team of talented and skilful people who tend to promptly respond to changes in business environment.

2.3.3 Disadvantages of Zero Base Budgeting

The main disadvantages of zero base budgeting are:

- Zero base budgeting leads to an enormous increase in paper work and results in high cost of preparing budgets every year.
- Managers may resist new ideas and changes. They may feel threatened by zero base budgets because all expenditure are questioned and need to be justified.
- In zero base budgets, there is danger of emphasizing short-term gains at the expense of long-term benefits.
- It may not always be easy to properly rank decision packages and this may give rise to conflict.
- Managers need to be given proper training and education regarding this new concept, its pros and cons and implementation.

2.4 Continuous or Rolling Budget

According to [9] (Cost Management Accounting) a continuous budget is a moving twelve-month budget. As a month expires in the budget, an additional month in the future is added so that the company always has a twelve-month plan on hand. Proponents of continuous budgeting maintain that it forces managers to plan ahead constantly and make accurate forecast for the next twelve months. Similar to a continuous budget is a continuously update budget. The objective of this budget is not to have twelve months of budget information at all times, but instead to update the master budget each month as new information becomes available [16].

2.4.1 Advantages of Rolling Budgets

The main advantages of rolling budgets are:

- The decision shall be on the recent decisions put in place for the plans in annual budget which will would have be in many months ago and that no more realistic.
- Realistic budgets are likely to have a better motivational influence of managers.
- Control reports shall measure the roles that would have practical values of control decisions.
- The annual disruption associated with the preparation of annual budget is removed.

- Arbitrary and artificial distinction drawn between one financial year and the next is removed since budgets always extend for a year.

2.4.2 Disadvantages of Rolling Budgets

The main disadvantages of rolling budgets are:

- Managers may devote inadequate attention to preparing budgets, which they know will shortly be revised.
- Rolling budgets wastes time, efforts and money in preparing it.
- Preparing rolling budget frequently might put off managers who might not see the need.

2.5 The Benefits of Budgeting

Budgets are usually prepared for areas within an organization (departments, plants, divisions and so on) and for activities (sales, production, research, and so on) [16]. The system of budgets serves as the comprehensive financial plan for the organizations as a whole and gives an organization several advantages. It seems true; however, that many businesses do not prepare budgets for their operations. Thus, even though managers prepare budgets for their relatively simple lives, when it comes to the much more complex situation of their business, they prefer to let cash inflows and outflows look after themselves. The benefits are:

- Provides a method of allocating and using resources within the organization.
- Compels managers to do better forecasting.
- Helps to monitor and control operations.
- Shows employees an overall picture of the direction of the organization which can motivate staff.
- Helps to co-ordinate different departments and align them towards shared objectives.
- Provides a framework for delegation.

2.6 Purposes of Budgetary Control

- To establish a plan or a budget covering all the activities of a firm or organisation for a given period, to decide policy, to determine the objective, to co-ordinate, to ensure co-operation and to emphasis the unity of the organization.
- To fix in monetary terms the objective which the business set out to achieve in that period and to ensure that adequate working capital including liquid resource is available for attaining such objective.
- To define the normal operating conditions of the business for the period of the budget and lay down standard to which its operations, whether technical or commercial should adhere, and the target should be achieved under these normal condition.
- To provide by means of such standards, a basis for comparison between budgeted and actual results in sufficient detail to ascertain and locate easily the reasons for any variations from the standards, to check the progress in the attainment of the objectives and to take such prompt management actions as many be correct any short fall.

- To provide management with the means of decentralising responsibility for cost and expenditure of all kinds, among the heads of those departments when they are incurred and to enable management centralised control authority.

2.6.1 Advantages of Budgetary Control

- **Planning:** It provides a well- organized plan based on facts. It provides definite objectives with regard to future operations, at the same, executive policies for the future are formulated.
- **Control:** It enables management to control each function or departments in order to attain the responsibility result by each department. This is done by continuous of actual against plan indicating where control is needed.
- **Co-ordination:** It promotes and encourages co-ordination between the different sections and departments of a business, for the attainment of the overall good of the organisation.
- **Cost conscious:** The existence of budgetary control makes management become more cost conscious and this can help eliminate waste and inefficiency.
- **Management by exception:** Management's time can be saved and attention directed to areas of most concern by exception principle which is the essential of budgetary control.
- **Responsibility of Management:** It enables responsibilities of each manager to be clearly defined.
- **Measurement by performance:** It provides a means of measuring the performance of individual managers and the various cost centres or departments by comparing targets against which performance of managers
- **Communication and motivation:** Preparing budget involves communication between top management and lower levels on how to attain the objectives. Agreement motivates managers to achieve the set target.
- **Prevention of waste:** It prevents waste of physical resources such as labour, equipment, machinery, etc. Since most efficient and effective use of these resources are specified in the budget.
- **Authorising and delegating:** Approval of the master budget explicitly authorises the policy represented by the budget, by accepting their budgets, the responsibility for carrying out the policy is delegated to individual managers.

2.6.2 Disadvantages of Budgetary Control

The following are disadvantages of budgetary control:

- Budgeting may hide inefficiencies of management.
- The existence of budgets and budgetary control may bring about lack of flexibility in adapting to change.
- Budgetary control lowers morale and productivity since clear and realistic objectives of desired performance may be difficult to establish.
- Budgets are developed around existing organizational structures which may be inappropriate for current conditions.

- Budgetary Control System perhaps because of undue pressure or poor human relationship may cause antagonism and decrease motivation.
- Too much detail in budgetary control renders it meaningless and is expensive. Too rigid and too detailed control may mean that cost of budgetary exceeds the cost of control.
- Variances are just as frequently due to changing circumstances, general uncertainty and poor forecasting as due to managerial performance.

2.6.3 Applicability of Budgeting and Budgetary Control

Budgeting can be applied to virtually every situation. It does not matter whether it is a Public or Private Sector of the Economy, profit or non-profit business. A company may be engaged in trading, manufacturing, or providing a service. In all of these situations, budgeting and budgetary control is of use.

2.7 The Budget Period

A budget period is normally the period to which the budget prepared, and the number of months to cover, it is normally has a duration of one year which is based on the organization calendar of the year.

2.8 The Budget Committee

This constitutes high-level management who represent the major department of the organisation. Its major responsibility is to ensure that budgets are realistically established and that they are co- ordinate satisfactorily. The functional head presents the budget to the committee for approval. If the budget is not realistic, the head would be required to make some level of adjustment.

2.9 Budget Centres

A budget centres is act at which the budget is been placed, this is where the budget is being divided into sections, departmental levels of the organizational activities, this normally covered the main activities and plans for the organization in given year period. The budget always gives details about the cost of the budget, the areas it covered, and value of the budget, as well the source of finance to organization.

3. Methodology

This chapter deals with methods, tools and techniques used to gather data for the study. It consists of

- Study Area.
- Research Design.
- Population.
- Sample Size and Sampling.
- Research Instruments.

- Data Collection.
- Data Preparation and Data Analysis.

3.1 Study Area

Rural banking is the act of providing banking facility for the rural folks in order to mobilize saving and also provide funds to the development of the rural areas, this development support sometimes goes to their farming and industrial activities.

Rural banks scheme was introduced in Ghana in 1976 and as at December 2000, there were about 130 rural banks throughout the country. Among them was Ahantaman bank. Rural banks are banks established in the rural areas to provide an institutional link between rural savings and credit for small scale productive ventures.

This is done in order to inculcate the habit of banking in the rural areas. Ahantaman Rural Bank is among of the first Ghanaian rural bank established in the Ahanta West District, in the Western Region part of Ghana. The bank employs about 600 working staff to the Ghanaian. The bank have eight branches in the western part of Ghana, it has its main head office at AgonaNkwanta in the district capital of Ahanta West District, among the branches of its locations are Apowa, Agona, Axim, Tarkwa, Nsuam, Abura, Half Assini, and Kwesimistism.

3.2 Research Design

The study adopted the case study type with Ahantaman Rural Bank as the case. Data for the study was obtained from primary and secondary sources.

3.3 Primary data

Primary data was obtained through the use of questionnaire as well as interviews.

3.3.1 Questionnaire

open ended questionnaire was used on the topic under study.

The rationale for the use of questionnaire is;

- To enable the researcher to have first-hand information.
- To produce quick result and manage time.
- To enable respondents ample time for the questionnaire to be well answered.
- To provide convenience for the respondents.

3.3.2 Interviews

unstructured interviews were used to collect data; leading questions were used for the interviews based on the response to the questions. Further questions were asked to clarify some answers. Also, in order to get fair

representation of view, the researcher at some point made extensive use of interview to gather more information since all could not be gathered from the budget officers.

3.4 Secondary data

This was obtained from Ahantaman Rural Bank Ghana, library research analysis which include text books, journals and internet information.

3.5 Population

The population of study included members of the budget committee and other employees who are not part of the budget committee

3.6 Sample Size and Sampling

To obtain the information for this research, the researcher adopted purposive sampling technique to select the appropriate respondents for the study.

3.7 Research Instruments and Data Analysis

A quantitative data analysis approach was used to interpret data collected. Data collected was summarized into tables, frequency distribution and charts with the aid of SPSS software. Based on the summaries, deductions were made to constitute the findings.

4. Result Discussions and Presentations

4.1 Background information of Ahantaman Rural Bank

Ahantaman Rural Bank Ghana Limited was initially incorporated and registered as Ahantman Rural Bank limited at the registrar general's department. The bank was registered in the Act 1976, and the third rural bank to be licensed in Ghana. It is owned by Ghanaian and precisely the people of Ahanta West District and corporate investors. Their operations are always under Apex Ghana, the head of all rural banks in Ghana.

4.2 Present organizational structure

Board of directors
Chairman
Regional managers
Regional heads
Departmental heads
Employees

4.3 Vision

To be the undisputed leading and dominant financial services institution in Ghana

4.4 Mission

To be the role model for Ghana businesses by creating superior value for all our stakeholders, abiding by utmost professional ethical standards, and by building an enduring institution.

4.5 Auditors

Price Water House Cooper

4.6 Expenditure Summary for 2008-2011 Budget

Item 1: Personal Emolument

A total amount of (GH cedi's) 240,000,000 was allocated to personal emolument which includes the following:

- SALARIES

It deals with the payment of salaries of the Ahantaman Rural Bank employees on its payroll.

- PERSONAL ALLOWANCES

An amount provided for expenditure item.

- OVERTIME ALLOWANCE

A provision made for members of staff who will work after normal working hours during the course of the year.

- SPECIAL ALLOWANCES

This is an amount to motivate, encourage and induce staff to give out their best.

- S.S.F (EMPLOYEES CONTRIBUTION)

This is an amount embarked for employer's contribution into the Social Security Fund. This is a statutory provision. (i.e. 12.5% of employee's salary).

- SITTING AND TRANSPORTATION ALLOWANCE

An amount is embarked for the payment of sitting and transportation allowances to honourable members.

Item 2: Operations Expenses

An amount of (GH cedis) 2,080,000 was allocated to administration expenditure to all departments for 2008-2011. This includes: Printing and stationery, Telecom charges, Department Training, Office Facilities, Electricity Charges, and Computer Supplies.

Item 3: Investment Expenses

Here, an amount of (GH cedis) 1,560,000 is allocated to investment expenses. This deals with expenses incurred in the course of investing into other banks and projects.

5. Study findings and discussions

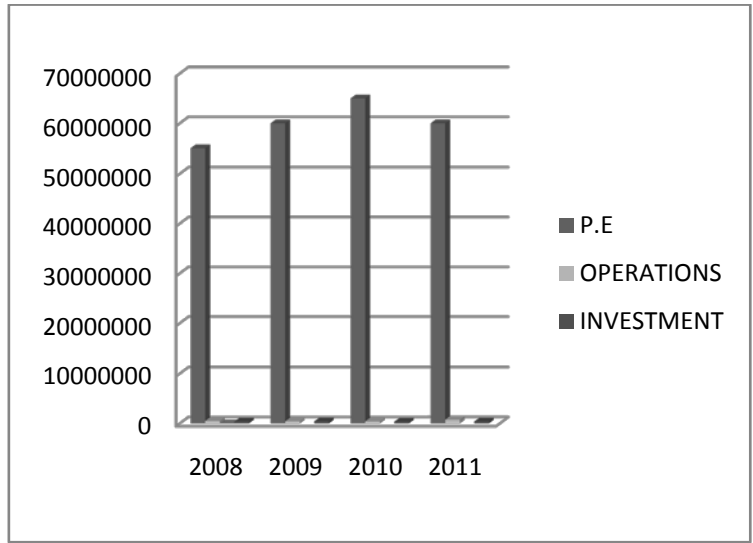


Figure 1: Summary Expenditure of Ahantaman Rural Bank for The Period 2012

5.1 Demographic Bio Data Respondents

Table 1: Age of respondent

Age distribution	Number of respondents	Percentage (%)
24 to 34 years	2	10%
35 to 44 years	3	25%
45 to 54 years	5	15%
55 and above	10	50%
Total	20	100

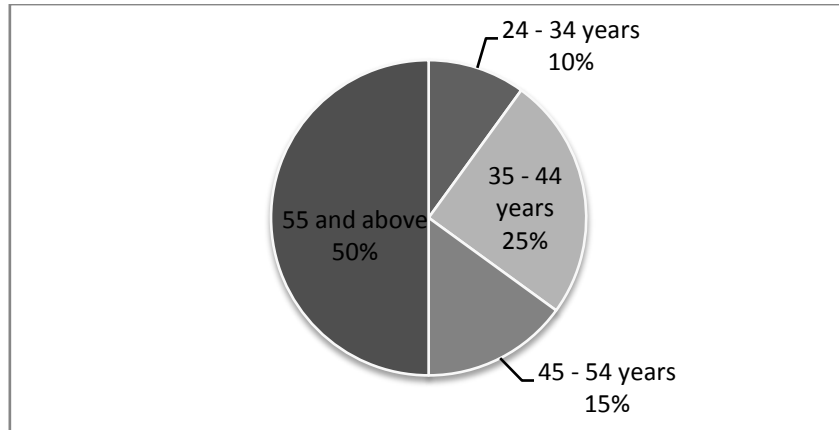


Figure 2: Age of Respondents

From the analysis above, the age with the highest representation (50%) was 55 and above years. The next was 35 to 44 years range which holds a representation of (25%). The range 45 to 54 years had (15%) representation and the ranges of 24 to 34 years had the lowest representation of (10%).

Table 2: Level of education

Level of education	Number of respondents	Percentage (%)
Secondary education	0	0%
Tertiary education	20	100%
Total	20	100%

All respondents (100%) interviewed stated that they had gone through tertiary education consisting of polytechnics and universities.

Table 3: How long have you been in the institution?

Years	Number of respondents	Percentage (%)
1 to 3 years	2	10%
4 to 6 years	8	40%
7 years and above	10	50%
Total	20	100%

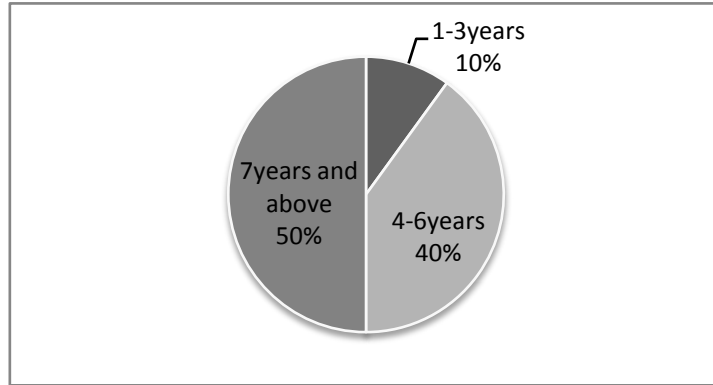


Figure 3: How long have you been in the company?

With number of years of working with the organization, (10%) of respondents have been with organization for 1 to 3 years, (40%) have been with the organization for 4 to 6 years and the remaining (50%) have been with the organisation for more than 7 years.

Table 4: Position held?

Position	Number of respondents	Percentage
Manager	6	30%
Supervisor	10	50%
Junior staff	4	20%
Total	20	100%

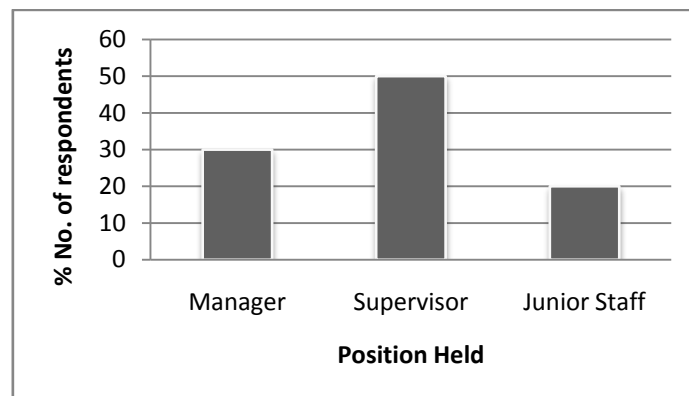


Figure 4: Position held

Fifty per cent (50%) of respondents interviewed were supervisors whereas (30%) were managers and the remaining (20%) were junior staff members of the organization.

Table 5: Do you have a budget committee?

Budget committee	Number of respondents	Percentage (%)
Yes	20	100%
No	0	0%
Total	20	100%

All respondents at gross level confirmed (100%) that there was budget committee in place which reports directly to top management, receive budget estimates from various departments for consideration and review and define the general policies of the management in relation to the budget system. It also has the composition of Chief executive (Administration), chief executive (Operations) and Director of finance.

Table 6: Do you have a position as a budget officer?

Budget officer	Number of respondents	Percentage (%)
Yes	12	60%
No	8	40%
Total	20	100%

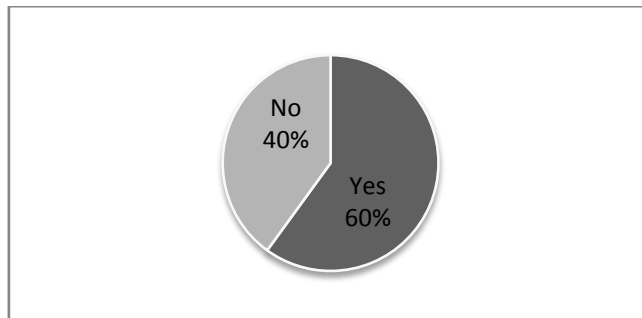


Figure 6: Do you have a position as a budget officer?

Majority of the respondents making up (60%) had positions as budget officers whereas (40%) of the respondents remaining had no positions as budget officers.

Table 7: What form does the budget take?

Forms of budget	Number of respondents	Percentage (%)
Flexible	20	100%
Fixed	0	0%
Total	20	100%

All respondents at gross level confirmed (100%) that the budget of UBA is flexible as a result of changes in output over periods of time.

Table 8: Over what period does your budget cover?

Budget period	Number of respondents	Percentage (%)
Annually	20	100%
Semi-annually	0	0%
Total	20	100%

All respondents at gross level confirmed (100%) that the budget is covered annually by the budget committee after preparation. That is, there is budget hearing with the Board of Directors for consideration and approval.

Table 9: How frequently is your budget monitored by comparing actuals with budget?

Monitoring	Number of respondents	Percentage (%)
Monthly	18	90%
Quarterly	2	10%
Bi -annually	0	0%
Total	20	100%

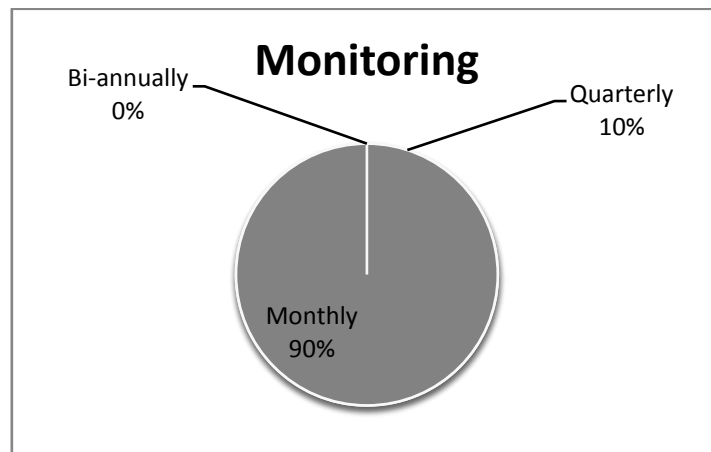


Figure 6: Budget Monitoring

Ninety per cent (90%) of the respondents said budget of the organization is normally monitored monthly whereas (10%) of the respondents stated that the budget is monitored quarterly and none stated for bi - annually.

Table 10: Are budgets essential to management and are the budgetary controls effective?

Budgetary control	Number of respondents	Percentage (%)
Yes	18	90%
No	2	10%
Total	20	100%

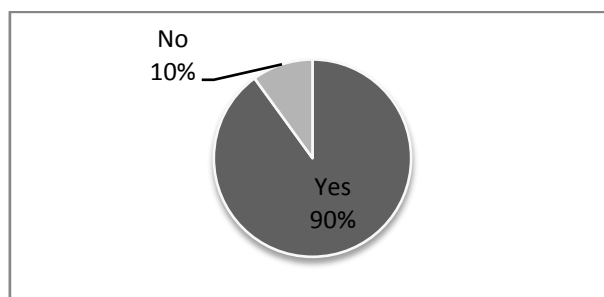


Figure 7: Are Budgets Effective?

Ninety per cent (90%) of respondents interviewed stated that budgets are essential within the organization. Their reasons were that it enhances the planning of activities and setting of goals and objectives for the organisation as well as effective utilisation of scarce productive resources with the organisation. On the other hand, (10%) stated otherwise that budget prepared are not effective therefore not essential to the organisation.

The respondents stated that there are deviations between what has been budgeted for and the actual. Also department heads ensure that they work within the budget limits although a few lapses do occur. Conclusively, it is very essential because it enhances effective control of resources since all operations are worked through the budget.

NOTE: the figures the expenditure summary is not the same (thus Personal Emolument, Operations and Investment expenses) for the various years because the institution does its estimation according to events that occur in a particular year

6. Summary, Conclusion and Recommendations

This chapter presents the summary, concluding remarks about the study and lastly recommendations of the researchers to enhance the improvement of budgeting within organisations.

6.1 Summary

Budgeting and budgetary control are processes of drawing up programmes and actions and the measures put in place to ensure that these programmes and actions lead to the attainment of the organization's broad policy objectives over a specific time period.

Budgeting and budgeting control are essential to effective financial management and the successful implementation of it, by providing the means of resource allocation and management of financial performance. This can make a valuable contribution to the attainment of the organization's` objective.

6.2 Findings

After the review of budgeting and budgetary control system at the Ghana Highway Authority, the following were discovered: There is no provision for training the budget officers and this contributes to the slow pace of preparing the budget.

There is delay in the budget preparation process. This is because the budget revolved around a particular group of people (budget committee) in the implementation stages. The same people process the budget, constitute the budget committee as well as providing the estimated expenditure to be incurred in their various departments. This monopolistic nature of budgeting delayed its implementation since there is no authority in place to check it faster and successful implementation.

Also, there is lack of motivational factors in place for the budget officers.

6.3 Recommendations

Based on the findings from the Ahantaman Rural Bank, the following recommendations can keep the system in good shape.

To address the issue of delay in budget implementation, the researcher suggests that, the appropriate persons are to constitute the budget committee being the head of the various departments. In their absence, the next in command should represent them to ensure proper coherence among the budget staff. There should be an authority in place to check proper and faster implementation of the budget. This will move budget implementation faster as different groups of people are involved and can also serve as a check on one another. In so doing, the budget committee members will be somehow independent of what happens at their various departments.

The authority should institute training programmes for budgeting officers. Such training should cover both senior and junior staff. This will update their knowledge and facilitate their work. The training programmes can take two forms:

- Internal training programmes: this is organized for all managers, budget officers and heads of department within the organisation
- External training programme: this is where some selected staff is sponsored to attend training workshops and seminars. In such training and workshops, well recognized financial bodies such as Institute of Chartered Accountants and Ghana Institute of Management and Public Administrators (GIMPA) should also be involved to lecture them on financial issues.

Again, the instituted budgetary control system in the Bank Authority should also go beyond identifying deviations and taking corrective actions. Where deviations usually occur, the departmental head responsible must be called upon to explain the causes and must be put on track. If deviation still persists, some disciplinary action must be taken against them. It will bring some improvement.

Lastly, there should also be in place some reward scheme for budget officers who perform and discharge their work with proficiency. This will serve as a motivational tool for budget officers and even inspire others to work hard.

7. Conclusion

In conclusion, we will say that though the budget and budgetary control system in operation is inherent with series of problems and its achievements, roles, contributions and benefits cannot be over emphasized. From the suggested recommendations outlined above, it is our hope that the best will be obtained from the system

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