

Prospects and Challenges of Budgeting in Project Management; An Explorative Review of CCEI Malawi

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ABSTRACT

Budgeting is considered as the most important tools for decision making in the organization. Decision making include pricing education, costing information in Organization and these has been a widespread problem in applying this information in institution. Most organizations prepare their budgets at the beginning of their financial year as a guiding tool for the efficient and effective usage of limited resources. However, studies conducted to determine the prospects and challenges in Organization reveal that most organization face challenges in utilizing the budgets process as budgets fail to be consistent throughout the project. The study being reported here investigated the prospects and challenges of budgeting in Project Management in order to recommend appropriate interventions required to develop and improve the budgetary process in Organization. The study used questionnaires and face-to-face interviews to collect data from the respondents. The population for the study was 330 employees. The study adopted a sample size of 33 employees, representing 10 percent of the population. The sample size was considered reasonable and adequate for the research. Simple random sampling technique was adopted through testing every nth member of the population to ensure that employees had equal chance of being selected into the sample. A literature review was conducted regarding the budgeting in project management and revealed that no further has recently been conducted in this area. Empirical research was conducted on the target population within the indicated geographical area. The study confirmed that there are a number of prospects and challenges in budgeting in most Organization.

Keywords: Budgeting, project management, prospects /Challenges

INTRODUCTION

Background of the study

Over the past five decades, "budgets" has become a common term in managers' vocabulary across all sectors. Management often uses budgets as shields or excuses when confronted about decisions. Phrases like "the budget does not permit" are common due to budget compliance (Frederick, 2010).

A budget serves as a quantitative plan of action for management, aiding in coordinating implementation. It covers both financial and non-financial aspects, guiding organizational operations and resource allocation. Additionally, budgets facilitate planning, control, coordination, and communication, serving as a means to set priorities and measure performance (Horngren et al., 2013; Goldstein, 2005; Drury, 2000).

Budget implementation poses challenges for projects due to the need for accurate forecasting and potential unforeseen needs or cost changes. Periodic budget reviews are crucial to identify errors and ensure effective implementation. However, challenges arise when budgets are not reviewed post-approval. Effective budget administration involves planning, approval, and ongoing monitoring (Weetman, 2006). Various procedures exist for budget preparation, including pre-stage, in-budget, and post-stage actions.

The challenges in budgeting arise when proposals from different departments undergo scrutiny before final approval. Budget implementation becomes difficult due to reduced requests and high expenditure. Ceilings are often below inflation rates, necessitating internal cuts. Budgeting aids resource allocation amid competitive demands (Shattock, 2010). CCEI, established as an NGO in Malawi, has experienced growth in rural development projects, leading to increased demands. The study aims to understand the evolving budgeting process and implementation challenges from a project perspective.

Statement of the problem

NGOs which undertook budgeting on a hierarchical basis faced a situation at each level in the hierarchy, there was a possibility that the original request would be changed in one way or another as the various budget were processed further and aggregated. One of the major challenges, therefore, that affected these budgets with regard to implementation is that since those that make the initial budgets, which are later amended during aggregation would resist the proposed budgets (Heller & Aghvelli, 2005).

Over the years, projects have operated on a deficit budget. This has forced the project to reduce the allocation to the user department and thus the implementation of the budget has been a challenge to the project. The funding level from the NGO was grossly understated over the years. Projects have to use fund generated internally to complete some of the NGO initiated projects at the expense of other critical activities (Ray P, 2009). The policy of releasing recurrent and development fund to project has been a hindrance to efficient administration of project operation.

The study was based upon the need to analyze whether budget implementation in project in Malawi served the multiple roles of planning, controlling, communication and decision making. The study investigated the challenges of budget implementation a case study of CCEI. What seems to be the best practice based on literature?

Objective of the study

The objectives of this study were to:

- Analyze the budgeting process
- Assess the challenges of budget implementation at the CCEI Projects
- Determine the extent to which the challenges affect budget implementation at CCEI Projects.

LITERATURE REVIEW

Budgeting serves as the cornerstone of management control processes in most projects, defined as the act of preparing budgets (Garrison & Noreen, 2010). It plays a central role in accounting control systems, facilitating effective implementation of management functions. The budgetary process contributes to planning, control, communication, and performance evaluation (Weetman, 2010).

Preparation of budgets compels management to implement formal planning procedures, encouraging departmental participation in overall budget formation. At each level, management faces the need to plan resources under their control (Ryan, 2008). The planning period identifies goals for the fiscal year and the financial plan (budget) necessary to achieve them. Budgets must be well-conceived, drawing from historical data and future financial projections. Planning bridges the gap between present decisions and future aspirations, guiding actions towards desired outcomes.

Budget control ensures actual expenditure aligns with plans, aiding managers in managing their responsibilities. Planning allocates internal resources to achieve objectives, while control coordinates resource use to attain efficiency levels. Control procedures include communication, expenditure authorization, and performance evaluation (Moll, 2003), crucial for efficiency. Budgets integrate organizational actions into a

unified plan, preventing individual decisions that may not align with organizational interests. Budgeting compels managers to assess relationships between their operations and other departments, resolving conflicts (Drury, 2006).

To maintain project-wide awareness of budget processes and plans, effective lines of communication must be established and followed (Weetman, 2006). Clear communication ensures all understand their roles in achieving annual budgets. Budgets play a crucial role in organizational decision-making, including project pricing and cost management, though challenges arise in their application, particularly in environments with high overhead costs and managerial inexperience in costing (Buckland, 2009)

Budget reviews

The budgeting process shouldn't cease at agreement. Regularly comparing actual with budgeted results allows management to pinpoint deviations and investigate their causes. Drury (2006) suggests discrepancies may arise from unrealistic initial budgets or unanticipated conditions, necessitating reevaluation of future plans by the project.

Budget participation

Participative budgeting involves managers being involved in determining the budget, fostering innovation and motivation. It's seen as a means for managers to communicate and influence budgetary targets (Covaleski et al., 2013). Drury (2006) notes that increasing individual involvement in budget preparation can motivate by providing a challenge. Concerns center on its impact on job performance and employee effort

A survey of 13 UK companies examined managerial uses of budgetary information, manager participation in setting targets, and sources of pressure to meet targets. The study revealed varied uses of budgets. The relationship between participative budgeting and performance may depend on moderating factors. Budgeting is crucial in management accounting, aiding planning, control, communication, and performance evaluation (Weetman, 2006). Budget preparation encourages formal planning, involving all departments. Budgets can facilitate cost control and effective activity management by planning departmental work and meeting needs.

Critical issues in budget

Considerable attention has been devoted to budget systems, yet constraints persist, leading to unsatisfactory outcomes even with well-designed systems. Literature on expenditure management often addresses practical budget management issues, particularly in developing countries where revenue and expenditure patterns differ, posing challenges in smoothing consumption (World Bank, 2008). NGOs typically use a cash-based accounting system, recording revenue and expenditure when funds change hands, creating incentives for delaying payments or accelerating receipts. To mitigate such issues, many countries have introduced features of private sector accounting systems, including the adoption of accrual accounting, recording transactions at the time commitments are made (World Bank, 2011).

Budgeting in projects

Budgetary systems in various countries are influenced by wealth and predictability, as noted by (Wildavsky, 2006). Wealth refers to differences in GNP, while predictability indicates the uncertainty in resource availability versus demand. Budgetary poverty signifies insufficient resources, while uncertainty pertains to the inability to predict expenditure and revenue flows.

In projects, budgeting typically follows a hierarchical process, beginning at the subunit level and ending at the treasury, often outside the organization. The Treasury issues guidelines to accounting officers, including ceilings on budget heads' growth rates. Departments prepare budget proposals, adjusted by the budget committee before submission to project management. The draft budget undergoes review by UMB and the Treasury, ensuring compliance with circular instructions. Once agreed upon, estimates are presented to parliament after discussions with relevant ministry officers.

Budget implementation

Budget implementation, a crucial part of expenditure policy, influences budget execution throughout the financial year. Unlike budget formulation, which involves selective official participation, implementation engages all NGO branches. Grouping revenue and expenditure for decision-making is pivotal in budgeting.

Implementing the budget requires an action plan aligned with budget goals and available resources. It serves as a financial plan, aiding resource allocation, control, coordination, communication, evaluation, and motivation (Weetman, 2006). Resource allocation poses challenges for CCEI, impacting organizational activities (Thomas, 2010).

Budgets facilitate management decisions, planning, and control (Weetman, 2006), addressing internal and external pressures. Ensuring financial and economic aspects of the budget are met is critical in the implementation process.

Factors influencing budgeting process

The budget process shouldn't end after approval. Periodically comparing actual results with budgeted ones allows management to identify variances and investigate reasons. Differences may stem from unrealistic initial budgets or unforeseen conditions. Other factors include outdated budgets in volatile conditions, time-consuming processes, staff resistance, and adherence to past budgets without adapting to new opportunities or inflation. It's crucial to prepare a realistic financial plan aligned with business objectives.

Challenges in budget implementation

Managers could have well defined thoughts about what they want to accomplish and when they want it accomplished. The difficulty could occur in the way of communicating their thoughts and plans to others, so as to enable them attain desired objectives. The CCEI was facing a major challenge characterized by dwindling resources during a period of growing projects demands, without a capacity to keep the two in balance. This state of affairs was compounded by decline in exchequer release of funds in real terms, inadequate endowment funds, and limited philanthropic, corporate contribution. If unchecked, this trend was likely to adversely affect the quality of the learning environment and the ability of the project to discharge its mandate and core functions. Against this background, the CCEI intended to mount efficient, integrated and aggressive processes of utilization of available resources, with a view to expanding levels and diversity of revenue sources. To achieve this desired position, CCEI intended to put in place a number of long-term plans comprising a combination of actions plans aimed at enabling the project to operate within the available resources and minimize its budgetary deficits. The project required planning and controlling its resources through a budget. A budget is an essential tool to every project operation to run effectively and offer quality service.

In practice, achieving sustained improvements in operational efficiency was likely to be the hardest step in reforming the budget process. The ministry of finance was found to be unable to implement inter sectorial reallocations unless it had the capacity to assess the comparative worth of programmes. This would involve an iterative process based on an assessment of both allocative and operational efficiency since it would be wasteful to allocate resources to a high priority activity if they were not being utilized efficiently. This raised question about both recurrent programmes and the investment programmes. Evaluation of benefits could reflect marginal efficiency and the fact that unit costs tend to arise as coverage increases. Also, there was need to develop procedures that would ensure rigorous and appropriate project appraisal selection and design. Ensuring operational efficiency in the planning and budget system requires that the right incentives and project arrangements are in place. Management must be given greater discretion in running their operations. It was important that outputs or performance targets were specified in advance for ongoing programmes so that actual achievements could be compared to targets during implementation. Publication of annual reports highlighting all the achievements is one way of encouraging greater transparency and ensuring that management are held accountable.

The new approach to budgeting and budget reforms came with new sets of rules, procedures and guidelines. However, with time the players master the rule of the game and learn how to outwit them. The management would devise ways of taking care of their self-interest. Equally new systems could become a routine over time and as the willingness to enforce the rules wanes, they were likely to be abandoned. The forward budget in Kenya is designed as a medium-term programme review but although it covers three fiscal years instead of one, it rapidly degenerated into a routine incremental line-item budgeting. To avoid its outcome, care must be taken to ensure that the guardians of the system remain in control and can enforce adherence.

It is difficult for developing countries to generate accurate forecasts of resource availability. Economies with a shallow revenue base would rely on external funding and would not be able to respond to adverse shocks, such as a deterioration of the terms of trade. These could disrupt the attainment of targets, reduce accountability and damage the credibility of the budget process. Expenditure requirements and shortfall in revenue outcomes or withdrawal of donor support could force even the most committed NGO either to renege on its commitment to fiscal discipline or to cut back on programmed expenditure projects therefore threatening both allocative and operational efficiency. The lack of flexibility in responding to these threats could force budget makers to resort to the traditional technique of imposing across the board cuts. The imposition of budget cuts during implementation and the continued operation of a cash budget system means that resource allocation in outer years would not achieve indicative budget ceilings and would preclude many of the presumed benefits of the budget approach.

Concern has been raised about limitations and weaknesses that have been linked to traditional budgeting processes were becoming increasingly widespread, with the primary fear being that it could potentially hinder and damage project performance. The process is inefficient and ineffective. Budgets prepared in advance are likely to face price increases between the time of preparation and the time when funds are spent or received. There is a need to take into account when the project is budgeting, what the costs or value would be when the expenditure is made or the income received. The budget committee should take into consideration the increase in cost when allocating funds to the user department.

The challenge in budget implementation lies with the project weaknesses. The critical question in implementing the budget is not on what needs to be done but how to create an operating environment that would sustain the reform. The success of the budget process depends on introducing project arrangements that provide corrective incentives and assist in balancing priorities with affordability. The budget implementation has become a challenge to project because of weaknesses in the planning and budget process. Poor forecasting ability has made budgets to be prepared without consistent and reliable forecasts of macroeconomic performance and analysis of the implications for the budget. This means that the forward budget was not based on accurate and reliable assessments of the aggregate resource envelope.

The credibility of the budget process has been a challenge because revenue forecasts have consistently exceeded actual collections, necessitating across the board cuts in appropriate estimates.

Empirical studies

Muleri (2011) did a study on budgeting practices in NGOs. The aim of the study was to establish the effectiveness of budgeting practices among British NGOs. The researcher looked at the concept from a different point of view and found that most organizations used modern practices as zero-based and philosophies to reduce financial mismanagement. The researcher observed that there is a limitation on the budgeting process which leads to cost cutting to achieve cost effectiveness, there is a lack of a solid base to enforce budgetary controls as a motivator and concluded that although profit was the main indicator of performance in the sector, budget management should be measured against the background of sound financial policies. The researcher concluded that budgeting is well accepted in evaluation and generally used to communicate plans and operations.

Wamae (2008) did a study on challenges of budgeting at CCEI. The aim of the study was to establish the challenges of the budgeting process and the challenges faced when drawing up a budget to be used by an organization and how organizations can effectively face the budgeting challenges. The population constituted

nine (9) boards of directors and sixteen (16) senior managers who were concerned with budgeting issues at the organization. The researcher collected data by use of questionnaire, observation and interviews as main instrument of data collection. From the study the researcher found that that the organization faced challenges when drawing up budget and the biggest challenge included on commitment, various head of department did not take budget seriously leading to giving ambitious budgets which would end up not achieving target, leading to complaints from the board. The researcher concluded that budgeting was very effective at CCEI as they served their purpose assisting in control, used as a means by which management communicates to others level of department. The Researcher added that the process of budgeting at CCEI faced some challenges which were inability to achieve the required value of business, inadequate authority to spend despite allocation, cost inflation, poor participation and poor co-ordination of the exercise. The researcher recommends, that all units in the organization should be involved in the budget preparation and enough time is allocated to prepare.

Kigochi (2008) did a study on Survey of operational Budgeting Challenges, in the insurance Industry in Kenya. The study surveyed the challenges of operational budgeting system in the insurance industry in Kenya. The study sought to bring out the challenges in formulating operational budgets in the insurance industry in Kenya and to propose solutions to the major challenges. The objectives of the study were to determine the challenges faced when formulating an operational budget in the insurance industry in Kenya and also to establish the effectiveness of those operational budgets. This study was descriptive in nature and the researcher used the survey method. The population of this study consisted of 42 currently licensed insurance companies in Kenya. Data for the study was collected using a structured questionnaire. The data collected was then analysed with the help of Excel Spreadsheets. From the findings, the researcher found that operational budgets were effective in the insurance industry as they served their purpose of forecasting the future, assisted in control, acted as a means by which management communicates to other levels of department, acted as a means of performance appraisal and also it motivated employees to do better.

The study also found that the challenges faced when formulating the operational budgets were inability to achieve the required value of new business, management of acquisition and maintenance costs, time constraints, desire for comfort budgets, lack of continuity in the committee, competence levels of budgeting teams, non-adherence to the laid down budgets by departments, lack of adequate authority to spend despite allocation, non-achievement of the main top line income earners, cost fluctuation or inflation on costs, lack or poor participation, poor coordination of the exercise, measurement of some factors was difficult (estimations) and at times it is inflexible to changes/adjustments and also it was expensive as a control/monitoring tool.

Obulemire (2006), did a study on survey of budget practices in secondary schools. The study aim was to look at benefits of budgeting by Secondary Schools Managers and to establish factors that secondary school consider when undertaking a budgetary process. The study established that most secondary schools do not have a strategic plan to guide them towards achievement of both long-term and short-term objectives. The head of schools had received training in financial management on preparing budgets and the commonly prepared budget was income and expenditure budget with only a few schools preparing the cash budget and long-term assets acquisition budget, despite the fact that most of them had incurred expenditure on long term investments. He notes that, there is lack of a solid base to enforce budgetary approach. The research finding concluded that activity-based accounting was commonly used, but this could not be proved if it is actually done based on the principal of ABB.

RESEARCH METHODS

Research design

This was the methods and procedures used in gathering information required to answer the research questions. The researcher used a descriptive study. A descriptive study enabled accurate profile of persons, events or situations to be collected. Descriptive study aimed at finding out the what, where and how of a phenomenon. The method attempted to collect data from members of a population and described existing phenomenon by asking individuals the challenges in budget implementation.

Data collection method

The researcher used both primary and secondary method of collecting data. A questionnaire was used to collect primarily data. In order to identify the challenges in budget implementation at CCEI self-administered drop and pick questionnaire were distributed to employees involved in the budget process. This enabled the researcher to get adequate and accurate information from people with the experience. The researcher used structured questionnaires as the main data collection instrument. The questions had both open and closed end questions. The close end questions provided more structured responses and open-ended questions provide more information not covered in the questionnaire. The respondents constituted Eight (5) Administrators, six (8) Accounts personnel from the projects, eight (8) senior representative members of the budget Committee from Finance, Eleven (12) staff in finance and administration involved in budget preparation. The data was collected exhaustively to get as much information from staffs that had experience in the preparation and implementation of budget at CCEI

Data analysis method

Before processing the responses, the completed questionnaire was edited for completeness and consistency. A content analysis and descriptive analysis was used. Content analysis was used to analyze the respondent views about challenges in budget implementation. The data was processed and grouped into categories. Descriptive analysis was used mainly to summarize the data collected. The data was edited for accuracy, uniformity, completeness and arranged for coding. A computer programme SPSS version 28 was used to analyze the content analysis where some opinions beyond the structured questions were analyzed. SPSS is a computer package that can be used to generate frequencies, descriptive statistics, tables and graphs. The data was presented using statistical measures pie charts, bar graphs, frequency tables and graphical presentations.

RESULTS

Budgeting in CCEI projects

Time dimension CCEI budget covers

The study went further to inquire on the time dimension that CCEI budget covers. Results depicted showed that majority of the respondents cited that the CCEI budget covered a one-year time budget comprising 92 percent while 8 percent cited that the CCEI budget covered more than one year as the time dimension.

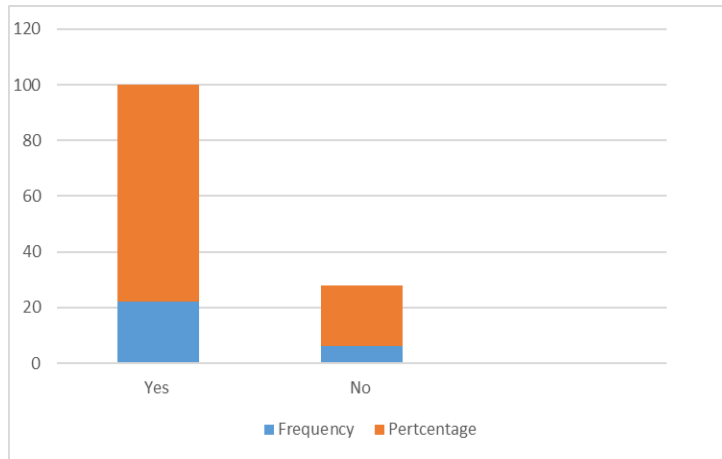
Whether the budget process at CCEI takes appropriate time duration to prepare

The study in this section inquired the respondents view on whether the budget process at CCEI took appropriate time duration to prepare. Results from table 4.3 revealed that most respondents agreed that the budget process at CCEI took appropriate time duration to prepare comprising 78 percent while 22 percent disagreed.

Table 4.3: Whether the budget process at CCEI takes appropriate time duration to prepare

Response	Frequency	Percent
Yes	22	78
No	6	22
Total	28	100

CCE budget process and appropriate time



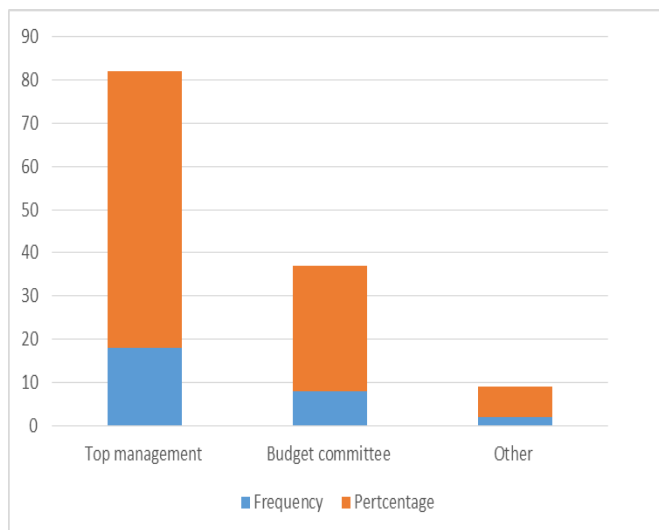
Persons responsible for making final decision on budget proposals

This section aimed at establishing the persons that were responsible for making final decision on budget proposals. Findings from the study revealed that the main persons responsible for making final decision on budget proposals were top management comprising 64 percent while 29 percent cited that the budget committee was responsible for making final decision on budget proposals.

Table 4.4 Persons responsible for making final decision on budget proposals

	FREQUENCY	PERCENT
Top management	18	64
Budget committee	8	29
Other	2	7
Total	28	100

People responsible for decision making



Budget preparation

In this section, the aim was to establish the respondents view on budget preparation. Results from table 4.5 showed that majority of the respondents agreed that budgets were used to forecast future and therefore good for planning shown by a mean of 1.50, budgets were used to control measures shown by a mean of 1.96, and that budgets were used to communicate to other levels in the departments shown by a mean of 2.25. The least cited statement on budget preparation was that budgets were used to motivate employees to do better as was shown by a high mean of 3.39.

Table 4.5 Budget preparation

	Mean	SD
a) Budgets are used to forecast future and therefore good for planning	1.50	1.17063
b) Budget are used to control measures	1.96	1.25519
c) They are used to communicate to other levels in the departments	2.25	1.12976
d) They are used to judge performance of the users	2.64	1.41981
e) They are used to motivate employees to do better	3.39	1.25725
f) Budgets are used as a means by which management communicates to other levels of department	2.71	1.1818

Budget implementation

The study went further to inquire on the respondents' views on budget implementation. Findings from the study revealed that majority of the respondents agreed that planning was important to the success of budget implementation as was shown by a mean of 1.64, the management can be able to overcome the challenges of budget implementation shown by a mean of 1.89, coordination among the various departments during budget execution is achieved shown by a mean of 2.67 and that there is proper communication during the process of budget preparation shown by a mean of 2.74.

Table 4.6 Budget implementation

Factors	Mean	SD
a) The project issue budget guidelines prior to preparing budgets	2.82	1.33
b) All staff participates in budget preparation and discussion within their department	3.64	1.12
c) Planning is important to the success of budget implementation	1.64	1.22
d) There is proper communication during the process of budget preparation	2.74	1.12

e) Leadership provided to the subordinate managers during execution is effective	3.03	.999
f) Co-ordination among the various departments during budget execution is achieved	2.67	1.12
g) The management can be able to overcome the challenges of budget implementation	1.89	.989

Challenges in budget implementation

This section aimed at establishing the respondents view on the challenges of budget implementation. Findings from the study revealed that most respondents agreed that insufficient funds allocated to department affected budget implementation shown by a mean of 2.11, project weakness could hinder effective budget implementation shown by a mean of 2.14, the method used to allocate funds to user department is unsatisfactory shown by a mean of 2.23, in some period budget include unattainable targets or standards shown by a mean of 2.33 and that the budget contained uncertainty which hinders effective implementation shown by a mean of 2.50. The least cited statement on challenges of budget implementation was that there may be tendency by user department to adhere to budget to comply to project requirement shown by a mean of 3.74. Table

Challenges in budget implementation

Factors	Mean	SD
a) Insufficient funds allocated to department affect budget implementation	2.11	.345
b) Project weakness could hinder effective budget implementation	2.14	.456
c) The method used to allocate funds to user department is unsatisfactory	2.23	.465
d) In some period, budget include unattainable targets or standards The budget contain uncertainty which hinders effective implementation	2.50	.546
e) New reforms in budgeting guidelines keep on changing and come with new set of rules which take time to learn and can be a challenge to budget implementation	2.66	.577
f) Inability of users' department to utilize the allocated funds hinders effective implementation of budget	2.67	.657
g) Budget variances hinder effective budget implementation	2.71	.9898
h) The budget process is time consuming and expensive and may become volatile before implementation	2.92	.656
i) The budget process is routine and lack meaning	3.74	.455

j) There may be tendency by user department to adhere to budget to comply to project requirement	3.84	.7687
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Summary of findings and implications

The study revealed that a majority of the respondents were males comprising 86 percent while 14 percent were females. In addition, most of the respondents were accountants comprising 44 percent while 30 percent were administrators. Only 26 percent were financial managers. In addition, most of the respondents had worked for a period of ten to twenty years comprising 36 percent while 29 percent had worked for a period of below ten years. 28 percent had worked for a period of twenty-one to thirty years.

On the topic of the time dimension CCEI budget covered, the study revealed that majority of the respondents cited that the CCEI budget covered a one-year time budget comprising 92 percent while 8 percent cited that the CCEI budget covered more than one year as the time dimension. The study further revealed that the budget process at CCEI took appropriate time duration to prepare.

On the issue of persons that were responsible for making final decision on budget proposals, the study revealed that the main persons responsible for making final decision on budget proposals were top management comprising 64 percent while 29 percent cited that the budget committee was responsible for making final decision on budget proposals.

On the area of budget preparation, majority of the respondents agreed that budgets were used to forecast future and therefore good for planning shown by a mean of 1.50, budgets were used to control measures shown by a mean of 1.96, and that budgets were used to communicate to other levels in the departments shown by a mean of 2.25. The least cited statement on budget preparation was that budgets were used to motivate employees to do better as was shown by a high mean of 3.39.

On the topic of budget implementation, majority of the respondents agreed that planning was important to the success of budget implementation as was shown by a mean of 1.64, the management can be able to overcome the challenges of budget implementation shown by a mean of 1.89, co-ordination among the various departments during budget execution is achieved shown by a mean of 2.67 and that there is proper communication during the process of budget preparation shown by a mean of 2.74.

On the issue of challenges in budget implementation, the study revealed that most respondents agreed that insufficient funds allocated to department affect budget implementation shown by a mean of 2.11, project weakness could hinder effective budget implementation shown by a mean of 2.14, the method used to allocate funds to user department is unsatisfactory shown by a mean of 2.23, in some period budget include unattainable targets or standards shown by a mean of 2.33 and that the budget contained uncertainty which hinders effective implementation shown by a mean of 2.50. The least cited statement on challenges of budget implementation was that there may be tendency by user department to adhere to budget to comply to project requirement shown by a mean of 3.74.

The findings of this study have implications to the CCEI management. From the results in chapter four of this study, the management has to beware of the challenges it has to go through in their quest to implement the budgets. Since not all relevant individuals are involved in the process, implementation of budgets is bound to meet opposition from the disgruntled parties. The CCEI should ensure that no one feels left out, especially those that are directly responsible for their implementation. The project should also issue proper budget preparation and implementation guideline to the relevant staffs who oversee the budget implementation. These implications also extend to various projects of the CCEI as the factors that facilitate budget implementation have been identified in this study and it is upon the project Managers to effectively employ the best policies during budget preparation. The findings are also beneficial to the NGO in its provision and supervision of budget implementation.

CONCLUSIONS

The study concludes that CCEI has budget preparation procedures but they are not efficient. One of the objectives of the study was to establish the challenges affecting project in implementing budget. From the finding the staffs seem not to be sure whether guidelines are issued prior to preparing the budget. The study shows the user could adhere to budget to comply with the project requirement without the initiative to understand the reason they were preparing the budget. The study further concludes that CCEI faces various challenges in budget implementation. The major challenge is reduced revenue leading to shortage of available resource for its operation. These has led to project to reduce the request made by user department which hindered effective budget implementation and the methods used to reduce the request from user department were unsatisfactory.

The project did not involve all the staff in budget preparation. It could be deduced that the budget do not involve the users who are involved with day-to-day operation of the budget and could have vital information which could lead to better decision if they were taken into account in budget preparation. The acknowledgement that budget have a role to play in the organization is an important factor that helps in budget implementation.

RECOMMENDATIONS

The study recommends that for CCEI to curb challenges in budget implementation there is need for procedures and guidelines in the allocation of funds and operational implementation policies. For successful implementation of the budget, it requires the project to train its staff on the process involved in budget preparation and key factors they should take into account when making proposals. A budget process that is well understood proves to be practical and will be good for planning hence reduce resistance in budget implementation. A detailed action plan need to be identified and the programmes to be undertaken in the training. One format should be adopted which should be circulated to functional managers who are in charge of departmental operation.

There seems to be existence of a budget committee but not all staff is aware of their existence. The budget committee needs to be more vibrant in their role and not only be convened when budget time comes. The budget committee should understand the user department needs and challenges they faced. Before adjusting user request, they should ask functional managers to justify their budget before it is modified. This will make the user department to understand the reason why budget proposal were not approved as request by the budget committee.

There was broad agreement among the respondent regarding the budget being used to forecast the future and good for planning. Disagreement existed with the budget being used to motivate the employees to do better. Some of the respondents were very critical about motivation provided in their organizations. Furthermore, in the implementation of budgets, motivating the staff, good leadership during budget preparation and coordination are the most important factors for the success of budget implementation. . The project should introduce mechanism which motivates staff while performing their duty. Budgets which are well conceived and well implemented could motivate staff to do better and reduce challenge in budget.

Limitations of the study

The findings of this study, however, should be considered in the light of their limitations. The researcher could not get responses from the top executive of the CCEI who are key decision makers in the budget approvals. The researcher was forced to use head of department and Administrators to fill in the questionnaire which might have compromised the level of responses. There was limitation on resources and time available to carry out the research. The researcher used a lot of money on stationery, transport from one project to another and several visits were made to the respondent to check if they had finished filling in the questionnaire, another limitation was secrecy of the project documents. Every company has its code of ethics that restricts staff to

divulge confidential information to the project. The research was constrained since detailed information on the extent to which the decision of management could have affected the budget could not be disclosed.

Suggestion for further research

This study focused on investigating the challenges of implementing budget at CCEI. A similar study should be undertaken focusing on another related project. The respondent should be broadened to include not only middle manager but top-level manager of the project. This research study has given attention to challenges facing projecting CCEI in implementing budgets. A study can be carried out comparing and contrasting and private CCEI highlighting the budget issues, finance and management of budget in this project. A further research can be carried out on the influence of budget participation on the CCEI performance. The impact of participative budget on outcomes variables, such as job performance, job satisfaction and employee effort. A link could be done, to establish the participation of subordinate managers in the budget process could lead to greater understanding of budgets and reduce the challenges of implementation of budgets.

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