
**FACTORS DETERMINING BUDGET IMPLEMENTATION AMONG NON
GOVERNMENTAL ORGANIZATIONS IN KENYA**

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ABSTRACT

The budget is a standard against which the actual performance can be compared and measured. Budgets are used to communicate top management's expectations to managers and employees. The budgeting process provides for coordinated planning among different functional areas. Budgets are financial blueprints that quantify a firm's plans for a future period. Budgets require the management to specify expected sales, cash inflows and outflows, and costs; and they provide a mechanism for effective planning and control in organizations. The study sought to determine the challenges of budget implementation among relief Non-governmental organizations. The target population comprised of relief Non-organizations, there are 144 relief Non-organizations hence the population of study is 144. From each stratum the researcher used simple random sampling to select 43 respondents. The questionnaire was used to collect mainly quantitative data although some qualitative data was collected from the open ended questions. The researcher administered a survey questionnaire to each member of the target population. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations and frequencies. Content analysis was used to test data that is qualitative in nature or aspect of the data collected from the open ended questions. The study found that performance evaluation and budget participation and reward did not significantly affect the implementation of budgets in the relief Non-governmental organizations, budget in relief NGO served the purpose of forecasting the future, assisting in control, acting as a means by which management communicates to other levels of departments. The relief non-governmental organizations faces challenges which were inability to achieve the required value of new businesses, 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 and cost fluctuations or inflation on costs.

Key Words; *Budget Implementation, Budget Participation and Rewards*

INTRODUCTION

Budget implementation has been for too long viewed primarily as a process concerned with the pre audit of bank bills and procedures of their payment (Berg & Skogley, 2002). Some viewed budget execution as an administrative process, while others analysed it as an extension of the budget implementation stage with the same strategies and game plans adopted by central and spending agencies. In reality, however, budget execution and related aspects of cash management are more than the sum total of the above elements (Zimmerman, 2003).

Budget execution represents the phase during which the multiple aspects of the resource use acquire an importance that is uniquely their own. It is also a phase where the relationship between central and spending agencies is even more important than it is during budget formulation stage. Formulation is a phase that is relatively short in its duration. Budget implementation, however, is a phase that is felt throughout the fiscal year. As an activity, it involves the mobilisation of human, material, and financial resources through a number of techniques and procedures (Willet, 2002). If the result of the budget implementation stage is a blueprint for the allocation of resources embodied in the budget document, budget execution has more onerous tasks to perform as it is to provide goods and services to the community. Such provision involves all the departments of the organization, unlike the more technical and selective participation of officials in budget formulation.

The process of formulating a development plan or the annual budget involves an implicit assessment of the implementation capabilities of their various agencies. The availability of performance budgets, with their emphasis on identification and measurement of the productivity and workload factors, will help such an assessment practice owing to the non-implementation of the performance budgeting and also because emphasis tends to be diverted to the financial aspects, the capabilities of the agencies per sector appear not to have been given due recognition. This built in optimism among organizational officials that somehow the machinery will be equal to the tasks expected of it which may also have contributed to the situation (Wildavsky, 2001).

The primary concern during the implementation of the budget is to ensure the fulfilment of the financial and economic aspects of the outlays. The financial tasks include spending the amounts for the purposes specified, minimizing savings, avoiding lapses and/or a rush of expenditure toward the end of the financial year. The economic tasks consist of ensuring that the targets of programs have been achieved. It is hoped to achieve these two purposes by budgetary controls exercised by the organization and the spending departments (Ross & Segal, 2003). The budgetary and economic tasks are rendered operational through the administrative process that comprises four major interrelated phases of work: an allocation system under the expenditure is controlled by release of funds, supervision of the acquisition of goods and services to ensure value for the money spent, an accounting system that records an organization's transactions and provides a framework for the analysis of the implications and a reporting system that permits a periodic appraisal of the actual implementation of the policies.

Proper Budgeting is a key success factor for most businesses, but it is a painful process that takes too much time and effort. Two key factors that influence budgeting process are the level of revenues collected and the availability of external resources to bridge the gap occasioned by shortfall in revenues. When revenues fall short of the projected level then

budget implementation is affected to the extent that the expenditures have to be reduced either in capital or operating project hence affecting service delivery (Heller, 2005). External resources in the form of grants factored into the budget following commitment by donors also bring shortfall if not honoured. The government may fail to release funds or release funds late in the financial year thus affecting take off of projects. In addition, the budgeted amount may be affected by economics factors, lack of budget accuracy, lack of resources, lack of monitoring and evaluation thus affecting service delivery in NGOs (Pollitt 2004).

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External resources in the form of loans and grants factored into the budget following commitment by donors also bring shortfall if not honoured. The government may fail to release funds or release funds late in the financial year thus affecting take off of projects. In addition, the budgeted amount may be affected by economic factors, lack of budget accuracy, lack of resources, lack of monitoring and evaluation thus affecting service delivery in NGOs (Pollitt 2004). Costs may increase due to inflation, unexpected changes in the economy, political instability, insufficient initial study of capital projects and budget overruns which are some of the challenges of operational budgetary process. Budgeting being historical in nature, overruns are sometimes caused by non-compliance of budget managers with the spending limits defined in the budget. Since cash allocated to spending units for appropriated expenditure is generally controlled, these overruns turn into arrears in councils. Overruns are often as a result of off budget spending mechanisms (Lerner, 1968).

Non-Governmental Organizations (NGOs) can be defined as private organizations “characterized primarily by humanitarian or cooperative rather than commercial objectives that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic services or undertake community development” in developing countries, World Bank operational directive 14.70. According to the internal revenue service code 501 (c) (3) of the United States, it is a designation given to describe a group of organizations that are allowed to make profit but they are prohibited from distributing their profits or earnings to those in control of the organization.

NGOs are a subset of the broader non-profit sector that engage specifically in international development and by definition non-profit entity objective is not to earn a profit but their objective is to render as much suitable services as needed. Ideally their performance is to break even. This means that by and large and on a short term basis, their income should equal costs. NGOs are one group of players who are active in the efforts of international development and increasing the welfare of poor people in poor countries. They work both independently and alongside bilateral aid agencies from developed countries, private sector infrastructure operators, self – help associations and local governments.

Statement of the problem

The budget is a standard against which the actual performance can be compared and measured. Budgets are used to communicate top management's expectations to managers and employees. The budgeting process provides for coordinated planning among different functional areas (Ramsey and Ramsey, 1985; Bremser, 1988). Budgets are financial blueprints that quantify a firm's plans for a future period. Budgets require the management to specify expected sales, cash inflows and outflows, and costs; and they provide a mechanism for effective planning and control in organizations (Flamholtz, 1983 pp.153-69). The divergent views on budgeting as a management control tool have provided major motivation for the present study. Furthermore, there is also a dearth of research involving surveys of budgetary practices in developing countries. Most of the research in this area has focused on the USA, the UK and Australia.

Budgeting is one of the fundamental decision-making processes in organizations since it is a management tool. During Cash budget formulation, officials determine the portion of the organization's resources that the manager of each unit will be authorized to spend. Budgets often establish performance goals for the unit in terms of costs, revenues, and/or production (Little et al., 2002). Budgeting and Financial Management have been at the core of economic reform programs in most nations around the world (Schick, 1999). These have also been the principal instruments of transformation and restructuring of the various sectors in several countries. While this is the case, there are growing challenges of budgetary crises and fiscal shocks felt in developing countries and transition economies.

Budget implementation is a worldwide problem. In Kenya, empirical studies have been carried out, Murrison (2001) carried out a survey of budgeting practices among the major British non- governmental organizations in Kenya and the extent to which budgets are used as tool of management control, Ndiritu (2007) carried a case study on the effectiveness of cash budgeting at Telkom Kenya, Muthinji (2009) did a case study on the challenges of budget implementation at Commission of Higher Education. So far studies done do not focus on challenges of budget implementation among relief Non-governmental organizations.

LITERATURE REVIEW

Theoretical Review

Institutional theory

Institutions may be regarded as settled habits that form "the rules of the game in a society" (North, 1993, p. 3). The institutionalization of habits is regarded both as an outcome and as a process reflecting the power of organized interests and the actors who mobilize them (Covaleski *et al.*, 1993). In a classic "new institutional sociology" (NIS) 2 study, DiMaggio and Powell (1983) divide the (mostly external) pressures affecting organizational development into competitive and institutional pressures. Institutional pressures may be divided further into coercive, normative and mimetic pressures (DiMaggio and Powell, 1983). Coercive pressures stem from political influence and problems of legitimacy, normative pressures arise from professionalization, while mimetic pressures stem from uncertainty (DiMaggio and Powell, 1983). In mimetic isomorphism "organizations tend to model themselves after similar organizations in their field that they perceive to be more legitimate or successful" (DiMaggio and Powell, 1983). Institutions are legitimized by regulative elements exerting coercive pressures

(e.g. rules and laws), by normative support from work roles and professional bodies, or by cultural-cognitive elements such as shared social meanings imposing mimetic pressures (Scott, 2001, pp. 55-9).

Oliver (1992) and Abernethy and Chua (1996) argue, however, that intra-organizational pressures have been neglected in classic NIS literature. Oliver (1992) categorizes the change pressures leading to the erosion or “deinstitutionalization” of old practices within an organization into political, functional and social pressures. For example, an increase in the number of organizational members whose interests conflict with the status quo may lead to a mounting crisis. Functional pressures stem from a decline in the perceived utility or instrumentality of a practice that may be caused, say, by an increase in the perceived goal clarity (Oliver, 1992). Further, social pressures for deinstitutionalization may arise, for example, after a leader succession that creates historical discontinuity, which pre-empts the “reproducibility of activities over time” (Oliver, 1992). Oliver (1992) distinguishes moderating forces that cause entropy (e.g. personal and work role development in time) or inertia (high perceived costs of change) for institutionalized patterns. Further, Greenwood and Hinings (1996) noted that radical changes require “capacity for action” (skills) and power (control over decisions).

These categorizations of change pressures provide insight into the analysis of the case city where, for example, a leader succession occurred. However, in a municipal context the categorization of pressures into external and internal is fuzzy as the city council both represents people facing external pressures and is a body that exerts (coercive) power over other members of the municipal organization. What is more, normative pressures may be exerted within an organization by central administrative staff over personnel in sub-units. Further, sub-units may mimic other sub-units in PM usage. Thus, the categorizations of intra-organizational pressures (Oliver, 1992) may intertwine with external pressures (DiMaggio and Powell, 1983). Furthermore, the relative importance of various pressures may still be unclear, although Modell and Wiesel (2007) suggest that coercive pressures tend to dominate other institutional pressures.

Psychological theory

Psychological theory can be used to explain both the causes and the effects of management accounting practices. As noted by Birnberg *et al.* (2007, p. 115), most management accounting research that uses psychological theory focuses on the effects of management accounting on the minds and behaviour of individuals and not on the effect of individual's minds on management accounting. In budgeting research, important questions are, for instance, how budgeting affects individuals' motivation and organizational performance (Covaleski *et al.*, 2007, p. 590). In this article, however, we study how motives, i.e. dispositional factors of motivation rooted in the personality interact with participative budgeting to affect budget goal commitment.

Contextual or situational factors are much studied, e.g. from a contingency perspective (Chenhall, 2007), but personal characteristics like personality traits (Taggar and Parkinson, 2007) are less commonly taken into consideration in management accounting research. Further, motives are with some notable exceptions (Alam and Mia, 2006; Subramaniam *et al.*, 2002) not part of the explanations of behaviour in relation to accounting systems.

Striving to achieve a budget target, for example, is a matter of goal engagement and disengagement which is fundamentally determined by the interaction between contextual

and individual factors, including motivational disposition (Heckhausen and Heckhausen, 2008b; Murray, 1938). Thus, “motivation” is related to action in a more complex way than just being the outcome of a process. Because situational behaviour may be aroused by completely different motives or goal states (Langens and Schmalt, 2008), we suggest in this paper that taking differences in motives into consideration may explain variation in, e.g. budget goal commitment and effects of participative budgeting in general. Thus, we follow Shields and Shields (1998) who argue that a more comprehensive model of management accounting should include the reasons why participative budgeting exists and not only the consequences.

Empirical Review

Premchand (1994) observed that, budget implementation is a company policy and determines the manner in which resources’ are managed. The financial task in budget implementation includes spending money specified, maximizing saving and avoiding over expenditures during the end of the financial year. The benefits of monitoring either incomes or expenditures at the verification stage or the payments stage are sometimes debated. Actually, information is needed at each stage of the income or the expenditure cycle. Adequate recording of appropriations, revisions in appropriations, transfers between appropriation and apportionment, etc. is a prerequisite for good management (Abernethy and Stoelwinder, 1991)

In several developing countries, it is difficult to know exactly which budget is being implemented, because decisions concerning allocations and reallocations of appropriations are contained in various circulars and are not gathered into a single document. The budget implementation plan should be updated regularly to take into account decisions concerning appropriations (Anderson, 1993). Accounting commitments are essential in keeping budget implementation under control. They provide the basis for budget revisions. Decisions to increase or decrease appropriations and the preparation of cash plans must take into account commitments already made. In most organizations aggregate revenues tends to be below projection on which budget is observed and controlled (Kadondi, 2002).

Budgeting systems are universal and have been considered an essential tool for financial planning. These systems are meant to organize and encourage the performance of organizations (Abernethy and Brownell, 1999). Traditionally, budgets were seen as the primary planning document. Budgets can be used as a control mechanism to regulate the behavior by specifying the means to produce a unit of output. For companies aiming to achieve recognition for world-class performance, it may be necessary to move away from a purely reactive approach to benchmarking, which identifies what other groups or companies have already achieved, and move on to essentially a proactive approach by identifying and defining the highest standards achievable. In this way they will be recognized as market leaders operating through innovative.

A study by Weisenfeld and Tyson (1990), in a sample of 68 US managers from two companies, found that budgeting and variance analysis can be positive tools, if the accounting information and communication process is functioning appropriately. A total of 90 percent of the respondents indicated that variances were a good way to measure their performance. All of them agreed that variance reports positively influenced them to improve performance and increase their bonuses.

A study by Blansfield (2002) of 250 respondents in the US, found that only 14 percent of companies have a fully integrated planning process that combines long term and operational planning, performance measures and reporting. The survey further underscored the fact that financial executives still struggle with the need to synthesize financial and non-financial data and performance measurements in a single system in which they can also perform planning, budgeting, forecasting, financial consolidation, reporting and analysis in real time.

Peter (2001) carried a study on budgetary controls in NGOs in Kenya. The study was to furnish a conceptual basis for evaluating the effectiveness of budgeting practices. The objective was how accurate budget anticipates the level and direction of actual results, what factors influence budget accuracy. The population of the study was a relief project spread all over the country; data was collected using primary and secondary data. It was concluded that budget controls practices in NGOs vary significantly between relief projects and development projects.

Murrison (2001) carried out a survey of budgeting practices among the major British non- governmental organizations in Kenya; he focused on budgeting practices used in British Non- governmental organizations in Kenya and the extent to which budgets are used as a management control. Data was collected from thirty relief projects of World Vision which were surveyed all over the country, the objective of the study was to determine how accurate budgets anticipate the level and direction of results, at the end of the research it was found that 100% of the Relief projects over estimates their income budgets.

Ndiritu (2007) did a case study on the effectiveness of cash budgeting at Telkom Kenya which was a public institution and focused on cash management budgeting process as an important tool of planning and controlling. A sample of twenty staff who were directly involved with cash budget preparation and implementation process were interviewed. The information sought included the cash budgetary process in the organization, and how the cash budget had been utilized as an effective cash management tool in the organization. The information was collected using an interview guide which was structured into two sections. However, after the study in the firm concerned, it has been found various loopholes which if not sealed may lead to high cash losses for the firm.

Muthinji (2009), did a study on the challenges of budget implementation at the Commission of higher education, the objective of the study was to identify the challenges of budget implementation and its effectiveness at the Commission. Data was collected from all departments and descriptive statistics was used to summarize the data. It was concluded that a budget is important for communication and there is an increasing trend towards decentralization.

METHODOLOGY

The study adopted a descriptive cross-sectional research design, which according to Kothari (2004), used when the problem has been defined specifically and where the researcher has certain issues to be described by the respondents about the problem. The target population comprised of relief Non-governmental organizations, there are 144 relief Non-governmental organizations hence the population of study is 144. Stratified proportionate random sampling technique was used to select the sample. From each stratum of the study, the researcher used simple random sampling to select 43 respondents.

The questionnaire was used to collect mainly quantitative data although some qualitative data was collected from the open ended questions.

Quantitative data collected was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and pie charts and in prose-form. This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS. Content analysis was used to test data that is qualitative in nature or aspect of the data collected from the open ended questions.

DATA ANALYSIS AND INTERPRETATION

Budget Implementation

Table 1: Importance of budget to the department

Factors	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std deviation
To forecast the future	28	12	1	0	0	1.3415	.52961
Assist in control	27	12	2	0	0	1.3902	.58643
As a means by which management communicates to other levels of department	4	29	7	1	0	2.1220	.59980
As a means of performance appraisal	0	26	13	2	0	2.4146	.59058
To motivate employees to do better	2	24	15	0	0	2.3171	.56741

From the findings on the importance of budgets to the department, the study revealed that respondents strongly agreed that it helps to forecast the future as shown by mean of 1.3415 and assist in control as shown by mean of 1.3902, the study further revealed that respondent agreed that budgets acts as a means by which management communicates to other levels of department as shown by mean of 2.1220, to motivate employees to do better as shown by mean of 2.3171 and as a means of performance appraisal as shown by mean of 2.4146.

Table 2: Challenges of budget implementation faced by the organization

Challenges	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std deviation
Planning and controlling	4	26	4	7	0	2.3415	.88345
Lack of staff motivation	5	11	13	11	1	2.2927	.93581
Government influence	2	4	15	15	5	2.6341	.12021

Corruption	3	7	15	10	6	2.2195	1.12943
Lack of monitoring and controls	7	18	9	4	3	2.1951	.90010
Lack of financial resources	5	16	14	3	3	2.0732	.20461
Poor budget Accuracy	6	16	13	6	0	2.4634	.92460

From the findings on the respondents level of agreement on the various challenges of budget implementation faced by their organizations in the financial year, the study found that respondents agreed that there was lack of financial resources as shown by mean of 2.0732, lack of monitoring and controls as shown by mean of 2.1951, corruption as shown by mean of 2.2195, lack of staff motivation as shown by mean of 2.2927, planning and controlling as shown by mean of 2.3415 and poor budget accuracy as shown by mean of 2.4634. Respondents were however neutral on government influence as shown by mean of 2.6341.

Table 3: Budget Participation and Rewards challenges of budget implementation

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std deviation
Participation of all the stakeholders makes the budgetary process to be too lengthy and time consuming.	3	21	5	10	2	2.4829	1.08257
Association of extrinsic rewards with budgetary achievement as a means to motivate managers does not really help in budget implementation.	5	18	5	11	2	2.4829	1.14976
Bonus and promotion or new assignments are not correlated with budget performance.	2	14	9	13	3	3.0244	1.08369
Low level management do not have a significant role in both the initial and revision stages of budget preparation.	4	10	10	12	5	3.0976	1.20010
Lower level management and senior management within council are not linked to budget preparation and implementation.	4	12	9	10	6	3.0488	1.24401

From the findings on the respondents level of agreement on various statements that relate to budget participation and rewards challenges of budget implementation, the study revealed that respondents agreed that participation of all the stakeholders makes the budgetary process to be too lengthy and time consuming and association of extrinsic rewards with budgetary achievement as a means to motivate managers does not really help in budget implementation as shown by mean of 2.4829 in each case, respondents were neutral on bonus and promotion or new assignments are not correlated with budget

performance as shown by mean of 3.0244, lower level management and senior management within council are not linked to budget preparation and implementation as shown by mean of 3.0488 and low level management do not have a significant role in both the initial and revision stages of budget preparation as shown by mean of 3.0976.

Table 4: Major challenging stages in the budgetary process is the Performance Evaluation

Challenges of Budget implementation	Very great extent	Great extent	Moderate	Less extent	Not at all	Mean	Std deviation
There is poor feedback in the budgeting process for attainment of the expected quality and standards in planning, control & leadership	9	18	10	4	0	2.2195	.90863
The Feedback does not critically focus on the extent to which employees have achieved expected levels of work during a specified time period	3	21	13	4	0	2.4390	.77617
Budgets being a standard for performance are not used to evaluate the organizational performance	5	16	9	5	6	2.4805	1.25523
Budgeting at council does not place a high importance on the budget-to-actual comparison for performance evaluation purposes	6	10	11	11	3	2.4780	1.18733

On the extent to which major challenging stages in the budgetary process contribute to the challenges at respondents organizations, the study found that the following were rated to great extent, there is poor feedback in the budgeting process for attainment of the expected quality and standards in planning, control & leadership as shown by mean of 2.2195, the feedback does not critically focus on the extent to which employees have achieved expected levels of work during a specified time period as shown by mean of 2.4390, budgets being a standard for performance are not used to evaluate the organizational performance as shown by mean of 2.4805 and budgeting at council does not place a high importance on the budget-to-actual comparison for performance evaluation purposes as shown by mean of 2.4780.

The study revealed that the possible solutions to the major challenges in budget implementation facing the organizations were proper mechanism in monitoring budget implementation, following budget recommendations, involving all the departments in budget implementation, efficient planning and control of budgets, constant and consistent performance evaluation, constant review of budgets, having budget controls, early planning, transparency and accountability, staff involvement, sticking to the proposed

budget, proper feedback system, proper budget forecast, training budget planners and adopting technology to improve on accuracy.

Table 5: Extent to which various aspect of budget affects its implementation

	Very great extent	Great extent	Moderate extent	Less extent	Not at all	Mean	Std deviation
Budget accuracy	23	15	3	0	0	1.5122	.63726
Staff motivation and commitment	10	18	12	1	0	1.8976	.80015
Performance evaluation	13	21	6	1	0	1.8854	4.91414
Budget Participation and Rewards	10	19	12	0	0	1.9488	.73997
Budget Planning and Control	24	14	3	0	0	1.5178	.63726

On the extent to which various aspects of budget affect its implementation, the study found that majority of the respondents rated the following to great extent, budget accuracy as shown by mean of 1.5122, budget planning and control as shown by mean of 1.5178, performance evaluation as shown by mean of 1.8854, staff motivation and commitment as shown by mean of 1.8976 and budget participation and rewards as shown by mean of 1.9488.

Conclusion

From the study, the researcher concludes that budgets are effective in the relief Non-governmental organizations as they served their purpose of forecasting the future, assisting in control, acting as a means by which management communicates to other levels of departments, acts as a means of performance appraisal and also motivates employees to do better.

In the process of budgeting, the relief non-governmental organizations faces some challenges which were; inability to achieve the required value of new businesses, 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 fluctuations or inflation on costs, lack or poor participation, poor co-ordination of the exercise, measurement of some factors is difficult (estimations) and at times it is inflexible to changes/adjustments and also it is expensive as a control/monitoring tool.

Various challenges of budget participation and rewards challenges in budget implementation were participation of all the stakeholders makes the budgetary process to be too lengthy, time consuming and association of extrinsic rewards with budgetary achievement as a means to motivate managers does not really help in budget implementation, bonus and promotion or new assignments are not correlated with budget performance, lower level management and senior management within council are not

linked to budget preparation and implementation and low level management do not have a significant role in both the initial and revision stages of budget preparation.

The possible solutions to the major challenges in budget implementation facing the organizations were proper mechanism in monitoring budget implementation, following budget recommendations, involving all the departments in budget implementation, efficient planning and control of budgets, constant and consistent performance evaluation, constant review of budgets, having budget controls, early planning, transparency and accountability, staff involvement, sticking to the proposed budget, proper feedback system, proper budget forecast, training budget planners and adopting technology to improve on accuracy.

Recommendations

From the findings and conclusions, the study recommends that in order to address the challenges of budget implementation, the relief non-governmental organizations should ensure that all the units in the organization are involved in the budget preparation, that the budget preparation is allocated enough time and that there should be proper participation/co-ordination of the exercise led by the CEO.

The management of relief NGOs can overcome the challenges of budget implementation in their organizations through proper mechanism in monitoring budget implementation, following budget recommendations, involving all the departments in budget implementation, efficient planning and control of budgets, constant and consistent performance evaluation, constant review of budgets, having budget controls, early planning, transparency and accountability, staff involvement, sticking to the proposed budget, proper feedback system, proper budget forecast, training budget planners and adopting technology to improve on accuracy.

It is also recommended that budgets should be used properly in order to ensure that organization's resources are utilized efficiently and within the budget as much as possible. The study also recommends that operational budgets should be prepared in such a way that everybody who is required to use it will be able to understand it without any difficulties.

There is need for relief non-governmental organizations management to design policies that will help reduce the challenges faced during budgeting which are inability to achieve the required value of new businesses, 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 co-ordination of the exercise, measurement of some factors is difficult (estimations) and at times it is inflexible to changes/adjustments and also it is expensive as a control/monitoring tool. The study recommends that an in-depth study should be done to determine the challenges of operational budgeting in the Non-governmental organizations.

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