PRACTICES AND CHALLENGES OF PUBLIC FINANCIAL MANAGEMENT IN SELECTED PUBLIC FINANCIAL SECTORS IN SILTE ZONE, SNNPRS, ETHIOPIA

MA THESIS

BY: TEWFIK AWOL

NOVEMBER, 2023

HAWASSA, ETHIOPIA

PRACTICES AND CHALLENGES OF PUBLIC FINANCIAL MANAGEMENT IN SILTE ZONE: THE CASE OF SELECTED PUBLIC FINANCIAL SECTORS IN SILTE ZONE, SNNPRS, ETHIOPIA

MAJOR ADVISOR: **ASFAW GNEATO** (PhD)

CO-ADVISOR**: BEYENE BADA** (MA)

A THESIS SUBMITTED TO THE SCHOOL OF GOVERNANCE AND DEVELOPMENT STUDIES, COLLEGE OF LAW AND GOVERNANCE, SCHOOL OF GRADUATE STUDIES, HAWASSA UNIVERSITYIN

PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS IN DEVELOPMENT MANAGEMENT

NOVEMBER, 2023

HAWASSA, ETHIOPIA

DECLARATION

I, the undersigned, hereby declare that this MA thesis entitled " **Practices and challenges of Public Financial Management in Selected Public Financial Sectors in Silte Zone, SNNPRS, Ethiopia''** is my original work and that all sources of materials used for this thesis have been duly acknowledged.

Name: **Tewfik Awol**

Signature: ______________

Place: College of Law and Governance, Hawassa University, Hawassa, Ethiopia

Date of Submission: _________________

APPROVAL SHEET

This is to certify that the thesis by Tewfik Awol Dabilo is entitled **"Practices and challenges of Public Financial Management in Selected Public Financial Sectors in Silte Zone, SNNPRS, Ethiopia"** This is submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Development Management, complies with the regulations of the university and meets the accepted standards with respect to originality and quality.

By: Tewfik Awol Sign ___________ Date__________

Name of Major Advisor	Signature	Date
Asfaw Gnefato (Ph.D.)	____________________	________________

Name of Co-Advisor	Signature	Date
Beyene Bada (M.A)	__________________	________________

SCHOOL OF GRADUATE STUDIES

HAWASSA UNIVERSITY

EXAMINERS' APPROVAL SHEET

As members of the board of examiners of the final master's open defense, we certify that we read and evaluated the thesis, **"Practices and Challenges of Public Financial Management in Selected Public Financial Sectors in the Silte Zone, SNNPRS, Ethiopia.''** And recommend that it be accepted as a fulfilling requirement for the degree of master of art with a specialization in development management.

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Name of the Chairperson	Signature	Date
____________________________	__________________	________________
Name of Major Advisor	Signature	Date
____________________________	__________________	________________
Name of Co-advisor	Signature	Date
____________________________	__________________	
Name of Internal Examiner	Signature	Date
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Name of External Examiner	Signature	Date
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Name of Department Head	Signature	Date

Certification of the final thesis, I hereby certify that all corrections and recommendations suggested by the board of examiners are incorporated in to that final thesis:

____________________________	__________________	________________
Name of the SGS Coordinator	Signature	Date

DEDICATION

This thesis is dedicated to my beloved mother, Rukiya Abdela, who deserves to see my academic success. Mam, do you remember the story you told me? That kept me going. Thank you; you deserve my Extol. I pray to God to keep her in peace.

.

Tewfik Awol

ACKNOWLEGDEMENTS

First and foremost, I would like to thank the **Almighty Allah** for his providence and faithful guidance; without him, anything would have come to this end. He protected me, and for this, I will always honor my **God** and give all praise and glory to him for granting me the ability and strength to accomplish this thesis paper all the way through.

And also, I would like to extend my deepest gratitude and greatest respect to my thesis **major advisor**, **Asfaw Gnefato (PhD),** for his tremendous academic support, valuable suggestions, and constructive guidance in writing this thesis with wisdom and patience; without his genuine advice, this research would not have been possible. I really appreciate his invaluable guidance and advice, from the conception of my thesis to its realization in a statement.

Next foremost, my humble gratitude goes to my **co-advisor, Mr. Beyene Bada,** who tirelessly advised and guided me through the preparation of this work. His technical support and encouragement kept my work organized.

Last but not least, my great sincere thanks and my deepest appreciation go to all participants and respondents of the study, my beloved mother Rukiya Abdela, and to all my relatives and those friends, especially Hamza Jemal and Abdurezak Kiyar, for their unreserved encouragements during the whole period of the research work. Furthermore, I am grateful to Dilla University for its full sponsorship of my academic education.

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ABBREVIATIONS AND ACRONYMS

ACCA:	**Association of Chartered Certified Accountants.**
BoF	**Bureau of Finance**
CSRP	**Civil Service Reform Program**
CPIA	**Country Policy and Institutional Assessment**
IBEX	**Integrated Budget and Expenditure**
IFMIS	**Integrated Financial Management Information Systems**
E-GP	**Electronic Government Procurement**
MoF	**Ministry of Finance**
MoFED	**Ministry of Finance and Economic Development**
PEFA	**Public Expenditure and Finance Accountability**
PFDM	**Public Financial and Debt management**
PFM:	**Public Financial Management**
PIM	**Public Investment Management**
UIIDP	**Urban Integrated Infrastructure Development Program**
SAP	**Structural Adjustment Program**
SZFD	**Silte Zone Finance Department**
WTFO	**Worabe Town Finance Office**

ABSTRACT

This study was aimed at assessing the Practice and Challenges of public financial management in selected public financial sectors in the Silte Zone. A descriptive research design and mixed approach was employed. The primary data were collected through survey questionnaires with structured questions and interviews. The secondary data were collected from various documents, publications and government public financial management proclamations, regulations, directives and official documents via a review of official working relevant manuals, and other government documents. The targeted population was servants of selected public financial sectors in Silte zone. A non-probability sampling methods and purposeful sampling technique was used to collecting a data, with a total of 91 sample employees were selected from the two sampled sectors. Questionnaires were distributed to the sampled respondents. After respondents returned the questionnaires, the interview took place with the thirteen budget, procurement, and audit directors, coordinators and experts in the sectors, Primary and secondary data were collected by means of document review, observation, questionnaires, and interviews and analyzed using descriptive statistics using Statistical Package for Social Science version 26, with the results presented in the table, while the qualitative data was analyzed and presented via narration. The study found that, all public financial activities carried out based on the federal and regional government public financial administration legal framework and it needed update the federal and regional public financial management regal framework and lack of cash, insufficient budget, management , lack of well-trained financial personnel, audit difficulty, political instability of the countries and the region, fragmentation of the region, and dependability on national and regional grants were the major challenges that faced the public financial sector to effective and efficient management of public finance. The study recommended expanding internal and external revenue sources; amending procurement rules to increase servant salaries and other perquisites; improving the budget; and ensuring adequate management and strong employee commitment in the financial framework and its implementation. Additionally, the study recommends that similar studies be undertaken in other public financial sectors to generalize the findings of this study.

Key words; Budget, Internal audit, Procurement, Public financial management practice, public financial management legal framework, challenges of public financial management.

CHAPTER ONE

1. INTRODUCTION

This chapter deals with the introductory parts of the research and encompasses the background of the study, the statement of the problem, the objectives, the basic research questions, the significance of the study, the scope of the study, the organization of the study, the limitations of the study, and the definition of operational key terms.

1.1. BACKGROUND OF THE STUDY

Public financial management underpins all governmental financial activities, including tax collection, allocation of finance among diverse uses, expenditures, and expenditure recording. Public financial management refers to the set of laws, rules, systems, and processes used by sovereign nations (and sub-national governments) to mobilize revenue, allocate public funds, undertake public spending, account for funds, and audit results (Lawson, 2015). Any country attempting to compete on an international level must deal with both the advantages and disadvantages of a global trend. In the modern world, a crucial factor in fostering and maintaining national economies is the efficient and effective use of public finance in the public sector. Ahmad (2013) claims that effective finance management is necessary for the achievement of development objectives. The efficient management of public finances is a fundamental factor for economic growth and has the potential to reduce poverty in a sustainable manner (Andjun, 2010).

Moreover, public financial management refers to the government's taxation and spending; this has an impact on how resources are collected and how revenue is distributed in the governmental budgetary sectors. Governments of many nations set their fiscal year micro- and macroeconomic goals in order to meet their yearly objectives and finance their yearly government spending. The public finance budget cycle's spending phase includes all of the following: budget preparation, internal controls, accounting, internal and external audits, procurement, and monitoring and reporting tools (Rosen, 2002). In relation to this, the budget is the most crucial tool for managing public finances in the government's financial processes.

In accordance with the above, many countries are looking more and more at methods and frameworks to improve and modernize public financial management. Effective financial management, accountability, and transparency in the use of public funds are also very likely to boost public trust in government organizations (ACCA, 2010). It affects the distribution of finances to address regional and governmental objectives, the accessibility of resources for investment, and the cost-effectiveness of public services. Effective and efficient financial management is also responsible for managing all national resources, in addition to encouraging and maintaining economic growth, increasing income, and protecting, developing, and using resources (ACCA, 2010).

Public Financial management in the financial sector plays a vital role in allocating optimum resources for government sectors. A financial management system gives an organization's resource allocation for attaining its goals some structure (UK, 2009).This demonstrates that in order to accomplish organizational goals, each sector's public financial processes should be completely functional, and the sector's existing resources must be effectively used to achieve its specified objectives.

Moreover, the public financial management strategy encourages the effective provision of services for poverty alleviation and economic development, ensures accountability and oversight of public funds, and promotes macroeconomic and fiscal stability. In addition, it also directs the distribution of public resources in accordance with national priorities. Efficient and effective public financial management is essential to addressing the problems of the present global financial crisis and the fiscal adjustment process (Tkachenko, 2022). It claimed that in order to use money wisely to address public financial issues, the world requires effective public financial management in the financial process.

To increase openness, efficiency, accuracy, and accountability factors that enable the public sector to accomplish its goals, financial management practices must be effective (Kendie, 2018). This shows that good public financial management methods increase the performance and capability of the public finance sector by having a clear plan and removing financial mistakes to become more effective with public money.

If development goals are to be met, careful financial management is essential, as is stressed in many circles (Maina, 2016). In this regard, the South Nation Nationalities and Peoples Regional States lead a variety of governmental financial sectors in the region, which are generally under the authority of the Ethiopian Ministry of Finance, to allocate finances for various zonal and woreda administrations. The regional audit general oversees, controls, and audits the region's governmental financial activities. Budgeting, capital raising, careful capital use, financial decision-making, boosting productivity, raising business value, and encouraging saving all depend on sound financial management. Financial management must address budget gaps and inefficiencies in order to meet the organization's objectives as a result of this inability to utilize the resources of the organization effectively (Solomon., 2018). Therefore, the researcher assessed the practices and challenges of public financial management in a selected public financial sector in the Silte Zone, Southern Nation Nationality, and Peoples Regional States of Ethiopia.

1.2. STATEMENT OF THE PROBLEM

Finance refers to the funds utilized or required to support any project or activity carried out by a governmental or non-governmental entity. It has been referred to as the existence of an organization. It takes a solid public finance management system to handle public service in order to fulfill short-term, medium-term, and long-term governmental objectives and sustainably reduce poverty. This gave the country the ability to control its own growth and development. However, financial mismanagement is one of the key problems with the process of financial growth and development in emerging market economies, such as those in Africa (Ahmed & Masood, 2012).

Moreover, different countries in the world faced multiple financial problems that limited the fulfillment of the needs of society. Due to this, the public service entered into poor management of the available finances, which results in theft, misappropriations, and money being diverted from initiatives that are given priority (Ogbonnaya, 2000). Poor management of public finances leads to the inability of the government to shift the line of development. Lucy (2016) claims that improper financial management affects the government's efforts to achieve its vision by leading to a lack of essential infrastructure, misallocated projects, a poor learning environment, and consequently low performance.

Similar to the above, surprisingly, the majority of the public financial sectors of the government are experiencing financial challenges as a result of significant financial deficits and irregularities. For around a year, Ethiopia's Auditor-General has found financial irregularities and financial misuse in Ethiopia's public financial sectors (Auditor-General, 2020). Poor allocation and ineffective management of restricted resources are signs of poor public financial management (MoFD, 2023). The report which released on June 2020-2021 there is a variety of financial mismanagement was occurred. And also regional general auditor found different financial mismanagement in the sectors (BoF, 2022). This is mainly a consequence of the country's poor public financial management practices (Abayneh, 2018).

It is impossible to imagine the progressive development of a country's economy without well-managed public finances. The failure to prepare end-of-year financial statement reports, insufficient and irregular auditing, lack of accounting supporting documentation and records, and incompetence in procurement are a few of the financial problems that government learning institutions face (Magak, 2013). And Magak (2013) came to the conclusion that budget management and utilization in secondary schools in the study area are inefficient and ineffective, and that there is a pressing need to look into the variables that influence financial management practices and give school principals the proper financial management training.

Most previous researchers have concentrated on examining, investigating, and describing the behavior of business enterprises in practicing financial management, which is slightly interrelated with the public financial management sector. Their findings are mainly related to exploring and describing the behavior of business enterprises' towards financial management practices. Moreover, previous research studies came from developed economies such as the United States of America and Europe. According to Maina (2016) conducted research on how public financial management strategies affected the provision of services in Kenya. The goal of the study, which was carried out in the cities of Nairobi, Kiambu, and Kajiado, was to determine how the devolved governments' budgeting, revenue-raising, auditing, and regulatory processes influence and effect service delivery. The studies find out different factors that affect the management of public finance to address service.

Moreover, in others conducted Financial management practices of public finance in different part of Ethiopia and they have not incorporated related area in the key financial management practice in the study to comprehensively to assess its practice and challenges. Also, prior studies in Ethiopia focus normally on small businesses and private sectors excluding public financial sectors which need financial management to inculcate dramatic changes and development most related study done internationally do not generalized the findings to all other public sectors especially in emerging country like Ethiopia, and failed to acknowledge that these sectors face different challenges. The research conducted by Girmaw (2021) factors affecting financial management practices in the government secondary schools he found a financial management challenge that hinders the effective uses public school funds. This indicated that the public finance highly mismanaged that affected the development of the country.

Similar to the above, the National and Regional Audit General Report showed that there was a various financial and administrative audit finding, those finding highly affected the effective and efficient use of public finance. Moreover, the selected public financial sectors in the Silte Zone Finance, the periodic financial and administrative report showed that there were a serious of financial problems and challenges in the financial activities of the sectors. This is a serious constraint to poverty reduction that affects the public and private sector, as well as the effectiveness of development as all. Development cooperation without adequate management of finance all, the activity of organizations are restrained (Tefera B. , 2018).

According to the annual, quarterly, and other seasonal financial statements reports from the silte zone finance department that were sent to council and other lower and upper public bodies in the 2022–2023 fiscal budget year indicated that, lack of cash at the time of requirement, there is insufficient budget allocated for activities and they are unable to finish capital projects in the zone and political instability of the country. Accordingly, this is true in other areas of Ethiopia.

There are many gaps that need to be addressed, including the absence of empirical data from less developed economies like Ethiopia and the lack of assessment public financial management practice in the area and their challenges affect financial activities. Their Numerous challenges regarding the practice of public financial management exist in Silte Zone. The main challenges to effective public financial management in the government financial sectors in Silte Zone include issues like financial incapacity in ongoing activity of the public finance sectors, lack of government revenue sources, improper planning, financial deficit, insufficient budget, lack of cash, and others. They focused only on the problems of financial management, not on the practices of financial management. Thus, this gap needed to be addressed. Therefore, this study tried to assess the practices and challenges of public financial management in Silte Zone finance Sectors.

1.3.OBJECTIVES OF THE STUDY

1.3.1. General objective of the study

The general objective of this research was to assess the practices and challenges of public financial management in selected public finance sectors in the Silte Zone.

1.3.2. Specific objectives of the study

The study had the following specific objectives to achieve the main objective of the study.

1. To assess practice of public financial management in the study area.
2. To describe the challenges of public financial management in the study area.
3. To examine the action taken by the government to resolve the challenges of public finance management in the study area.

1.4. RESEARCH QUESTIONS

1. What are the practices of public financial management in the study area?
2. What are the challenges of public financial management in the study area?
3. What solutions are taken by the government to resolve the challenges that faced the practice of public financial management in the study area?

1.5. SIGNIFICANCE OF THE STUDY

Financial resources need a great attention because of scarce resources in the world (UNESCO, 2013). Public Finance is a crucial value in the public sectors and it needs strong managements to accomplishing government objectives. This study assessed the practices and challenges of public financial management in terms of budget, public procurement, audit, and some regulatory practices and their contribution to the development of Silte Zone Finance sectors. From the significance of this study, it was provided for the administration sectors and sectors by providing supportive ideas and information to reach better public financial management practices, and efficiency and effective use of public finance for concerned bodies and society; and what challenges affect public financial management in the sectors as well as what measures have to be adopted in order to resolve the challenges of public financial management. Furthermore, the study serves as reference material for further study for anyone who wants to make further assessments on the topic and others related areas as well as in the study area, and then the research will print important documents for the institution.

1.6. SCOPE OF THE STUDY

The research was focused on assessing the practices and challenges of public financial management in terms of budgeting, procurement, auditing practices, and some related regulatory practices, and challenges in the selected public financial sectors in Silte zone, which were found in Silte zone, South Nation Nationality and Peoples Regional state, Ethiopia. This study was concentrated on public financial managements (budgeting procurement, internal audit and regulatory practice) and challenges of in Silte Zone Finance Department and Worabe Town Finance office. The study was employed mixed (qualitative and quantitative) research approach and respondents of this study were servants, experts and head/ coordinators in selected public financial sectors in Silte zone. The study was used primary and secondary data and descriptive analysis methods were employed.

1.7. LIMITATIONS OF THE STUDY

In spite of the fact that every study has its own limitations that are barriers for perfection, no one study can be perfect. A limitation for the purposes of this study was regarded as any factor that was present from the onset and affected or could have affected the attainment of research objectives during the course of the study. These matters and occurrences are out of the researcher's control, which limits the extent to which the study can go and may affect the end result and conclusion of the study. Regarding to this, the researcher limited and trickle out the deepest challenges of public financial sectors in the study area. This has been carried out with the following limitations: Lack of Sufficient notable references related to the issue mostly related to the legal framework of public financial management practice and their challenges and the busy schedule of respondents by engaged in their own activities was the other problem. In addition, the top and the middle managers are busy and the researchers cannot get the managements timely. Lack of money at the time of the requirement, shortage of electric current, and other challenges were faced during the study. To overcome this, the researcher arranged the time based on the interest of the respondents and used the time that the respondents were free from their routine activities. Generally, the researcher was used different measures to mitigate the impact of those limitations.

1.8. ORGANIZATION OF THE PAPER

The thesis paper was organized into five chapters. The first chapter consisted of the background of the study, the statement of the problem, the objectives of the research, the questions of the study, the significance of the study, the scope of the study, the limitations, the operational key terms of the study, and the organization of the paper. The second chapter included a review of related literature. The third chapter contained research methodology. The fourth chapter includes data presentation, and the final chapter contained the conclusion and recommendation part of the research.

1.9. DEFINITIONS OF KEY TERMS

Finance is defined as the management of money and includes activities such as investing, borrowing, lending, budgeting, saving, and forecasting (CFI team, 2022).

Finance (financing) plays the most important role in government's activities and it is defined as the nerve center of governments. This means without financial resources; other management functions are meaning cuss. And it is a decision-making system for allocating funds and using resources in order to achieve governmental priorities and objectives efficiently, economically and effectively. This simply implies that using financial resources in efficient manner, leads to poor development, frustration, false plan and other challenges (Robinson, 2007).

Public finance is concerned with the income and expenditure of public authorities, and with the adjustment of one to another (Dalton, 2003).

Budgeting practices – practices that specify the ways and means by which the public funds are allocated to the different activities in the county government (Akpa, 2008).

Procurement means obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means (SNNPR, 2012)

Auditing practices: systematic and independent examination of data, statements, records, operations, and performances, financial or otherwise, of the country's governments (Athmay, 2008).

Public financial management practices they are set of processes that are used by governments to mobilize revenue, allocate public funds, and undertake public spending, account for funds and audit results (Lawson, 2015).

CHAPTER TWO

2. REVIEW OF RELATED LITERATURES

2.1. INTRODUCTION

This chapter sought to review the literature that forms the basis of this study. Here, the chapter was comprised a conceptual literature review, a theoretical review, and an empirical literature review.

2.2. CONCEPTUAL LITERATURE REVIEW

Finance can be viewed as the foundation of an organization and is crucial to both the public and private financial sectors. Financial management is a system that provides a framework that includes relevant legislation, policies, and guidelines for which the financial capital of an organization is directed towards the attainment of its goals (International Monetary Fund, 2009). The purpose of financial management in the public sector is to "ensure the efficient management of limited financial resources with the purpose to promoting economy and efficiency in the delivery of outputs. As pointed out by Bekker (2009:14) such efficient outputs are required to achieve desired outcomes that was serve the needs of the community" (Bekker, 2009:14)

Public financial management encompasses organizing, procuring, and using government financial resources as well as creating appropriate policies to achieve societal objectives (Onuorah, 2012). The rules, techniques, and procedures that regulate all aspects of government financial management spending are also covered. Having accurate accounting data and understanding how to evaluate it is crucial for making wise, cost-effective, and suitable management decisions (Nagendrakumar, 2017). All government financial sector administration bodies are in charge of managing finances in their areas linked to budget formulation and utilization, procurement, accounting, disbursement, auditing, and other financial activities in collaboration with their other public financial experts.

2.2.1. Public Financial Management practice

Public financial management (PFM) refers to the set of laws, rules, systems and processes used by sovereign nations (and sub national governments), to mobilize revenue, allocate

Public funds, undertake public spending, account for funds and audit results. It encompasses a broader set of functions than financial management and is commonly conceived as a cycle, beginning with policy design and ending with external audit and evaluation (Lawson, 2015).

In accordance with the above, Public financial management practices are a collection of sufficient resources from the economy in an appropriate manner along with allocating and use of these resources efficiently and effectively. Moreover the practices include resource generation, resource allocation, and expenditure and resource utilization. There are several components of financial management and include financial planning and control, financial analysis, accounting information, management accounting (pricing and costing), capital budgeting and working capital management among others (Fung, 2012). Public Financial Management encompasses the mobilization of revenue and Expenditure. Many PFM topics are highly specialized and include trained experts on issues such as financial management information systems, payroll reform or procurement for public works. But whether one is engaged in the gritty details of cash advance procedures or works on public policy at a broad level, it remains valuable to consider the PFM system as a whole.

PFM is the subject of a sizable body of literature that ranges from theoretical academic textbooks and articles by political science and public administration experts to major handbooks on PFM reform created by a number of international organizations. The field of PFM literature is further expanded by a sizable number of evaluation reports and case studies at a country-specific level. As a result, even though the discussion of PFM literature in this section mainly refers to the chosen public financial sectors, it is also applicable to other public financial sectors in the Southern Nation Nationalities and Peoples. This is according to Fedelino and Smoke's (2013) argument that the key components of PFM and the budgeting process are similar for all levels of government.

Performance in the public sector is determined by how well it can implement its strategies, and good public financial management techniques are crucial for obtaining excellent financial prospects. Additionally, it has been stated that public enterprises are now viewed and expected to perform differently than in the past, with more accountability and proof of value for money being demanded (Ajam, and Fourie, 2016).

Moreover, Strong Public Financial Management (PFM) systems are essential to improved service delivery, poverty reduction and to achievement of the Sustainable Development Goals of United Nation (SDGs) Effective PFM systems maximize financial efficiency, improve transparency and accountability, and in theory was contribute to long-term economic success. Activities range from the preparation and fulfillment of the budget cycle, budget oversight and control, taxing and debt management and procurement, to resource allocation and income distribution, and are increasingly seen as a set of inter-related sub-systems (and organizational and political cultures), rather than a stand-alone activity (WB., 2021).

Since 1991, the country's public finance management has been working in a fragmented way, was not clear and effective, and did not have a complete legal framework; As a result, there were significant gaps in managing and controlling the finances. The vision of the ministry "To be a leading institution in the public service of the country in terms of output and results" Although many works have been done to improve the financial management in the past years, compared to the experience of other countries, researches conducted at different times indicate that improvement works should be done to make the public financial management of the country more effective (MoF, 2018).

In accordance with the above, before the 1991 fiscal year, the country's public finance management did not have a complete legal framework, so there were serious problems and gaps in managing and controlling the finances. As a result, in the 1995 fiscal year, the Prime Minister's Office Government Expenditure Management and Control Reform Programs study explains that a study group was established with government officials, experts and international consultants and after the group conducted the study for two years, the following main problems regarding government financial management and their solutions were identified as discussed below.

With the technical and financial assistance of the World Bank and European Commission, the Ethiopian government is aiming to strengthen its financial management system by developing clear and comprehensive financial management laws, directives, and guidelines that may be applied throughout the nation. (MoFED, 2009). Even while such an effort is positive, the majority of people continue to voice serious complaints about the subpar services that are delivered to them, which is mostly because PFM is not practiced well in the nation. Through time there was a strong need to build Public Finance Management Systems aiming at improving the efficiency of spending of few resources as well as strengthening of governmental institutions, by promoting transparency and enhancing governance. Since then progress was seen in terms of improved Public Financial Management (PFM). However, budget accountability has since been eroded (Solomon, 2018).

Strong financial management in the public sector is a tool for achieving political, economic and social goals. Government, long back water compared with the financial sophistication of the private sector, is realizing that many of the some techniques and approaches that allow private sector firms to grow and provide solid returns to shareholders can be adapted to the public sector to increase return on the public dollar. In an era of diminishing resources and increased demand for accountability and transparency in government, the stakeholders/ of the public sector are demanding more effective and efficient use of public resources.

In particular, from implementing an effective program budget, establishing standardized cash management, implementing modern government accounting and reporting, establishing a strong internal audit to prevent government funds from being wasted, and establishing a transparent and effective purchasing and property management system; There is a lot of work to be done in the future in terms of establishing a modern information system to support the financial operations and strengthening the operation, so it is necessary to design a clear implementation strategy plan (MoF, 2018).

I. Budget practice

Budget is a legal document promulgated by parliament which reflects public policy priorities, authorization rights and the purpose of public resource to be spent. It comprised two parts that is financial and non-financial. Therefore, during budget process the citizens raised questions and debated with government officials and elected representatives which reflect financial accountability is in practice (IFAC, 2016). According to Shah (2007), budgets are crucial financial management instruments used to guide and oversee the operations of sizable and diverse organizations. In addition to governments, which are where budgeting originated, other public organizations, businesses, and private households also use them. A government's forecast of revenue and planned expenditure is laid out in its budget, usually produced on an annual basis. The budget is enacted into a law by the legislature, which authorizes the government to spend funds in accordance with a set of appropriations.

Budget is financial representatives of government activities in the fiscal budget year, it encompasses a broader set of functions than financial management and is commonly conceived as a cycle of six phases, beginning with policy design and ending with external audit and evaluation (Figure 2.1). According to Lawson (2015) claimed clearly the budget cycle and a large number of actors engage in this 'PFM cycle' to ensure it operates effectively and transparently, while preserving accountability.

Figure 1 Budget cycle diagram

Sources: Lawson (2015).

The above budget cycle diagram indicated that the budget cycle is highly compressive and various stockholders were involves in the budgeting process. Accordingly, a collection of PFM laws and regulations further regulate how the approved budget should be executed. Countries tend to have legislation and regulations that specify how the budget document should be prepared and what information it must contain. While some rules and practices differ between countries and continue to elicit lively debate, a fairly extensive body of 'best practice' has emerged with time. According to Ethiopia's PFM rules, budgets are the cornerstone of governmental accounting. After extensive deliberations and budget hearings at various levels, the House of Representatives proclaims the budgets for public entities based on the program budgeting method.

In Ethiopia all budgetary issue applied based on ministry of finance. As the ministry of finance a budget is a legal document that forecast a government expenditures and revenues for a given fiscal year. The Ethiopian government budget process has four stages at all level of jurisdiction (Federal, Regional, and Woreda government) which is guided by Financial Calendar directive issued by the Ministry of Finance to all public budgetary bodies (Mof, 2023). The annual budget proclamation does include details about revenue sources, loans and assistance from bilateral and multilateral organizations, items of expenditures by type (recurrent and capital) and by public agencies, programs, sub-programs, and projects, budget administration, including transfer rights, and other accounting-related matters (HoPR, 2016).

The House of People's Representatives must approve the budget for each fiscal year, which details the federal government's receipts, outlays, and subsidies to local governments, as well as how the budget will be financed. The state council and administrative council must both approve the budget for each fiscal year, which includes regional government revenue experience, subsidies to the administrative hierarchy, and budget financing (HoPR., 2009).

II. Procurement practice

Public procurement plays a central role in development and comprised a substantial share of the national economy in nearly every country. Electronic government procurement, commonly known as e-GP, breaks down the physical barriers of space and time, allowing for more transparent public procurement work accompanied by wider access to information and markets. Procurement is the process of acquiring goods and services, including construction works, which are then utilized to deliver the governments' programs as stipulated in the budget. Obviously, it comes before the disbursement process; however, agencies cannot initiate procurement without the initial inclusion within the budget document of the programs that are going to utilize the procured goods and services (Cahyono, 2017). Public procurement is essential to growth and accounts for a sizeable portion of the national economy in almost every nation.

In the contemporary world many countries tried to modernize the procurement process by using various mechanisms for effective and efficient uses of public finance. Due to these motives many of them started electronic procurement. According to the World Bank (2003b), e-GP is defined as: "the use of information technology (especially the internet) by governments in conducting their procurement relationships with suppliers for the procurement of works, goods, and consultancy services required by the public sector.” The World Bank further defines e-GP under the headings e-tendering and e-purchasing. An e-tendering solution is used for procurement of specialized works, goods and services, characterized by high-value and low-volume transactions.

In addition, Procurement of standard goods and services is addressed using an e-purchasing solution, characterized by low-value and high-volume transactions. e-GP Electronic government procurement, or e-GP, eliminates the constraints of space and time, enabling more open and accessible information and market access along with more transparent public procurement operations. With the help of information and communication technology (ICT), E-GP offers opportunity to implement novel policies that would streamline public procurement for increased effectiveness and economy. In particular, when it is connected with other functional areas of government like the budget, tax, and audit, it aids in enhancing governance and reducing corruption (ADB, 2013).

Accordingly, during budget implementation, procurement refers to the use of public funds to make purchases of products and services in accordance with orders and guidelines issued by the government's purchasing legislative framework. The term "procurement" refers to the entire process of acquiring goods, works, and services. It encompasses all related activities such as planning, forecasting, supply chain management, identifying needs, sourcing, and soliciting offers. It also refers to the creation and award of contracts as well as contract administration up until the full fulfillment of all obligations as specified in the relevant contract(s) (UNIDO, 2018). The amount of the procurement norms' and rules' relaxation previously, the Ministry of Finance had a single department in charge of managing and processing procurement for public institutions. In connection with this, the Public Procurement and Property Administration Agency was established by the government in 2009 following the House of Representatives of Ethiopia's approval of the public financial administration proclamation.

In accordance with Proclamation No. 649/2009, the agency is in charge of overseeing and regulating the procurement practices of federal government entities. According to analysis of modifications to the laws and ordinances governing public procurement, the relaxation of input control is only applicable to the lowering of the maximum financial cap for various procurement methods (MoFED, 2010). Additionally, each government organization's procurement unit is in charge of centralizing procurement choices. However, the directive (article 5, sub article 13c) allows the minister or head of the government agency to provide unit heads of the organization the authority to make procurement decisions up to a specified threshold. Executives of several federal agencies, however, have not given their unit heads authority over some procurement choices. The researchers assessed the disparity between the current procurement procedure and the preference of division or process owners in procurement decisions in public financial sectors to support this document.

III. Internal Audit practices

According to Federal Democratic Republic of Ethiopia Financial Administration Proclamation No. 2009, "Internal Audit" is an independent and objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing in a systematic and disciplined approach to evaluate the effectiveness of risk management, control, and governance processes. Internal auditors must have the knowledge, skills, and other competencies necessary for the job to fulfill their individual responsibilities. In the some way, the internal audit department should have the appropriate knowledge, skills, and other work skills that will help it fulfill its responsibilities (MoFED, 2021).

The purpose of audits is to gather and examine sufficient and appropriate evidence to support accurate financial reporting, effective operations, and adherence to legal and regulatory requirements. The internal audit role gives management and stakeholders' reassurance that the sector controls risks that could obstruct its goals. The effectiveness of the internal controls is evaluated by periodic or continual monitoring (USAID, 2018). Strengthening the audit system in the country plays an important role in providing reliable data useful for the effective management and administration of the national economy.

However their sectors where they work present the internal auditors with a number of challenges. In light of this, it is crucial for public sector offices to have an efficient internal audit unit as a component of a modern governance structure. Additionally, it will suggest that internal auditors and other important members of public bureaus should be expected to work independently and impartially in order to improve the high quality of public services, achieve an effective internal control system, prevent corruption, ensure an effective governance system, encourage accountability, and encourage greater transparency. Whereas, it is necessary to ascertain that the financial management of the federal Government offices and organizations in various developmental and administrative activities follow proper accounting procedures, that the manner of revenue collection, fund disbursement and property management is in accordance with government rules and regulations, and that their plan and program are carried out efficiently and economically with a view to attaining their objectives (FDRE, 2016)

The ministry of education, the ministry of national defense, and the ministry of finance were pioneers in putting the internal audit practice into effect in Ethiopia, according to Lemma (2000). He disclosed it as follows: Although Ethiopia has had an internal auditing function for a while; it wasn't until the late 1980s that it received legal recognition. The Office of the Federal Auditor General was re-established in "the amendment of Proclamation of the Federal Auditor General Proclamation No. 982/2016.

The Office of the Federal Auditor General, Article 101, Sub-Article 2 of the Constitution of Ethiopia. and Article 5, Sub-Articles 1 to 15 of proclamation No. 982/2008 issued to re-establish the office; Also, according to article 13 subsection 1 to 4 and article 2 of the revised proclamation No. 1146/2011, the audit report of the government offices and organizations that the office has audited and audited by the chief auditor, the federal government for emergency assistance, rehabilitation and development.

The Auditor General has the authority to oversee the internal audit duties of public bodies, while the Bureau of Finance and Economic Developments (BoFEDs) of the regions have the authority to supervise and monitor the region's financial management activities. The public bodies are in charge of overseeing the funds allotted and expenditures made in their respective areas. Each public body has an internal audit division that submits administrative reports to BoF. The Regional Revenue Authority is in charge of collecting taxes and duties, and all proceeds go into the consolidated fund account at the BoF Treasury Account. Payroll processing and purchasing are dispersed to BIs. The Office of Regional Auditor General, which reports to the council, conducts impartial external audits.

I. Power and Responsibilities of Internal Audit

Public entities' internal audits have unlimited power to examine any aspect of their finances, assets, and operations. The following obligations were listed for the internal auditor in article 8 sub-articles a, b, c, and d of the amended SNNPR Public Financial Administration Proclamation No. 128/2009.

A) Conduction internal audit at specific intervals to evaluate the performance of the public body and to ascertain that public money and public property are used for intended purposes and submitting audit reports to the head of public body and to the head of the Bureau of finance and economic development, follow-up measures taken based on audit findings;

B. Developing audit programs and audit procedures which are specifically designed to meet the requirements of the public body;

C) Developing a monitoring system which will; at regular intervals, test and report to management and the head of finance and economic development Bureau on the public body’s compliance with the applicable internal and external directives and procedures; and, Advising management, at regular intervals, on its internal practices and controls and on whether they are efficient and economical (HoPR., 2009).

II. Independency and neutrality of internal Audit

The internal audit function should be independent and the auditors should be independent. The internal auditor is free from influence and uses his/her skills to carry out his assigned responsibility flawlessly, and it is said that he has been able to achieve and increase his independence when they were able to carry out they duties and responsibilities in an independent manner, and when the head of the internal audit has direct and unlimited access to the head of the office and the board. Regarding independence, individually, two way reporting relationships can be used to manage concerns at the audit function and office level (MoFED, 2021) And internal auditors must be impartial, unbiased and protected from any conflict of interest (MoFED, 2021).

III. Nature of Work in the internal audit

Internal audit is disciplined, ethical; Uses a risk-based approach and appropriate methodology to evaluate the company's management system, risk management and control system and contribute to the improvement of operations. The credibility and acceptance of the internal audit is achieved when the auditors are proactive and understand the impact of their evaluation results that generate new ideas and potential future impact (MoFED, 2021).

Regarding to internal auditor neutrality, it allows internal auditors to be confident in their performance and to exercise their position on the quality of their work in a non-negotiable manner. In addition, it allows them to present their work and decisions without being influenced by another party. However, if the internal auditor encounters issues that weaken his independence, he must control it personally, at work and at the office level (MoFED, 2021).

2.2.1.1. The Concept of Public Financial Management in Ethiopia

Since 1996, when the transition administration implemented a comprehensive package of civil service reform, the Federal Government of Ethiopia has been involved in a number of PFM reform initiatives. The five subprograms that made up the general framework for public service reform included expenditures on management and control, service delivery, top management systems, human resource management, and ethics. The majority of the PFM reform agenda is covered by the expenditure management and control sub-program, which is further broken down into a number of projects, including: legal framework, budget reform, cash management and disbursement reform, accounts reform, public procurement reform, public property management reform, internal audit reform, information technology reform, financial transparency and accountability, accountants' and auditors' profession reform, and external audit reforecasting (CABRI, 2020).

The implementation of structural adjustment programs (SAPs) concentrated on two main areas: institutional reform and reform of macroeconomic policy (Atkilt, 1996: 56). The involvement of international donors was not without issues; for instance, Wade (2001) outlines very clearly the strained relationship that existed between the Ethiopian government and the International Monetary Fund (IMF) in the 1990s. This relationship was largely a result of the IMF officials' unfavorable opinions of Ethiopia. The EPRDF did, however, create the Civil Service Reform Program (CSRP) in 1996 as a result of loan conditions imposed by the foreign financial institutions tied to SAPs.

The CSRP was also a component of a larger effort to implement a policy of shifting from the previous single-party hegemony to a multiparty system and from the centrally planned economy to a market-based alternative. The political aspect of the transition was also manifested in the shift from a unitary to a federal form of government and the establishment of national and regional self-governments through the delegation of duties and authority to the newly established subnational institutions. Many public sectors that were formerly in the state's custody were denationalized and deregulated as a result of the reforms' economic component (Mengesha & et al, 2006).

PFM reforms: The federal government has a PFM strategy that covers nine major areas, including budgeting, treasury, accounting reporting, internal audit, procurement, and asset management. The strategy spans from 2018 to 2022. The regions have developed their own strategies for the same time period while adopting the federal government's plan. However, none of the plans call for reforming the income collection or oversight processes. The federal government designs all reform activities with a knock-on effect on the PFM of the municipal administration (MoF, 2018).

The government chose to implement PFM reform over time in a primarily piecemeal fashion. The three-stage process used in Ethiopia during the late 1990s and the beginning of the 2000s is described as follows by Peterson (2001: 134): "The first phase is to enhance public comprehension of current systems. The second step entails enhancing current systems to increase their effectiveness. The third step entails extending current systems by adding fresh features that can improve them. The staged approach in the area of budgeting system reform meant that, up until 2004, the focus was on enhancing line-item budgeting's capability before introducing additional elements like performance budgeting. Regional administrations, which were established in the latter half of the 1990s, have also been given more time than the federal government to develop the fundamental capacities and reach a suitable level of usefulness before starting to seek reforms.

2.2.1.2.Public financial management reform in Ethiopia

The initiation of public finance management reform works in Ethiopia applied after Civic Service Reform Program (CSRS). Launched through SAP, before the 1983 fiscal year, our country's public finance management did not have a complete legal framework, so there were serious problems and gaps in managing and controlling the finances. As a result, in the 1987 fiscal year, the Prime Minister's Office Government Expenditure Management and Control Reform Programs study explains that a study group was established with government officials, experts and international consultants and after the group conducted the study for two years. Since the establishment of the Ministry of Finance, one of the original five public organizations, in 1907, public finance management has existed in Ethiopia. But since 1945, when the first budget appropriation proclamation was passed by the parliament, systematic recording and reporting of government accounts have been initiated (MoFEC, 1984). Since then, there have been around 60 years of single-entry and pure cash accounting systems in use. However, from 2003, the country's government has switched to a modified cash-based double entry accounting system, which was finally adopted by all government institutions (MoFEC, 2015).

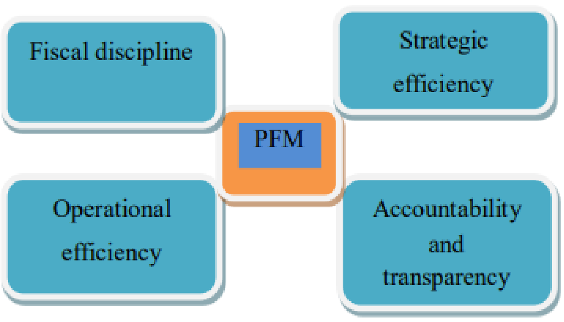
In Ethiopia, Public financial management is the government's various revenue streams Sources that are collected through tax subsidy and debt form to gain money or power to cover, control and manage expenses for the government's regular activities and to accelerate its development of the country, etc., and include the work processes that enable it to be processed, such as budget, disbursement, accounting, procurement property administration and audit work (MoFEC, 2016). Public finance management has been given different interpretations by various international institutions and countries, and in this strategy, public finance management means physical policy, budget management, cash payment and management, credit management, accounting and reporting, audit and internal control, procurement and asset management, and other related monitoring activities (MoF, 2018).

2.2.1.3. Objectives of public financial managements

The primary objective of the PFM system is to maintain budgetary discipline. Fiscal discipline should ensure that the level of tax collection and public expenditure is consistent with the objectives of the budget deficit. It should ensure that government borrowing is not generated. Secondly, the PFM system should ensure the efficiency of the allocation of public resources, namely the compliance of allocated state resources with strategic state programs. Thirdly, this PFM system should provide operational efficiency, namely, the achievement of a price-quality ratio in the delivery of services. Finally, the PFM system should be transparent, open, with the obligatory presence and control and accountability of the persons responsible for the use of public financial resources. To achieve the goals of financial management in the public sector at the current stage, many governments are implementing PFM reforms. To understand the essence of these reforms, the historical aspect of the transformations in the field of public finance was considered. Optimal public financial management would additionally display flexibility that allows the targeted sectors to adjust easily and in the desired manner with the public sector induced changes.

According to Lawson (2015), a successful public financial management system should be able to accomplish a number of important objectives. The primary objective is to maintain fiscal restraint by ensuring that overall tax revenue and public spending levels are in line with desired levels of deficit and do not result in excessive public borrowing. The second objective of PFM is to ensure that public resources are allocated to the agreed strategic priorities or in a manner that maximizes efficiency. Thirdly, the PFM should ensure that operational efficiency is achieved in terms of realizing maximum value for money during service delivery. The fourth PFM objective is adherence to and compliance with due process by being transparent in a way that information is accessible to the public. Democratic checks and balances should be applied to ensure accountability.

Figure 2: Objectives of PFM System



Source: Compiled by the researcher on the basis of Lawson (2015).

The above Figure 2.2 showed the objective of public financial management based on the Lawson (2015). The public financial sectors set SMART (specific, measurable, achievable, realistic, and time-bound objectives) to use the budget effectively. The aims of managing finance in a proper way in any government organization are to use the insufficient resources effectively in the best interest of the government and local community (Mathiba, 2011).

2.2.1.4. Principles of public financial management

As (MoFEC, 2016)the following are the basic principles for managing government finances in Ethiopia's public financial sectors: Those are

- **Predictability**

It is a method of predicting whether the amount of finance, resources, or other amount collected by an institution or an individual to fulfill its purpose was correctly available according to the set time limit.

- **Accountability**

It is the principle of governmental operation by which an institution or individual is responsible for the activities they perform.

- **Transparency**

An institution or person can perceive clearly for the citizens in the procedure and execution time. This is a principle of government operation.

- **Reliability**

Assuring that an organization or person accomplishes their tasks in terms of the services they offer, the quality of the commodities they offer, and the required quantity is a fundamental operating concept.

- **Sustainability**

It is a principle that ensures that the activities of an organization, institution, or individual are reliably available to achieve its long-term goals. For example, to ensure that there is a reliable source of income for the implementation of developmental activities.

- **Equity**

It is a working principle to ensure that the activities performed by an institution or an individual are equally accessible to all citizens and beneficiaries. For example, in terms of environment and wealth level (gender, age, etc.), it is a principle of operation that is seen to be accessible in a fair way.

- **Participation**

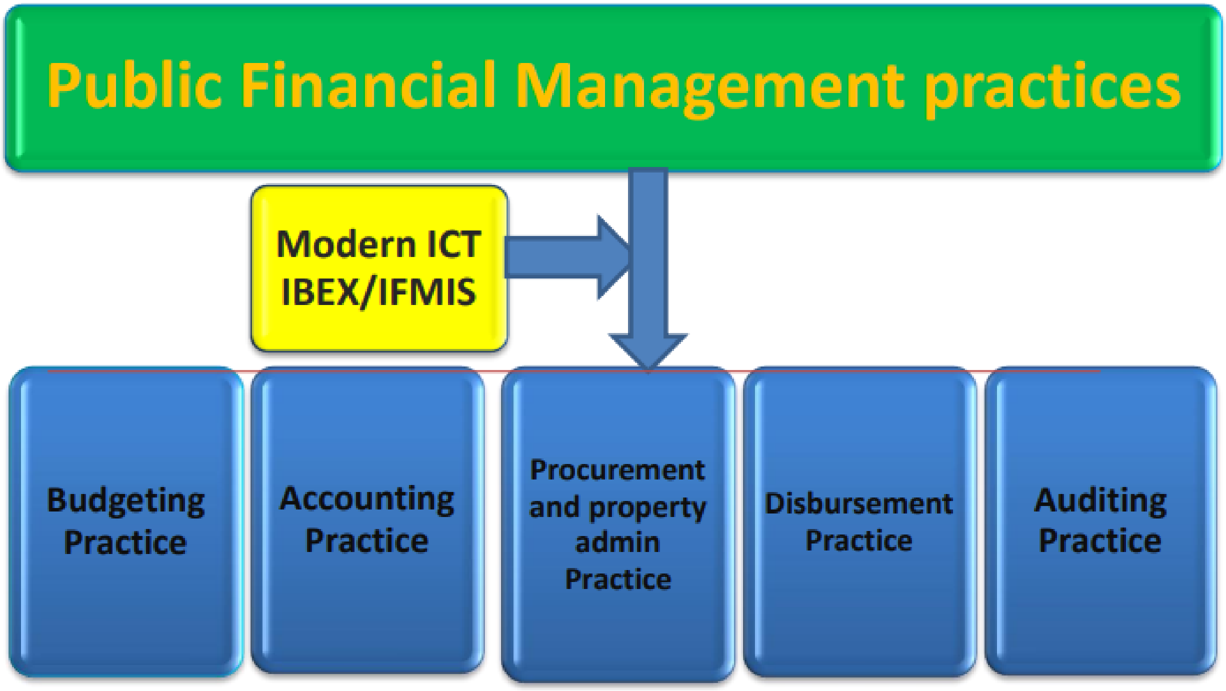
It is a principle to ensure that the activities of an institution or an individual are involved in the planning, budgeting, monitoring, and evaluation of the relevant and directly benefiting parties. For example, it includes involving the community in pre-budget preparation discussions, etc.

- **Effectiveness**

It is a principle that ensures that the purpose that an institution or individual plans to achieve is carried out based on the effective use of resources. For example, to ensure that a project or activity is carried out according to the total cost assigned to it.

In Ethiopia, there are different public and private financial institutions that support and accelerate the country's economic activities. From such financial institutions, including public and private banks, insurance companies, traditional financial institutions (Iqub and Edir), debt entities, and others. Regarding public financial management in government financial sectors, appropriate and clear financial management structures are needed in the sectors. Based on this, the government of Ethiopia applied compressive and clear financial structures in lower public financial sectors of the country. As stated by the MoF and BoF, the lower government financial sector should follow the following operational charts that the ministry of finance and economic cooperation released downwards to the all public financial sector in Ethiopia in 2016.

Figure 3: Lower government financial management sectors chart



Source: MoF benchmark rating manual (2023)

The above figure 2.3 showed that the lower government core financial management sectors activity chart that prepared by Ministry of Finance. Ethiopia's system for managing public finances is based on the French model. Due to the system's excessive use of models, it is rather complicated and bureaucratic. However, the internal control system is effective when there is sufficient competent labor available and the system is carefully followed. It is a single-entry accounting system that uses a cash book and is practical for reporting government annual income and expenditures, but it has certain limitations when it comes to reporting comprehensive government accounts, including significant government commitments, liabilities, and assets. On the other hand, adhere to double-entry bookkeeping based on global accounting standards (UN, 1999).

In the public sector, effective financial management is a tool for achieving objectives in politics, business, and society. The government, which has long lagged behind the private sector in terms of financial sophistication, is now realizing that many of the some strategies and tactics that enable private sector businesses to expand and offer reliable returns to shareholders can be applied to the public sector to boost the return on public funds. The stakeholders and shareholders in the public sector are calling for a more effective and efficient use of public resources in a time when those resources are being depleted and there is a greater demand for accountability and transparency in government. A functional approach to financial management is not sufficient for effective public sector financial management. For public sector organizations to support the goal/performance orientation necessary, an entity-based, integrated approach to financial management is needed. An organization's level of goal and objective achievement can be more clearly seen when financial data is combined with other performance assessments. (Njonde & K, 2014).

financing and economic growth the administrative units of the Zone, Special Wordea, Woreda, and the cities shall maintain records of all financial dealings with the regional state. a financial connection between the Zone, Special woreda, and woreda and the regional state municipal administration must contain budgetary support that will be provided by the regional state to Zone, Special Woreda, Woreda, and municipal administration in addition to the money earned from each (BoFED, 2011).

Define public financial management to concern the planning, organizing, procurement and utilization of government funds as well as the formulation of appropriate policies in order to achieve the aspiration of the society. Public financial management is all about the management and control of budget which states what the government intends to do in a year. PFM deals with the judicious use of fund and also ensures financial accountability.

Fedelino and Smoke (2013) assert that the fundamental elements of PFM and the budgeting process are equivalent for all levels of government, despite the fact that the discussion of PFM literature in this section predominantly concentrates on the central government level. They consequently think that municipal governments can also gain from this literature. In cases where there are differences between the levels of central and local administration, additional reason is provided as necessary. It's also important to keep in mind that PFM has typically been viewed as a local issue due to differences in legal and institutional frameworks between countries, with the literature only very infrequently providing a comprehensive global view on PFM (Steccolini 2010).

Building public finance management systems will be more and more crucial as time goes on since doing so will improve governance, foster and promote openness, and increase the effectiveness of allocating limited resources. Public financial management (PFM) has since undergone changes. Public financial management includes raising revenue and reducing spending. Professionals with advanced training in fields like payroll reform, financial management information systems, or public works procurement are commonly involved in PFM-related fields. Regardless of whether one is involved in the specifics of cash advance operations or works on public policy at a high level, it is still advantageous to consider the PFM system as a whole. It is essential to understand. It is essential to comprehend the ultimate objectives of these duties as well as how various tasks fit within a larger framework of laws and regulations that regulate the administration of public resources (Pollitt, 2008).

2.2.1.5. Importance of public financial management

In both public and private organizations, finance plays a crucial role; it is sometimes referred to as the lifeblood of those institutions. An organization cannot function as an entity and may cease to exist without financial availability and access. The term "public financial management" refers to the gathering, handling, and application of public finance throughout a whole economy. Public financial management strives to improve citizens' lives by more skillfully managing public funds. Finance requirements for ongoing operations and achieving the sectors' short, medium and long-term development goals. The management of public finances in governmental public financial sectors is the essential component of any public financial sector for implementing and carrying out governmental activities and objectives in the direction of the overall micro and macroeconomic policy of the countries, which speaks to the significance of finance for an organization.

2.2.1.6. Modernizing and strengthen public financial management system

Governments in developing nations, such as Ethiopia, are looking more and more into techniques and frameworks to modernize and enhance public finance management. In order to promote efficiency, effectiveness, accountability, transparency, data security, and comprehensive financial reporting, for instance, the Integrated Financial Management Information System (IFMIS) has been introduced over time as one of the most popular financial management reform practices (Mohammed, 2017).

To enhance the efficiency and effectiveness of the public finance administration system introduced by this Proclamation and the Regulation to be issued hereunder, the Minister shall promote the extensive use of electronic methods (HoPR., 2009). This indicated that the framework that the Ethiopian government and the SNNP regional state gives priority and initiatives the modernizing the effective and effective uses of public financial managements improvement and to reducing mismanagement of public finance.

Appropriate budgetary and expenditure management of public financial resources is the responsibility of the Ministry of Finance and Economic Development. However, due to a lack of timely and accurate information for decision-making, the government of Ethiopia has long been deeply concerned about the persistently poor performance of financial management (Mohammed, 2017). In the Southern Nation Nationalities and Peoples, at the regional, zonal, and woreda levels, IBEX is used by majority of budgetary entities for budget administration and financial reporting. IBEX features modules for accounts, budget, accounts adjustment, budget control, disbursement, and budget and it also IBEX operates as a standalone system online. BoFED receives financial reports from regional sector bureaus on a monthly basis, as well as quarterly reports from zones and woredas and a quarterly consolidated report (SNNPR, 2020).

Additionally, the management of financial information and reporting for decision-making had inadequacies, according to a review of financial management, accounting systems, and the role of audits conducted by the Ministry of Finance and Economic Cooperation prior to 2010. In this regard, the ministry has been working continuously to enhance financial management systems through a variety of public financial sector reform programs aimed at increasing transparency, accountability, and responsiveness of public financial resources through standard data classification for recording financial events, internal controls over data entry, transaction processing, and reporting, common processes for similar transactions, and a system design that eliminates human error.

This system connects the essential and specific aspects of managing government finances, enabling quick and effective service. In order to compile budget and accounting reports, the government finance management system, called Integrated Budget and Expenditure (IBEX), is created using contemporary technology. To compile payment, procurement, and material information, an integrated financial management information system (IFMIS) is also being built. Access to accounting resources is made possible by the advancement of this contemporary information system technology in a fast and effective manner (MoFEC, 2016).

2.2.1.7.Legal framework of PFM in Ethiopia

Many developed and developing countries governments are prioritizing strength and stability at the level of individuals' financial institutions and the systemic level as a result of the global financial crisis by tightening financial regulation. Two proclamations have been issued to manage public finance management in an efficient and effective manner, namely the Federal Government Financial Management and Government Procurement and Property Management Decrees. Following these decrees, the Government Finance Management Regulation was approved by the Council of Ministers. In order to implement and clarify the decrees and the financial regulations, government financial, procurement and property management guidelines have been issued. In addition, operational manuals have been prepared that indicated the process and detailed performance of the main activities specified in the proclamation, regulations and executive orders and can help increase the efficiency and experience of employees/executives (MoF, 2018).

With the technical and financial assistance of the World Bank and European Commission, the Ethiopian government is aiming to strengthen its financial management system by drafting precise and thorough financial administration laws, directives, and guidelines that may be implemented all across the nation (MoFED, 2009). Even if the latter is crucial to strengthening financial institutions, it may not be enough to promote inclusive growth, particularly in developing nations. Financial Administration Proclamation No. 648/2009 and a proclamation dated July 27, 2016, amending Financial Administration Proclamation No. 970/2016 of the Federal Government of Ethiopia gives a full autonomous how to collects a government's revenue and expend based on government fiscal year plan to attaining government objectives.

New legal foundations have been developed as a result of Ethiopia's civil service reform. At the federal and local levels, a number of legislation, proclamations, directives, and policies have been enacted to strengthen the government's financial management system and public finance management. An extensive amount of literature has been written about PFM, ranging from theoretical academic textbooks, essays by leading authorities in political science, and handbooks on PFM reform produced by numerous international organizations. A substantial number of evaluation reports and case studies at a national level further broaden the subject of PFM literature.

The Ministry of Finance is the main representative of the Ethiopian government and is in charge of administering and carrying out different financial activities at the national and regional levels that support the nation's sustainable growth. The Financial Administration Proclamation No. 648/2009 (as revised by Proclamation No. 970/2016) and the Financial Administration Regulations contain the guiding principles of public financial administration in Ethiopia. In order to increase public finance efficacy and openness in the management of public resources, the legal framework is intended to promote sensible and good financial management practices for both the federal government and state governments. The Financial Administration Act, which was published in 2009 in proclamation number 648 (as revised by proclamation No. 970/2016), is taken into consideration by the Government sectors based on the proclamation and regulation.

2.2.2. Challenges of Public Financial Managements

It is impossible to overestimate the importance of public financial management in all governmental sectors. Public financial management is a challenging field with numerous recent initiatives and little recent success. In spite of the fact that putting public financial management practices into reality is a problem in every country, establishing and carrying out public financial management initiatives successfully in nations with little resources has proven to be particularly challenging. On the one hand, the development of reform initiatives must take into account the "hard technical" constraints surrounding the entire policy and budget cycle in contemporary public finance systems. The implementation of public financial management reform projects, however, must also take into account "soft" institutional and organizational elements. Experience with reform initiatives has shown that the "soft" components are frequently what stand in the way of successful reform (Danida, 2012).

Traditionally, financial management practices in government institutions are aimed at avoiding wastage and extravagant spending, and especially, the loss of resources through possible fraud, irregularity or improper spending. But the rise of New Public Finance Management, associated with neo-liberalism, has significantly reduced the emphasis given to public financial management regularity and probity (Patrick et al, 2017).

According to Desn (1990), the biggest obstacles facing Malaysian financial management systems are a lack of assistance from central agencies, a lack of trained employees, a lack of organizational management commitment to good budgeting, and a lack of trained personnel.

Other difficulties include the perception that it is a weapon for exerting pressure from upper management (Kishore, 2015). Main challenges in Tanzania regarding PFM performances remain budget credibility, mismatches between approved budgets and expenditure outturns, misuse of public finances, inadequate enforcement of procurement and financial regulations, inadequate financial allocations to development budget, low mobilization of local government authorities' own revenue, and unsecured funding for priority investments. There is also a reluctance of some employees to change mind set and become demand and results oriented in service delivery. Furthermore, advances in budget transparency and accountability are mainly top-down efforts with limited results on genuine institutional reform to increase the power of independent oversight bodies, particularly the resistance of the government to engage with civil society organizations (Quak, 2020).

The public sector derives its funding from internal and external sources, including the national budget, internally generated funds, taxes, and other donations. However, the sector faces a lot of challenges in generating funds (Jesus & et al,2020). Due to financial issues, governments do not receive government subsidies on time, and businesses doer do not pay taxes on time. There are times when funds allotted for one project are managed differently and used for other ventures.

In Ethiopia public finance management since 1991, it was working in a fragmented way and it was not clear and effective, and it did not have a complete legal framework. As a result, there were significant gaps in managing and controlling the finances (MoF, 2018). Public sectors have traditionally been witnessed poor financial performance due to poor financial management practices characterized by: Poor controls and audit trails and systems documentation; Lack of system data checks and controls; Poor response time; Limited ability to generate reports and weak access security. This challenge of public financial management in the sectors is similar most of others sub-Saharan countries. Despite this crucial role of financial management practices, the short-comings of its not far (Hansen & , et al , 2003). The public sector derives its source of fund through the national budget, internally generated fund, taxes, and other donations. However, the sector faces a lot of challenges in generating funds.

This inflation rate demonstrated how closely weak government management was associated with inflation. All of these are indications of poor financial management in the public sector, which includes tertiary institutions. A number of issues with financial management procedures, particularly budgeting procedures, were alleged by Becker (2016). Furthermore, according to Becker (2016), the section that creates the final budgets as well as the restricted resources at our disposal make it difficult to even decide how to allocate the financial budget amount (Becker, 2016).

In accordance with the above, Ethiopia Government tried to figure out the main challenges that hinders the efficient and effective uses of public finance in the last years. By established the study group with government officials, experts and international consultants and after the group conducted the study for two years, the following main problems regarding government financial management. The Ministry of Finance (2018) states that there are issues with public financial management, including challenges using public funds effectively and efficiently, challenges conducting consistent financial management and control over the government, and challenges managing and controlling the government's financial management due to the lack of comprehensive and consistent proclamations, regulations, and guidelines. Government accounts that are combined and audited are extremely antiquated and have a detrimental effect on financial control. The Ministry of Finance's inadequate legal ability to enforce its financial management, the lack of internal audit, the limited internal audit activities across numerous departments, and the internal audit's narrow focus on prepayment confirmation are the main challenges in Ethiopian public financial sectors.

2.3. THEORETICAL LITERATURE REVIEW

An analysis of financial management theories is presented in this section. New public management theory, allocate efficiency theory, system theory, and financial control model theories of organizations are examples.

2.3.1. The New Public Management (NPM) theory

In this study, the theory was used to link good public financial management, allocation, and supervision methods to efficient service delivery in the public sector. The New Public Management (NPM) hypothesis is a body of research that focuses on how to make governments more effective (Kaboolian, 1998). According to Cooper and Schindler (2006) theory is a set of systematically inter-related concepts, definitions and propositions that are advanced to explain or predict phenomena (facts). The New Public Management (NPM), which includes financial management reforms, has recently been incorporated by some governments all over the world. With the implementation of this legislation, the government switched from using the conventional cash basis to fully accrual-based accounting. The UK launched the New Public Management (NPM) project in 1979, and by 1991, numerous nations had taken it up. Increasing rivalry with the private sector and measuring efficiency are two goals of the New Public Management project. This tactic has been taken by numerous nations, who have switched from accrual IPSAS norms to traditional government accounting (Ofoegbu, Grace N., 2014).

2.3.2. Systems Theory

This theory was applied in this study to indicate how the PFM practices of budgeting and accounting, procurement auditing and regulatory framework work as a system to ensure that public finances are efficiently utilized to provide services to the people. The systems theory was devised by Easton (1965), broadly posits that the systems theory focuses on a set of patterned relations involving frequent interactions, and a substantial degree of interdependence among members of a system (Easton, 1965). Systems theory is grounded on the notion that intents or foundations within a group are related to one another and in turn interact with one another on the basis of certain recognizable processes.

Further state that sub-components exist as a system of related constituents and that reform or development of one subcomponent is dependent and conditioned on the state of the other components if development objectives are to be met. All the identified sub-components of public financial management are important in a development context and must be improved in order for government to implement its development and service delivery objectives. This therefore was used in this study to explain how the four selected public financial management practices can influence each other and how to challenge by others pattern.

2.3.3. Theory of Financial Control

The present and future personal functions of human beings are asserted to constitute the fundamental point of reference in a theory of financial controls. This theory stipulates that the existing and possible functions of financial tools for organizations are essential. In the some light, it is stated that payments, financial instruments, accounting, control models, economic calculations, and related considerations, both within and outside of the organization, ought to be discussed with regard to not only inner characteristics but also possible effects. It is noted that establishing the relationships between various activities and financial processes, from a financial control point of view, is a general and basic issue (Joshi et al, 2003). The idea of financial controls for organizations naturally centers on the businesses, allowing for many latitudinal perspectives on them. The first is concerned with how people behave and what is achieved through organizational efforts.

The second focuses on the organization's structure, its operations, and the interactions that different parties have with one another. The third section deals with control systems, which are recurrent processes and techniques used to link current and future functions to resources on both an internal and external level. It is suggested that the aforementioned financial control techniques are essential for both broader economic systems and individual organizations. The last and fourth sections provide examples of how various organizations approach certain problems in their own unique ways. According to the theory's further predictions, structural and financial control mechanisms interact (Joshi et al., 2003). Given that it aids in a better understanding of the complexities surrounding public financial controls, the financial control theory is extremely pertinent to the current study.

2.3.4. Allocate Efficiency Theory

Farrel introduced the Allocate Efficiency Theory for the first time in the late 1950s. The theory demonstrates how effectively using limited resources can meet the needs of people. It is crucial to provide enough resources to meet everyone's wants and projects in order for allocate efficiency to exist. In this study, the theory is helpful since it helps demonstrate how revenue collection, budgeting, auditing, and governance can be used to improve allocate efficiency. According to Brumby (2007), the management of public finances has three main objectives according to the traditional view of public finance: stabilization, reallocation, and redistribution. The three objectives' interrelationships are what lead to the biggest financial issues (Brumby, 2007). The stabilization objective is achieved using budgetary means that prevent inflationary and deflationary fluctuations.

The government uses its fiscal policy to regulate various business fluctuation stages. When there is inflation, a surplus budget can be used to maintain economic stability, and when there is deflation, a deficit budget can be used (Chand, 2023). The government's purpose in budgetary policy, which strives to reallocate resources in line with profit maximization and social welfare objectives, is also to achieve the goal of resource reallocation. With the purpose of promoting investments, tax breaks and other financial incentives might be used to reallocate resources. For instance, the government can levy high taxes to deter the production and consumption of liquor.

The government's involvement in the creation of goods and services that the private sector lacks interest in can also result in the reallocation of resources (Chand, 2023). By employing budgetary tools to address income and wealth inequality, the redistribution goal can be achieved. Raising the living standards of the poor and taxing the wealthy are two ways to lower income inequality by lowering the incomes of the wealthy and increasing spending on the poor. Only in the presence of a working public finance system can the economy of a nation grow steadily. When the government wishes to intervene in the economy, it uses the public finance system as a tool. This is so because the economy's aggregate supply and demand are both impacted by governmental budgets. The reallocation of available financial resources and the establishment of conditions for the maintenance of stability in the national financial system are to blame for this impact on demand and supply (Rozkho, 2016).

With the challenges of financial sustainability facing today’s public sectors, an understanding of the best financial management practices can help to ensure that these organizations are financially stable. There are certain financial management practices that are essential for a healthy functioning of any public organizations. These include budgeting process and sound ongoing internal controls. Budgeting therefore becomes a critical activity for these organizations. Managing the movement of funds in relation to the budget is essential for a public sectors performance (Demba, 2013).

Extant literature reveals that the financial management processes of public institutions, are generally weak and dominated by conditions of resource scarcity vis-à-vis the ever increasing agenda of development activities on which such funds could be spent (Demba, 2013). Despite the decrease in funding, some of the public sectors have continued to perform well financially. Accordingly, the above theory indicated that finance is used prudently in an effective and efficient manner. The theories mentioned above were important for the research; however, the researcher concluded that from the above theories, new public financial management and the theory of financial control were used for this research.

2.4. EMPIRICAL LITERATURE REVIEW

This section provides a review of empirical studies that have been conducted in the field of financial management practices in government and their challenges. The literature in this section is presented in relation to research objectives. The gaps established in the past studies are also provided, with a summary of the gaps being presented at the end of this section.

In accordance with the above, Maina (2016) conducted research on how public financial management strategies affected the provision of services in Kenya. The goal of the study, which was carried out in the cities of Nairobi, Kiambu, and Kajiado, was to determine how the devolved governments' budgeting, revenue-raising, auditing, and regulatory processes influence and effect service delivery. The study found that in the three cities, service delivery is positively impacted by budgeting, regulatory procedures, and stakeholder involvement. However, income mobilization, spending habits, audits, and forensic accounting had a negligible impact on service delivery. The regional governments' shortcomings in their auditing were cited as the reason why the impact of auditing on service delivery was so little. Another reason why auditing cannot affect service delivery is that it is completed after the fiscal year has ended; as a result, the audit's findings and recommendations cannot have an impact on service delivery during that fiscal year.

In addition, Bealem (2015) conducted a study on the evaluation of financial management procedures at a number of international non-governmental organizations working in Ethiopia's health sector. The primary objective of the study is to assess the financial management practices of a few INGOs in Addis Abeba. This study has also demonstrated the effectiveness and high caliber of existing financial management practices because they have clear procedures and processes in place for the majority of the major categories examined. A sound financial management system will reduce resource waste, improve output, and guarantee the business has control over the money needed to go through more challenging times or money shortages.

Moreover, according to the Tefera (2018) study conducted on the practiceof Financial Resource Management, he concluded that the lack of participatory planning, budget rule violations, destruction of financial records, and subpar financial reporting were identified as the main causes of secondary school finance misuse, while the transparency and thoroughness of stakeholders in financial planning were also identified as important factors. It was also acknowledged that they had the duty to at least endorse the principals' strategy for the school. Due to the lack of effort made by administrators and other actors with financial responsibility, the practice of monitoring money entering the school budget was minimally examined as a trend. The trend toward budget reviews in the sample secondary schools was less useful. The execution of pay and account for money spent on upkeep and construction activities was disregarded, and the activity took precedence over the proper finance activities in the management system of finances. It was unlikely that the sample schools' practice of communicating and reporting school finance to the community had a low level of access to financial information for the stakeholders (Tefera, 2018).

The majority of research on financial management's variables has been conducted in other countries, with only a few studies conducted in Ethiopia focused on the public financial sectors, whereas various researchers have conducted research related to financial management in public sectors. Effective public financial management in Ethiopia has proven difficult for the government, with reports of billions of birr going missing or not being properly accounted for every year. It needs to be improved with both political will and policy changes. Today, significant government positions are still more often avenues of personal wealth generation than privileged positions to serve society. Corruption will remain a challenge if winning political parties fill vital public offices with individuals who do not have a shared aspiration and there are no checks and balances put in place to protect the misuse of power (Solomon, 2018).

Different researchers carry out a study to identify the challenges related to public financial management differently. Additionally, even if the Public Financial Management Act, 2016 Act 921, exists, the legal framework for Ethiopia's public institutions lacks several crucial details. These cover electronic financing management, resource allocation techniques and guiding principles, financial incentives for the public sector, accountability, and how to put quality control measures into practice. Unfortunately, the Act does not explicitly state the optimal methods for managing public finances in the public sector. It is surprising that there has not been much research on public financial management in Ethiopia; thus, this study aimed to assess the practices and challenges of public financial management in some selected public financial sectors in the Silte Zone.

2.5. THE CONCEPTUAL FRAMEWORK OF THE STUDY AREA

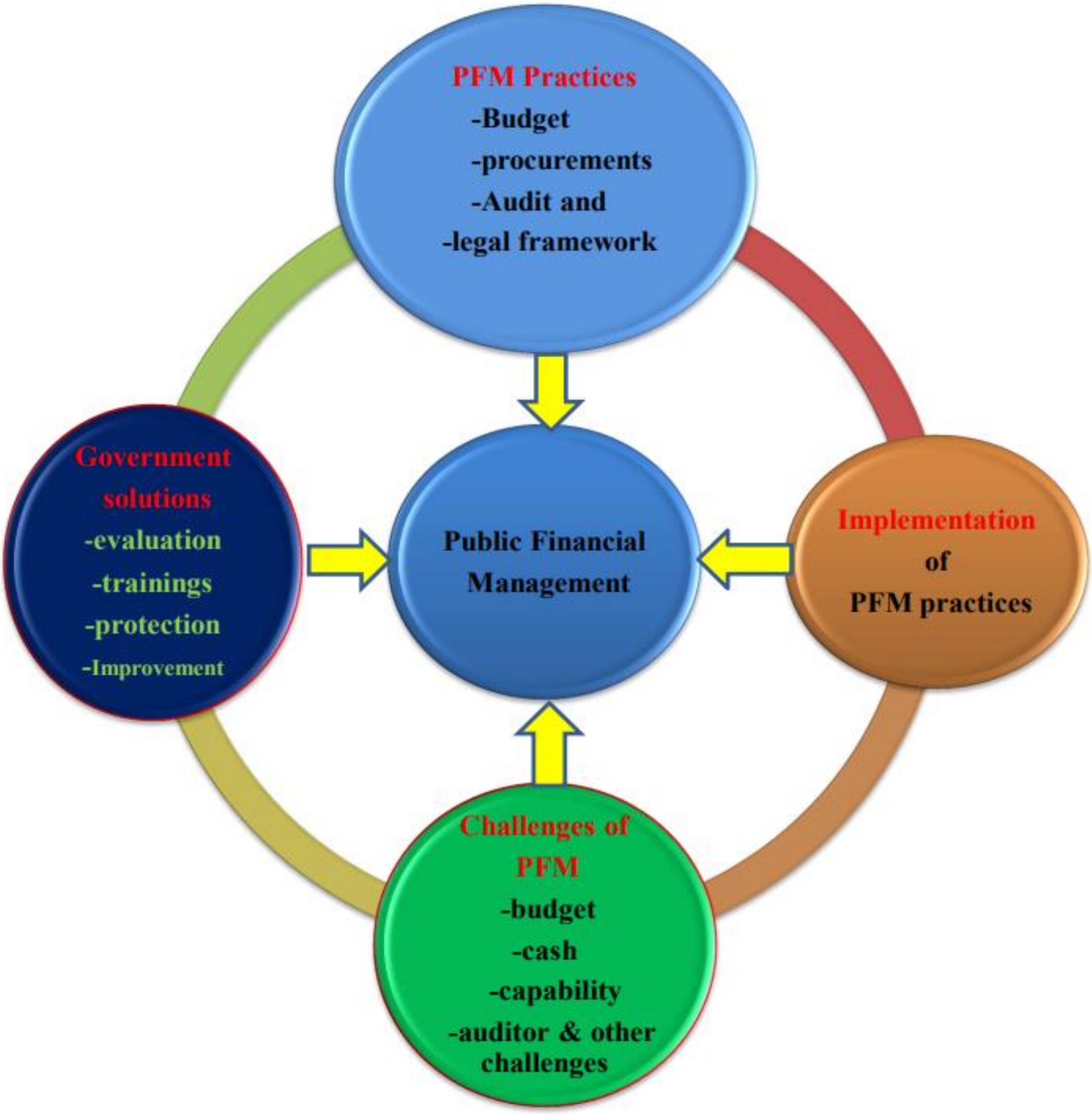
A conceptual framework is a diagrammatical research tool created to help the researcher gain awareness of the issue being studied, comprehend it, and convey this understanding. In research, a conceptual framework is used to illustrate a preferred method of thinking or to describe potential courses of action. It can be described as a collection of broad concepts and guiding principles used to organize a subsequent presentation, drawn from pertinent disciplines of investigation (Mohammed, 2017).The framework for certain anticipated results is completed by the linking of various building elements.

According to educational researcher Yadav (2010), conceptual frameworks are made up of a number of big ideas and theories that support proper problem identification, question framing, and book selection. Most academic research begins with a conceptual framework because it aids the researcher in defining his or her study issue and goal (Van Kamp & De Hollander, 2003).

A conceptual framework is a research instrument that can aid in increasing one's knowledge and comprehension of the issue that is being examined and evaluated. Additionally, by employing graphs, it provides a comprehensive and guiding comprehension of the findings. It displays how independent and dependent variables interact. The government-run public finances' influencing variables are the independent variables, and the public financial management variables are the dependent variables. The framework conceptualizes how public financial management practices (budgeting, procurement, internal audit, and the some legal frameworks) have an impact on the sector's financial viability and long-term growth as a whole as well as at the national level. In the context of the current study, the researcher describes four independent variables and one dependent variable, as shown in Figure 2.4, in order to evaluate effective and efficient public financial management in the government sector for the sustained and holistic development of countries.

A conceptual framework makes the interactions between dependent and independent variables very evident. The conceptual framework for this study is depicted in Figure 2.4, which also displays a potential association between the independent factors and the dependent variable. The following conceptual framework is based on the literature review section's discussion from above. The researcher created a framework to have a thorough grasp of the issues and practices of public financial management.

Figure 4 conceptual framework of the study



Sources: complied based on Literature review (2023)

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. INTRODUCTION

Research methodology helped the study discover answers to research questions through the application of scientific procedures. This chapter describes the study area, research design and method, target population, sampling design and sampling technique, sources of data, data collection instrument, data analysis and presentation, validity and reliability, and ethical considerations in data collection.

3.2. DESCRIPTION OF THE STUDY AREA

The study was carried out in Silte Zone's selected public financial sectors in the Southern Nation's Nationality and People's Regional State. The researcher selected the Silte Zone Finance Department and the Worabe Town Administration Finance Office from among the several public financial sectors in the zone. One of the 11 zones and 5 special woreda that make up SNNPRS, with a total area of 2670.06 square kilometers, is the Silte zonal government. Astronomically, it is located roughly between latitudes 700431 and 800101 N and longitudes 370861 and 380531 E. It shares a boundary with the Hadiya Zone in the south, the East Oromia Region, the north and north-west Gurage Zones, and the south-east Halaba Zone (SZPD, 2023).

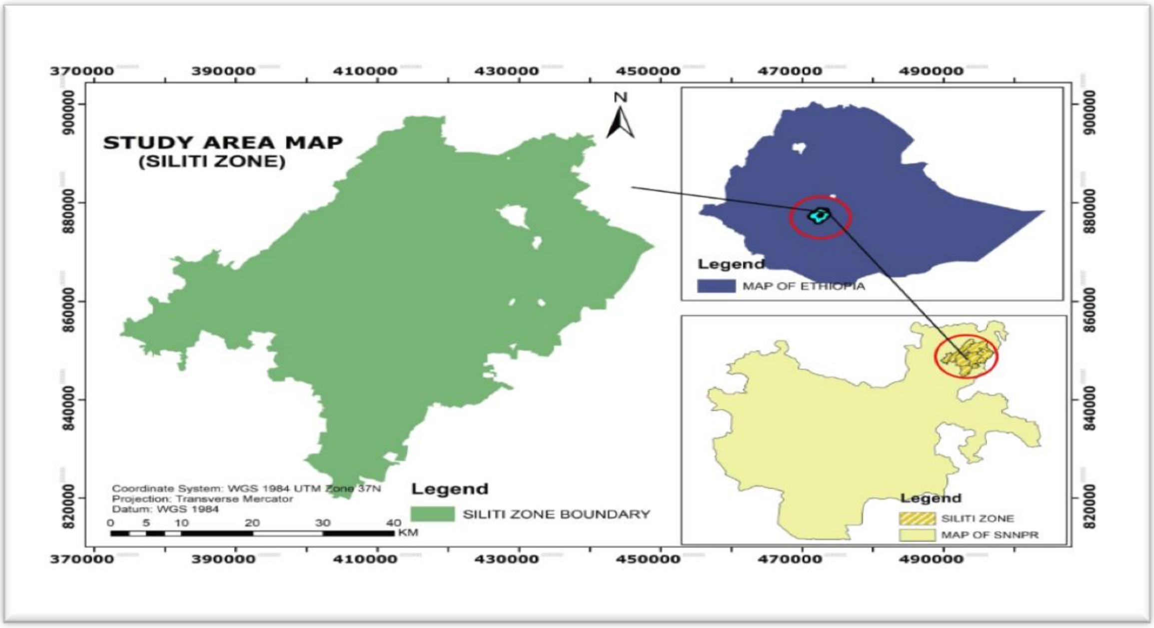
The Silte zone was established soon after the referendum that was taken by the Silte nationality on March 23, 2001. In the referendum, more than four hundred thousand people participated. After many scarifications, the Silte peoples got their nationality and formed the zone by eight weredas and selecting one town center. But now the Silte Zone contains 10 Woredas and 5 town administrations, namely, Dalocha, Silti, Misrak Silti, Lanfuro, Mito, Sankura, West Azernet Berbere, East Azernet Berbere, Hulbarag woredas and Worabe, Tora, Kibet, Dalocha, and Alem Gebeya Town Administrations. Worabe Zonal Capital Town is located on the main road from Addis Ababa to Hosanna, just 172 kilometers away from Addis Ababa (SZPD, 2023).

According to the 2007 Population and Housing Census of Ethiopia, the population of the zone in 2013 E.C. was about 1,200,762, with 48.90% male and 51.10% female concerning the settlement. 82.17% and 17.83% of the population live in rural and urban areas, respectively. 99% of the population is Muslim (SZPD, 2023)

Silte zone is one of the central zones of the region, with large plains, mountainous areas, and plateaus. Regarding the climate of the zone, it has two different agro-climatic conditions: high land (DEGA) and temperate (WEYNA-DEGA), consisting of 20.5% and 79.5%, respectively. The average temperature ranges from 12–26 °C and the average annual rainfall ranges from 780–1818 mm, with over 80% of the population engaged in agriculture (SZPD, 2023).

The zone is located in the northern part of the South Nation Nationality and Peoples Region as well as the country's center. The Silte Zone is located 172 kilometers south of Addis Ababa, the Ethiopian capital. Furthermore, it is a considerable distance from Hawassa, the temporal political center of the South Nations Nationalities and Peoples Regional State. The purpose of this study was to describe the current state of practice in the zone on public financial management, including the challenges associated with budgeting, auditing, procurement, and some related regulatory processes.

Figure 5: Map of the study area



Sources: Silte zone plan department (2023)

3.3. RESEARCH DESIGN AND METHOD

Since the research design is the master plan for specifying the methods and procedures for collecting and analyzing the needed information, or the detailed outline of how an assessment and investigation will take place, in this research design section, the researcher answered: how data was collected, what instruments were employed, how the instruments were used, and the intended means for analyzing the data collected. The researcher used a descriptive research design, and the reason why the researcher used a descriptive study design is because the researcher is interested in described the existing situation that was understudied. In order to achieve the main objectives of the research, a mixed method was employed that was both qualitative and quantitative. The purpose of using such a mixed-methods approach was to gather data that would not be obtained by adopting a single method and for triangulation so that the findings with a single approach could be substantiated with others wherever possible.

While a qualitative technique provided the researcher with more information and depth, a quantitative approach enabled the researcher to measure and evaluates data. The researcher collected data using a variety of approaches, including survey questionnaires, interviews, and documents. The research then employed a descriptive research design to assessed financial management practices and challenges utilizing percentages, tables, and figures.

3.4.TARGET POPULATION

The study population of this study was the civil servants of the Silte Zone Finance Department and the Worabe Town Finance Office. There are sixteen public financial sectors in all in the zone: one zonal public finance department, five town administration public finance sectors, and ten woreda public financial office sectors. The researcher selected two public financial sectors: the Zone Public Finance Department and the Worabe Town Public Finance Office.

These two public financial sectors were specifically chosen by the researcher because they have the authority to oversee and regulate sectorial programs for all governmental entities based on their scopes, which are related to public finance, particularly those pertaining to PFM. Moreover, the sector was chosen because it is responsible for making decisions related to public financial management, including those regarding the implementation of PFM directives, fiscal and revenue issues, budget, cash, disbursement, government accounting and reporting, internal audit and internal control laws, and policy execution at their level. The researcher chose these sectors because, in the first place, Silte Zone finance is the oldest public financial sector, having gained its independence after a protracted struggle to exercise the nationality rights that the House of Federation had granted for nationality across the entire nation and was organized as a zonal administration. The Worabe town finance office sector was also chosen because it serves as a major center for financial transactions in the zone and as a political and economic center for the zonal administration.

Table 1: Target population determination

R.no	Purposively selected public financial Sectors	Target population number size	Per cent (%)
1	Silte Zone Finance Department	68	57
2	Worabe Town Finance Office	51	43
Total		119	100

Source: SZFD and Worabe town finance office Human resources directorate (2023)

3.5.SAMPLING DESIGN AND SAMPLE TECHNIQUES

A population is a collection of items from which a sample will be chosen, according to Diamantopoulos (2004). On the other hand, a sample is a group of people chosen from a defined population with the aim of extrapolating the results to the entire population. Constraints make it difficult to cover the entire research population; hence, a sample is chosen as a representative. Sampling is a technique for making generalizations about the population by using a small sample size or a portion of the entire population.

The Worabe Town Finance Office and the Silte Zone Finance Department were specifically chosen from among other public financial sectors in the zone since they were formerly in charge of all governmental financial operations in the macro- and microeconomic activities in the Silte Zone. A non-probability sampling technique called "purposeful sampling" is used when the researcher makes a decision about which items to include in the sample.

Researchers are aware that employing good judgment can help obtain a representative sample while also saving time and money. This sampling technique was used to ensure that the selection of respondents was able to provide the needed information for the research study in order to ensure that the rich information provided would be statistically representative, as in probability (Creswell, 2013).

The researcher purposefully selected the two public financial sectors because they have the right and power to regulate and supervise the sectorial programs, especially on PFM issues of all government entities. More specifically, the sector is selected because all decisions regarding public finance management, including the implementation of PFM directives, fiscal and revenue issues, government expenditure, budget, cash, disbursement, government accounting and reporting, internal audits and internal control laws promulgations, and policy implemented at their level.

3.5.1. Sample size determination for survey respondents

The objective of the study was to assess the practices and challenges of public financial management in the Silte zone. The sample frame of the targeted population was only the servants of the Silte Zone Finance Department and Worabe Town Administration Finance Office sectors servants, which was totally 119, and the total targeted population was taken from the Human Resources Directorate in the sectors. As the two human resources directorate experts: the Silte Zone Finance Department, there are 68 employees, and in the Worabe Town Administration Finance Office, there are 51 employees working in the sectors. After the target population was taken from the sectors, the researcher from each directorate, who are employees of selected public financial sectors, arrives at the sample size determination that used the system. To determine the samples of the sectors, the researcher used the following sample size determination formula to determine the sample size of the population in the Silte Zone: selected public finance sector servants. The formula was developed by Taro Yamane (1967) and calculated as follows:

$$\mathbf{n} = \frac{\mathbf{N}}{\mathbf{1 + N(e)2}}$$

Where **n** is the sample size,

N is the population size, and

e is the level of precision or sampling error = (0.05)

$$\mathbf{n} = \frac{\mathbf{119}}{\mathbf{1+119(e)2}} = \mathbf{91.7148}$$

Hence, the total sample size is 91. Therefore, the researcher took 91 samples out of 119 target populations in the two public finance sectors. Since the number of people in both public finance sectors is not the some, the sample size for both sectors was calculated using the following formula:

$$n_1 = \frac{\mathbf{nN1}}{\mathbf{N}}$$

Where n= total number of samples
N= total number of population
N1= total number of population in both sectors
n1= number of samples in each sectors

Table 2: Sample size determination

R.no	Purposively selected Public financial Sectors	targeted population number size	Sample size	Percent %
1	Silte Zone Finance Department	68	52	57
2	Worabe Town Admin office	51	39	43
Total		119	91	100

Sources; own survey (2023)

3.5.2. Sample size selection for key informant interviewee

The research was conducted in the Silte Zone Finance Department and Worabe Town Finance Office in Silte Zone to assess the practices and challenges of public financial management. After collecting quantitative data from all sampled respondents, the researcher purposefully selected thirteen key informants, six from the Silte Zone Finance Department and six from the Worabe Town Finance Department at each directorate, and additionally, one UIIDP program coordinator in the Worabe Town Finance Office. The researcher purposefully selected those key informants because they were coordinators and deputy heads of the sector and experienced, and they also may have had holistic knowledge and skills about public financial management practices and challenges in the sectors.

3.6. SOURCE OF DATA

Both primary and secondary sources of data were used by the researcher. Interviews and survey questionnaires were used to gather the majority of the data. Secondary sources of information were acquired from a variety of textual sources, including manuals, proclamations about public finance, rules and guidelines, working manuals, reports, published and unpublished books, websites, and other materials. According to Bryman (2015), the questionnaire was designed as a five-point Likert scale, with 1 denoting "strongly agree," 2 denoting "agree," 3 denoting "neutral," 4 denoting "disagree," and 5 denoting "strongly disagree."

3.7. DATA COLLECTION INSTRUMENT

There are various procedures for collecting data. The main instruments used in this study included both survey questionnaires and structured interviews. These different ways of gathering information could supplement each other and hence boost the validity and accuracy of the data. Accordingly, quantitative data were obtained through survey questionnaires, and qualitative data were gathered through structured interviews. The questionnaires collected from the public financial sectors contained mostly closed-ended and open-ended questions as the main instruments for assessing the practice and challenges of public financial management. In this study, mostly survey questionnaires were used because it was convenient and appropriate to get relatively uniform data regarding the research problem with the given resources.

The other method of data collection that was used in this study was face-to-face interviews with the relevant directorate’s coordinators, deputy heads, and experts in the selected sectors. The interview method of data collection is preferred due to its high response rate. It gives the thirteen people concerned an opportunity to interact and get details on the questions and answers. Through interviews, clarification of issues is easily achievable, leading to the accuracy of the data from the respondents.

The items of the questionnaire were mainly developed based on the research objectives and research questions. Before distributing the questionnaire to the sampled respondents, a pilot survey was conducted. To this effect, twenty-sampled participants were purposely selected, and the questionnaire was distributed to them. The filled-in questionnaire responses were collected and analyzed using statistical tools such as the Cronpach alpha test. If the result of Cronpach alpha was greater than 0.70, as it is within an acceptable range, the questionnaire was distributed to the out-of-sampled respondents drawn from the study population.

For the accomplishment of this situation, five-point Likert scale-type questions were applied to positively constructed questionnaires. The type of scales used to measure the items on the instrument are five-point Likert scales (strongly agree to strongly disagree) to assess the practice and challenges of public financial management in selected public financial sectors in Silte Zone. Furthermore, the researcher employed a structured interview for additional information from experts, directorates, and the deputy heads of the sectors.

The pretest was conducted in order to ensure the validity and reliability of the questionnaires. Accordingly, for the information obtained from the pre-test, some modifications, corrections, and additions of words, phrases, and items in the questionnaires were accomplished.

3.7.1 Survey Questionnaire

One of the most popular methods for gathering quantitative data throughout the research process is the use of a survey questionnaire. Due to a questionnaire's adaptability for a survey study with a large number of respondents, it was mostly used for data collection. Both closed-ended and open-ended questions on the survey were written in English. Questions about public financial management related to budget, procurement, audit practices, and some legal frameworks that are related to public financial management in the financial administration of the federal and regional governments practice and its challenges, and its government solutions for the challenges were posed to the respondents. The reason behind using a questionnaire was that it helped collect data from a large number of respondents that would participate in the study

3.7.2. Interviews

The most popular technique for gathering qualitative information about subjects' thoughts, beliefs, and feelings regarding the circumstances in their own words is an interview (Manion & Cohen , 2000). When conducted properly, qualitative interviews may be a significant source of information because they allow participants to observe the world from their own perspectives (Maree, 2007).The interview question was prepared in English and approximately all sampled finance sectors servants' educational backgrounds were degree and above.

The interview was conducted in Amharic to make communication easier, so seven interview questions were designed to gather data from the selected public financial sector directorate in the financial sectors. Interview questions were employed for budget directorates, procurement and property administration directorates, and audit directorates by six selected interviewees in each sector, and additionally, one PFM UIIDP program coordinator in the worabe finance sector. A total of thirteen interviewees participated in the interview, and they were purposely selected in order to get relatively more detailed qualitative information. Finally, interview notes were summarized and translated into English.

3.7.3. Documents

To gained background information and contemporary issues about the sector's public financial management practices and experiences, key documents were reviewed. Moreover, the overall public finance management practices related to the budget, procurement, and auditing legal framework proclamations, regulations, directives, and the sector financial documents were reviewed, as were financial plans, and written reports on financial management and guidelines in the legal framework of public finance management were also reviewed.

3.8. DATA ANALYSIS AND PRESENTATION

The data collected through a self-administered questionnaire and then processed using a tool called the Statistical Package for Social Science (SPSS) version 26 to increase the accuracy and reliability of the study. The data were checked and edited to ensure completeness, accuracy, and uniformity. The data were coded after checking and editing and entered into the computer for analysis. Only questionnaires that were returned and fully completed were deemed valid and used in the analysis. After different types of raw data were processed, the data was analyzed and interpreted using descriptive analysis. Finally, the data was effectively processed, analyzed, and interpreted by using tables, figures, and percentages to display descriptive statistical results and provide a concise picture of the data.

3.9. VALIDITY AND RELIABILITY

The reliability, validity, and trustworthiness of the research methodology and the data should be used to assess the quality of any data collected by an interview, a questionnaire, an observation, or any other method (Creswell, 2013). In fact, every researcher should be concerned with reliability and validity while planning a study, interpreting the findings, and determining the quality of the study (Patton, 2012). Contrarily, reliability is defined as dependability or consistency (Neumann, 2004).

The possibility that a particular measurement technique will consistently produce the some description of a particular phenomenon is demonstrated by reliability. The goal of dependability is to reduce biases and errors in research (Neumann, 2004). The identification of theories and question items was made possible by a thorough literature assessment in the study area. Regarding the validity of the research tool, a Cronpach alpha was used to assess the reliability of the data. The questions on the questionnaire were developed with consideration for the research problem and goals, as well as theories pertinent to the study's objectives. From 0 to 1, the Cronpach alpha scale has value.

Reliabilities within the ranges of 0.6, 0.7, 0.8, and 0.9 are considered acceptable and good, according to Nunnally and Bernstein (2010). The questionnaire items are very reliable, with a Cronpach's alpha of 0.708. In addition, a pilot study was carried out to determine the reliability and validity of the research instrument. According to Neumann (2004), the sample size for a pilot study should be 10% of the sample size anticipated for the larger parent study. However, Hill (2018) contends that a survey research pilot study with 10–30 participants would be appropriate. This was done for twenty (20) individuals out of the two public financial sector servants that were chosen. The existence of the pilot study guaranteed that the concepts and wording were vivid and helped to anticipate any potential bias or misunderstanding impacts of the question items. After the pilot study, changes were made to the questionnaire. After the researcher conducted a pilot study in the Dalocha Town public financial sector and assured the reliability of the questionnaires, the researcher conducted the research in a purposefully selected sample area. A research paper, "Assessment ofthe practice of public financial management in selected public financial sectors in the Silte Zone,"

Table 3: Reliability of the study

	Items	Items No	Cronpach alpha
1	Budget practice	6	.746
2	Procurement practice	7	.789
3	Audit practice	5	.728
4	Regulatory practice	5	.648
5	Challenges of PFM	7	.737
6	Solution for the challenges	5	.601
	Total	35	.708

Sources: own survey (2023)

3.10. ETHICAL CONSIDERATION

The researcher takes into account certain ethical concerns that must be taken into account when gathering data for the study. The researcher took support from Hawassa University College of Law and Governance School of Governance and Development Studies to concerned bodies before going to the field, and the researcher contacted authorities of SZFD and WTFO and made clear the objective of the study. The researcher followed major ethical principles in the process of data collection and with respondents, which are respect for a person’s autonomy and confidentiality. Guarantee that the letter is legal, respect for human rights and dignity, keep the obtained data confidential, be truthful with the public, and avoid what to read. Before they respond, respondents respond. In response to the researcher's needs, the respondents provided a range of questions and replies. The information provided by respondents about the researcher's inquiry is clear. None of the respondents behaved unethically. The primary data gathered from the respondents was investigated using descriptive statistical methods for each variable using SPSS version 26. The findings are tabulated and represented graphically, and their implications are discussed;

CHAPTER FOUR

RESULT AND DISCUSSION

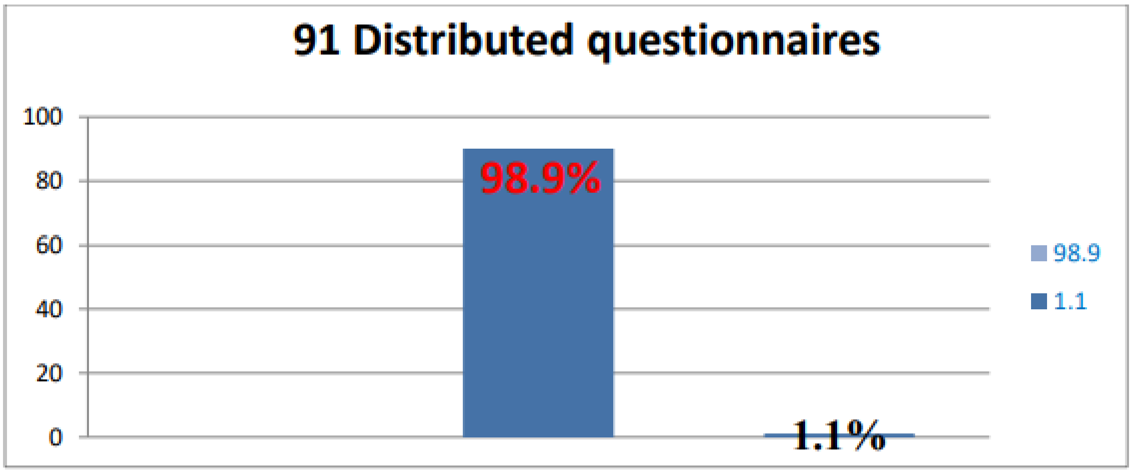
3.1. INTRODUCTION

As discussed in the preceding chapters, this research tried to assess the practice of public financial management in the some selected public financial sectors in the Silte Zone. The targeted sample was public finance sector employees of the Silte zone finance department and Worabe town administration finance office sector, and the researcher took sixty-eight and fifty-one civil servants from the Silte zone Finance Department and the Worabe town Finance Office, respectively which was totally 119. This chapter presented the main issues of the actual findings, which are based on the primary data collected using survey questionnaire results and interviews and secondary data collected from various document sources such as government financial administration proclamations, regulations, directives, working manuals prepared and released by the Ministry of Finance and the SNNPRS Bureau of Finance, sectorial reports, articles, archives, and other important documents.

4.1.1. Response rate

The number of respondents who filled out questionnaires completely and according to directions divided by the total number of respondents who make up the survey group is known as the response rate (Holbrook et al., 2007). After the researcher conducted a pilot study in the sectors, the nighty one (91) questionnaire was distributed to the nighty one respondent in the study area. The total number of questionnaires that were successfully filled out and returned for analysis was 90. This meant that the response rate was 98.9%. According to Nulty (2008), this response rate was highly adequate and acceptable for analysis.

Figure 6 Respondents response rate



Source: Own Survey (2023)

As shown in Figure 4.1, a total of 91 survey questionnaires were distributed to the silte zone finance department servant and worabe town finance office servant after distributing the questionnaires, of which 90 (98.9%) respondents returned the questionnaires and only 1 (1.1 percent) of the respondents were not returned.

4.1.2. General personal information of respondents

The following table presented and analyzed the demographic data of sampled respondents in the Silte Zone Finance Department and Worabe Town Finance Office sectors. These included the sex of the respondents, their educational background, educational specifications and work experience. The respondents were asked structured questions to gathered information on these concerns, and their responses were presented and analyzed below. Personal data from respondents was essential for bolstering and ensured the data that had been gathered.

Table 4: Sex of respondents

Sex	(F)	(%)
Male	56	62.2
Female	34	37.8
Total	90	100.0

Hint: F= frequency; % = present

Source: Own survey result (2023)

Table 4.1 indicated that 62.2% of respondents were male, while the remaining 37.8% out of 90 total respondents were female. This result showed that most respondents in the Silte Zone Finance Department and Worabe Town Finance Office were male, and compared to males, female servants in the sectors were low. Compared to the past years, the female employment rate in the sector has improved, which is fair to ensure inclusive development.

Table 5 Table Ages of the respondents

Age	F	%
18-27	15	16.7
28-37	49	54.4
38–47	16	17.8
48-57	10	11.1
Total	90	100.0

Source: Own survey result, 2023

Hint: F= frequency;   % = present

Table 4.2 indicated that out of 90 respondents, about 54.4% were between the ages of 28–37, 16.7% were between the ages of 18–27, and 17.8% out of 90 respondents were between the ages of 38–47. The remaining 11.1% of the respondents were between the ages of 48 and 57. This indicated that most respondents between the ages of 18–27 and 37–70 were the youngest and most active personnel capable of performing their activities effectively.

Table 6 Table Educational background of respondents

Educational background	F	%
Bachelor's Degree	70	77.8
Master's Degree	20	22.2
Total	90	100.0

Source: Own survey, 2023

Hint: F= frequency;   % = percent

Table 4.3 from the above table showed that 77.8% of respondents had a bachelor’s degree, while the remaining 22.2% out of 90 respondents had a master's degree. This result indicated that the majority of the respondents in the Silte Zone Finance Department and the Worabe

Town Finance Office had a bachelor's degree, and the other remaining employees had a master’s degree. This indicated that the servants of the sectors had a good educational background to meet the objectives of the sectors.

Table 7: Educational specifications of the respondents

Items	F	%
Accounting and finance	31	34.4
Management	27	30.0
Economics	14	15.6
PADM	4	4.4
Others	14	15.6
Total	90	100.0

Source: Own survey, 2023

Hint: F= frequency; % = percent

Table 4.4 indicated that most respondents, 34.4%, had an educational specification of accounting and finance, and 30% had management; 15.6% of the respondents were economics; 4.4% of the respondents had an educational specification of public administration and development management; and the rest, 15.6%, were out of the specified specification. As we know, the financial sector mostly needs personnel whose educational background or specifications should emanate from most-needed or parallel business and economics. The result indicated that the composition of the specification was good and included all types of educational specifications except for a few that the public financial sector needed.

In terms of educational qualification, background, and field of study, the majority of the respondents had a good level of educational qualification, namely a bachelor’s degree and a master’s degree, which enabled them to have a variety of skills and knowledge of public financial management practices. Moreover, the majority of the respondents studied the field related to business, which enabled them to understand the practice and its implementation in PFM. As indicated in the above discussion, most of the respondents are in accounting and finance, management, and economics, with a total of 72 of the 90 respondents represented 80%. This showed that the majority of the respondents had knowledge about budgeting, procurement, internal auditing, and financial regulatory framework practices that were more important for the implementation of public financial management.

Table 8: Work experience of respondent

Responses	F	%
Below 5 years	16	17.8
6-10 year	37	41.1
11-15 year	17	18.9
16-20	15	16.7
21 years and above	5	5.6
Total	90	100.0

Source: Own survey result (2023)

Hint F= frequency; % = percent

In the case of working experience, most of the respondents had relatively good work experience in their current position; Table 4.5 showed the years of service that the respondents served in the public financial sector. According to table 4.5, out of 90 respondents, 41.1% were served in selected public finance sectors in Silte zone sectors between 6 and 10 years. Moreover, out of 90 respondents, about 18.9% served the sector between 11 and 15 years. Furthermore, 17.8% of the respondents replied that they had served the sector for 5 years or less. While the other 16.7% of respondents served the sectors between 16 and 20 years, finally, the remaining 5.6% of the respondents served the sectors for 21 years and above; they were served and more experienced. This data result indicated that experts in the sectors of the Silte Zone Finance Department and the Worabe Town Finance Office were young, energetic, and smoothly trained about program budgeting. Generally, the respondents work experience clearly showed that the majority of the respondents are a mix of young, energetic, and senior workers in the offices.

4.2. PRACTICE OF PUBLIC FINANCIAL MANAGEMENT IN THE SECTOR

The first objective of this study was to assess the practice of public financial management in terms of budgeting, procurement, internal audit, and the some related public financial management regulatory framework to control and execute governmental financial activities in the study areas in the public financial sectors.

4.2.1. Budget practice in the study area

Budgeting is the most important and core part of public financial management in any sector. It encompassed compressive activity. The following table 4.6 depicted the budget practice in the study area.

Table 9: Budget practice in the sectors under study

	Items	Response	SA	A	N	D	SD	Total
			The scale of agreements					
1	The budgeting process in the sector is inclusive and wide consultations occur with stockholders	**F**	19	49	15	7	-	90
		%	21.1	54.4	16.7	7.8	-	100
2	Citizens participate in the budgeting process to ensure that important issues are given priority for its implementation	**F**	14	50	16	9	1	90
		%	15.6	55.6	17.8	10	1.1	100
3	Enough budgets are allocated for sectors to implement routine governmental activities and complete projects based on clear criteria understood by all stakeholders	**F**	13	14	19	29	15	90
		%	14.4	15.6	21.1	32.2	16.7	100
4	Value for money is a key concern in the budgeting process in your sector	**F**	23	45	11	11	-	90
		%	25.6	50.0	12.2	12.2	-	100
5	Addressing marginalization and being inclusive are key concerns in the budgeting process	**F**	7	38	30	15	-	90
		%	7.8	42.2	33.3	16.7	-	100

Source: Own survey result (2023)

Hint: SA= strongly agree A=agree N= neutral D= disagree and SD= strongly disagree

Basically, a budget has compressive financial documents that encompass government revenue and expenditures in the fiscal budget year, and it passed through various budgeting cycles that begin with the preparation stages and end with auditing and reporting (outcome).

Accordingly, related to budget in the study area, the above Table 9 questions were raised for the servants because of most of the servants were experienced and properly they know about the sector budget matters in the sectors, and based on the questions raised, the following result was analyzed: As table 4.6 items 1 indicated, 21.1% of the sector servants strongly agreed, and those assured that the budgeting process in the sector was inclusive and wide consultations took place with stockholders. From the respondents, about 54.4% agreed that inclusiveness and consultation with stakeholders were important, while 16.7% did not know about this issue, and the remaining 7.8% disagreed by responding that the budgeting process in the sector was not inclusive and consultation did not took place with stockholders.

It can be understood that most respondents supported the idea that the budgeting process was inclusive and consults with various social and economic communities and also political parties before and after prepared and executed its sectorial budget for different governmental budgetary sectors. As interviewees, most of them supported the idea that before the fiscal year budget was approved, the finance sector would consult with various stakeholders based on inclusiveness. These findings indicated that best practices in budgeting were observed in the sectors, consistent with the findings by Craig and Porter (2003) that best budgeting practices such as efficiency, participation, review, and value for money need to be observed.

The interview result that conducted with the budget directorate in the sectors, the budget process was by itself compressive; it was opened for all variety of stakeholders (public sector representatives, merchants, competent political parties, elders, non-governmental organizations, and donors). Before or after the budget is approved, the public financial sector consults with different stakeholders for efficient and effective uses of public finance.

Table 4.6, item 2, identified that 15.6% of the respondents strongly agreed, and 55.6% of the respondents agreed that citizens should participated in the budgeting process to ensured that important issues were given priority for its implementation. However, out of 90 respondents, around 17.8% were neutral; they did not know about citizen participation. However, 10% of the respondents disagreed, and 1.1% of the respondent strongly disagreed about citizen participation in the budgeting process.

The finding indicated that, the majority of the respondents supported citizen participated in the budgeting process in the sectors that ensured important issues were given priority for its implementation. The parliament conducted a pre-budget statement by inviting CSOs, individuals, institutions and other concerned bodies to have a say on executives budget proposal through different channels (Mof, 2023).

According to the Ministry of Finance's (2023), general budget report, all government expenditures are recurrent and capital-based and give priority for the sustained development of the country. During the budget process, the citizens raised questions and debated with government officials and elected representatives, which reflected financial accountability in practice (IFAC, 2016).

In terms of enough budgets, in Table 4.6 item 3, out of total respondents, around 32.2 respondents disagreed that enough budgets were allocated for any of the governmental activities, and 16.7% of respondents strongly disagreed with the question that enough budgets were allocated for sectors to implemented governmental routine activities and complete projects based on clear criteria understood by all stakeholders. However, out of 90 respondents, 14% strongly agreed that enough budgets were allocated for sectors to implement governmental routine activities and complete projects. Moreover, 15.6% agreed that enough budgets were allocated for sectors. On the other hand, the remaining 21.1% of respondents replied that they do not have any information on how much budget was allocated for sectors to implement governmental routine activities and complete projects.

The result indicated that the majority of the respondents did not support enough budgets were allocated to the sectors to implemented routine activities and completed projects based on clear criteria, In related to budget allocation, most of the interviewees replied that the budget is allocated based on calculation, and then the sectors receive grants and other annual budgets from the regional treasury based on budget calculation. However, others in the interview do not agree that the budget allocated was partially allocated by the region to the sectors. The allocated budget and sector needs are not balanced. Because there are various needs, and questions are raised from different government sectors, but we cannot fulfilled their needs due to a lack of budget. Based on the questionnaire responses and interviewee responses, there was not enough budgets allocated for the sectors.

As Table 4.6 showed items 4, out of 90 respondents, the majority (50%) agreed and another 25.6% strongly agreed that value for money was a key concern in the budgeting process. The respondents assured that whose sectors were given priority for value for money, and 12.2% of the respondents were neutral or did not sure about the sectors given priority for value for money. However, about 12.2% disagreed that the sector's value for money was a key concern in the budgeting process. The result indicated that the majority of the respondents were assured that the financial sector was given concern for money in the budgeting process because money was the most valuable and core part of any sector. The researcher found from the open-ended question result that the interviewee replied that any budgeting process and activities based on money are the most liquidated assets for the sectors.

Table 4.6, item 5, indicated that the majority of the respondents (42.2%) agreed that addressing marginalized society and inclusiveness had been parts of the budgeting process of the sectors; moreover, 7.8% of them strongly agreed that the sectors addressed marginalized communities, such as persons with disabilities, effected persons, and other discriminated people, as parts of the budgeting process and gave them an attention or priority. However, 33.3% out of 90 respondents were neutral, which means they did not know that the sectors addressed marginalization and inclusiveness, which were the key concerns of the sectors, and the rest (16.7%) disagreed that the sectors did not given an attention to those marginalized societies and were parts of the budgeting process.

The result indicated that the majority of respondents replied they were definitely supported the sectors addressed and included the marginalized community in the budgeting process and done when the budget process commenced with their consideration. According to the majority of the literature and the interviewee, the sectors took into account those who were marginalized, and in need of assistance while preparing the budget by considered them, and included them, such as, such as elderly people, person with disabilities, those who are infected, and others, are included in the annual budget preparation process.

4.2.2. Procurement practice in the study area

According to the Southern Nations, Nationalities, and People’s Regional State Procurement and Property Administration Proclamation No. 146/2012, article 2 sub-article 5 states that procurement means obtaining goods, works, consultancy, or other services through purchasing, hiring, or obtaining by any other contractual means. In connection with the existing situation, the researcher assessed procurement practices in the study area, which are presented in the following table.

Table 10: Procurement practice in the sectors

	Items	Response	The scale of agreements SA	A	N	D	SD	Total
1	E-procurement techniques are used in the sector with the goal of enhancing financial performance.	F	6	14	18	12	40	90
		%	6.7	15.6	20	13.3	44.4	100
2	The sector's procurement process is inclusive and time sensitive	F	10	40	20	8	11	90
		%	11.1	44.4	22.2	8.9	13.3	100
3	Before procurement, advertisements are made in accordance with particular regulation and directives	F	34	37	12	6	1	90
		%	37.8	41.1	13.3	6.7	1.1	100
4	Competition is used to acquire goods and services.	F	21	47	16	4	2	90
		%	23.3	52.2	17.8	4.4	2.2	100
5	Purchasing of goods and services is based on value for money	F	27	38	23	1	1	90
		%	30	42.2	25.6	1.1	1.1	100
6	All procurement processes are undertaken in an ethical and honest way.	F	26	32	26	5	1	90
		%	28.9	35.6	28.9	5.6	1.1	100
7	The sector was required to prepare procurement plans on times for consolidation in line with annual budget estimates	F	15	53	14	5	3	90
		%	16.7	58.9	15.6	5.6	3.3	100

Source: Own survey, 2023

Hint: SA= strongly agree A=agree N= neutral D= disagree and SD= strongly disagree

According to SNNPR Government Financial Administration Proclamation No. 128/2012, Article 31 stated that, the public financial sectors use electronic procurements "to achieve economic, transparent, and modernized public procurement. The bureau may authorize the use of electronic means as a method of procurement". Based on the stated regulatory framework, the researcher distributed a question to the respondents to examine whether the sector used e-procurement methods to verify the situation.

Table 4.7 showed that public financial management procurement practices in the Silte Zone Finance Department and Worabe Town Finance Office, Accordingly, Table 4.7 item 1 indicated that, out of 90 respondents, about 6.7% strongly agreed that the sectors used e-procurement methods to improve financial performance; 15.6% agreed. Contrary to these, 13.3% and 44.4% of the respondents responded, disagreed and strongly disagreed, respectively, about the sectors used e-procurement to improve financial performance, and the remaining 20% of the respondents were neutral and did not know about e-procurement.

The result indicated that the majority of respondents did not support the sector used e-procurement methods aimed at improving and enhancing financial performance, and most of the respondents agreed that the sector used manual procurement processes. The government of Ethiopia should introduce and apply electronic procurement in the lower public financial sectors. An electronic purchasing solution is employed for making regular purchases of products and services (ADB, 2013). According to the literature from developing nations that was studied, public procurement is increasingly acknowledged as being crucial to the delivery of services and makes up a sizable amount of total expenditures, which is why there is a need to streamline public finance procurement methods. Reforming public procurement is a central element of PFM reforms, in particular with regard to the fact that procurement can account for a significant share of the total leakage of funds (Sanchez, 2013).

In table 4.7, item 2 indicated that 11.1% of the respondents strongly agreed that the sector’s procurement process was inclusive and time-sensitive, and 44.4% replied that they agreed that the sector's procurement process was inclusive and time-sensitive. Contracts to this, 8.9% of the respondents disagreed about the inclusiveness and time-sensitivity of the procurements, while, 13.9% of them strongly disagreed that the procurement process was inclusive and time-sensitive when it had been processed. The remaining 22.2% of the respondents replied that they were neutral or did not know that the sector procurement process was inclusive and time-sensitive.

The result indicated that most respondents were assured that the procurement process of the sectors included various participants and that the procurement occurred in timely accordance with the annual predetermined budget plans of the sectors. The procurement coordinators replied in the interview that, before the procurement, we take the purchasing need statement from all sectors, then assess the past-year report and actual market and reconcile it with the needs of the sectors. And then we proceed to purchase goods and services by including various experts and timely A public body has to fix the timetable for the main activities to be performed in the procurement process, using the formats developed by the agency to facilitate the preparation of a procurement plan by public bodies. Public bodies shall have to prepare an annual procurement plan showing their procurement for the concerned budget year and containing such details as are stated in the directive to be issued by the Bureau (SNNPR c. , 2012).

Table 4.7 Item 3, showed that the majority of respondents (34.8%) strongly agreed that advertisements were made in accordance with particular rules and directives, and 41.1% of them replied that they agreed that, before procurement advertisements were made. However, in contrast to this level of agreement, out of 90 respondents, 6.7% of them replied that they disagreed, and 1.1% of them strongly disagreed about the question asked before procurement advertisements were made, where advertisements were made in accordance with particular rules, regulations, and directives. 13.3% of the respondents replied that they do not know the sectors done which advertisements were made before procurement occurred.

The result indicated that the sectors had made advertisements before procurement was made according to national and regional government rules, regulations, and directives by using various advertisement mechanisms. According to procurement directorates and coordinators, the procurement process has been done based on SNNPR state rule and regulation of procurement via Proclamation No. 146/2012 Article 55, which indicated that public bodies may engage in procurement by means of a request for quotations for the purchase of readily available goods or for the procurement of works or services for which there is an established market, so long as the estimated value of the contract does not exceed an amount stated in the procurement directive to be issued by the sector or bureau.

Table 4.7 of Item 4 also indicated that competition had been used to acquire goods and services. Out of 90 respondents, 23.1% strongly agreed and 52.2% agreed that the sector used competition to purchase goods and services, and 17.8% replied that they did not know that the sector used competition to obtain goods and services. However, 4.4% of the respondents replied that were disagreed, and 2 (2.2%) of the respondents strongly disagreed that the sector had not computed the competition to procure goods and services. Naturally, the procurement process takes a long time to implement procurement regarding predetermined plans, such as binding, which takes time to add real competence.

The findings indicated that the majority of respondents from the sector highly agreed with the statement that the sectors used competition to buy products and services through a range of procurement techniques. After the advertisement, the bidder was chosen and nominated as an interviewer based on their ability to provide the goods and services and the terms under which the request for a proposal had to be executed.

As stated in Table 4.7 under 5, about 30% of the respondents replied that they strongly agreed that purchased goods and services was based on the value of money, 42.2% of them replied that they agreed that purchasing experts gave a value for money, and 25.6% of them replied that they did not know that purchasing experts gave attention to money. Reverse of that, 1.1% of the respondents disagreed, and 1.1% of them strongly disagreed that the sector purchases goods and services based on the value of money. As the competent wined the bid that the sectors stated in the announcement criteria, the majority of respondents accepted the idea that the sectors had received value for money when purchasing goods and services.

In addition to the regulatory framework Ethical considerations and moral issues have been the basis of the procurement process. In this regard, Item 6 Table 4.7 indicated that 28.9% of the respondents strongly agreed that the procurement process was undertaken in an ethical and honest way and 35.6% of respondents agreed, Contrary to this level of agreement, whereas 5.6% of them disagreed and 1.1% of them strongly disagreed that the procurement process was undertaken in an ethical and honest way. Whereas the remaining 28.9% of respondents replied neutral, this meant that the respondents did not know vital information about the government procurement process in an ethical and honest way.

The result indicated that, majority of the respondents supported that the procurement process was undertaken in an ethical and honest way. The findings showed that most respondents were in favor of and knowledgeable about all procurement procedures that were carried out in an honest and ethical manner. Article 33 of the SNNPR government procurement directive states that anyone controlling or engaging in public procurement shall conduct themselves with utmost honesty and integrity.

In table 4.7, item 7 states that the sector required prepared procurement plans for consolidation in line with the annual budget estimate. All governmental financial sectors had predetermined annual plans based on their revenue capability and budget estimation. With reference to these items, around 16.7% of respondents strongly agreed, and 58.8% of them agreed that the sector prepared procurement plans on time for consolidation in line with the annual budget estimate. In contrast to this level of agreement, 5.6% of respondents disagreed, and 3.3% of them replied that they strongly disagreed that the sector was required to prepare procurement plans for consolidation in line with the annual budget estimate. The remaining 15.6% of the respondents replied neutrally, and they did not know that the sector was required to prepare procurement plans for consolidation in line with the annual budget estimate.

Because all public financial sectors had a duty and responsibility to execute governmental plans with the line of budget, the majority of respondents supported and guaranteed that the sector required prepared procurement plans on time for consolidation in line with the annual budget estimated to operate various activities of the sectors, according to the results. The interview's findings revealed that, in relation to the procurement plan, the financial sector prepares overall financial plans that correspond with the line of budget after the sectors acquire their need plans.

4.2.3. Internal audit practice in the study area

Auditors, whether internal or external to the offices, conduct internal audits in nations with diverse legal systems and cultures. Their role varies in terms of objectives, scope, organization, and work characteristics. Internal audit is defined as an independent, impartial monitoring and consulting activity that provides value and improves an organization's operations; Federal Democratic Republic of Ethiopia Financial Administration Proclamation No. 648/2009, Article 2 Sub-Article 25; Southern Nations, Nationalities, and People's Region State, Money Payment Directive No. 9/2005. Internal auditing helps an organization accomplish its objectives by bringing in a systematic and disciplined approach to evaluate the effectiveness of risk management, control, and governance processes. Internal auditing's primary goal is to increase an organization's effectiveness and efficiency through helpful criticism and remarks.

Table 11: Audit practice in the selected sectors of the study area

	Items	Response	The scale of agreements SA	A	N	D	SD	Total
1	The sector has internal auditors who continuously perform audits on the sectors financial performance	**F**	49	22	8	11	-	90
		%	54.4	24.4	8.9	12.2	-	100
2	The audit reports are made public (explicitly)	**F**	17	35	31	6	1	90
		%	18.9	38.9	34.4	6.7	1.1	100
3	Any public official or expert who is found to have misappropriated public finances through an audit is punished.	**F**	10	34	27	18	1	90
		%	11.1	37.8	30	20	1.1	100
4	Auditing draws authorities' attention to specific problems, upon which they take remedial action.	**F**	10	55	21	3	1	90
		%	11.1	61.1	23.1	3.3	1.1	100
5	The sector hires auditors based on government hiring criteria with requisite skills and experience	**F**	8	51	24	5	2	90
		%	8.9	56.7	26.7	5.6	2.2	100

Source: Own survey, 2023

Hint: SA= strongly agree A=agree N= neutral D= disagree and SD= strongly disagree

Table 4.8 identified the respondent's attitude toward the internal audit in the Silte Zone public financial sectors. The respondents in the financial sector have their own attitudes toward this internal audit. From the above table 4.8 item 1, around 54.4% of respondents stated that they strongly agreed that the sector had internal auditors who were continuously performing audits on the sector's financial performance, and 24.4% of respondents replied that they agreed with this statement. However, 12.2% of the respondents replied that they disagree that the sector has internal auditors who are continuously performing audits on the sector's financial performance. The remaining respondent, 8.9%, replied that they were neutral and had no information about the sector having internal auditors who were continuously performing audits on the sector's financial performance. The findings showed that most respondents agreed with the researcher's question, which posed the concept that the sectors employ auditors who periodically inspect the financial operations.

According to national and regional financial administration proclamations, regulations, and directives approved by federal and regional House of People representatives, internal auditors in Ethiopia's public financial sectors conduct continuous audits of the sector's ongoing operations. The replies showed that the majority of respondents were undoubtedly aware that the sector has internal auditors who conduct ongoing audits of the sector's public financial activities. One aspect of the public financial sector is audit, and the financial process can be difficult and complicated. As a result, auditors discovered a variety of financial and administrative audit results; as a result, the audit findings ought to be addressed in accordance with national laws and regulations, requiring for expert commitments and political will. As a result, the researcher receives the respondent's evident response to the audit reports were have been made public.

Table 4.8, item 2, indicated that out of total respondents, about 18.9% of the respondents replied that they strongly agreed, and 38.9% of them replied that they agreed that the audit reports were made public (explicitly). In contrast to this, 6.7% of the respondents disagreed and 1.1% of the respondents strongly disagreed; however, the majority, 34.4% of the respondents, replied that they were neutral and they did not know about the audit reports being public (explicitly). The result indicated that the majority of the respondents replied that they supported audit reports of the sectors that are public and that anyone could see and evaluate the audit reports that they presented. However, the audit coordinators responded in the interview that most of the audit findings and mismanagement were not explicitly due to keeping the secrets and images of the public sector, and most of the servants are not independent. A few of them who were subjected to the misuse of public finances were punished.

In addition, in table 4.8, item 3 indicated the punishment of public officials and sectorial experts, expressing that any individual subjected to an audit finding was responsible for the audit finding. The item result showed that out of 90 respondents, around 11.1% of them said they strongly agreed, and 37.8% said they agreed that any government servant who misused public funds for their personal use and was subjected to audit findings should be punished. In contrast to this, out of 90 respondents, 20% disagreed and 1.1% strongly disagreed that personnel who misappropriated public funds were punished. Furthermore, the remaining 30% of the respondents were neutral about public officials or experts who were found to have misappropriated public finances through audits was punished.

The result indicated that the majority of respondents supported the idea that public officials or experts who were found to have misappropriated public finances through audits were punished, and the next majority result indicated that the respondents were not sure that the officials and servants who were subject to misused public finances were punished. As a result of the interviews with auditors in the sector, they replied that any public officials or experts who were found to have misappropriated public finances through audits were punished. The punishment was done according to the legal framework that applied to all sectors in the countries (MoFED, 2021).

Table 4.8 item 4, indicated that auditing draws authorities' attention to specific problems, upon which they take remedial action. In connection to this, item 4 depicted that out of total respondents, about 11.1% of them replied they strongly agreed, and 61.1% of them replied they agreed that auditing bodies gave special attention to specific problems upon which they took remedial action. Whereas 23.1% of respondents replied they were not soured about auditing, which draws authorities' attention to specific problems upon which they took remedial action. The remaining 3.3% of the respondents replied neutrally about auditing drawing authorities' attention to specific problems upon which they take remedial action. The result indicated that the auditing head and expert coordinator paid highly attention to specific problems upon which they took remedial action.

Table 4.8, item 5, indicated that the sector auditors were hired based on government hiring criteria with requested skills and knowledge. Regarding this, of the total respondents, 56.7% agreed and 8.9% strongly agreed that the sector auditors were hired based on government hiring criteria with requested skills and knowledge. Contrary to this, 5.6% of the respondents disagreed and 2.2% strongly disagreed that the sector auditors were hired based on government hiring criteria with the requested skills and knowledge. The remaining 26.7% of the respondents replied that they were neutral and did not know that the sector auditors were hired based on government hiring criteria with the requested skills and knowledge. The result indicated that the majority of the respondents supported that the sector auditors were hired based on government hiring criteria with the requested skills and knowledge. According to the Federal Democratic Republic of Ethiopia, any hiring implemented based on public service proclamation No. 1064/2017, articles 12 and 13, sub articles 1, 2, and 3, stated that anyone who joined the public sector based on his or her ability competed and followed other rating procedures.

4.2.4. Regulatory practice of selected financial sectors in the study area

The Public Financial Management (PFM) Act 2009 and 2016 the amended public financial administration proclamation governs public finance management in Ethiopia at the regions and national levels. This Act lays all the guidelines that states, local governments, and the federal government must follow when managing public money. When it comes to the collecting and utilization of public funds, the goals of the laws governing their management are to encourage democratic and responsible authority exercise. This gives the communities a foundation on which to run their own businesses and advance their development

Table 12: Regulatory practice of the selected public financial sectors

	Items	Response	SA	A	N	D	SD	Total
			Scales of the respondent					
1	There are regulatory and legal frameworks that help prevent financial waste and corruption in managing public finances.	**F**	55	16	13	5	1	90
		%	61.1	17.8	14.4	5.6	1.1	100
2	The rules and regulations are implemented, and those who break them are punished accordingly.	**F**	38	17	27	7	1	90
		%	42.2	18.9	30	7.8	1.1	100
3	Based on the rules and regulations of the country, the sector timely paid monthly salaries for the sector's civil servants.	**F**	28	18	13	20	11	90
		%	8.9	20	14.4	44.4	12.2	100
4	Officials who misuse public property are removed from office and are prosecuted	**F**	12	42	27	9	-	90
		%	13.3	46.7	30	10	-	100

Source: Own survey, 2023

Hint: SA= strongly agree A=agree N= neutral D= disagree and SD= strongly disagree

PFM encompasses a number of highly technical, intricate, and sophisticated duties and processes, such as macroeconomic forecasting, budgeting, accounting, and auditing. Such procedures' intricacy prevents public scrutiny and creates the chance of fraudulent activity (Trancparancy International, 2014).

According to the data in Table 4.9, out of a total of respondents, 61.1% of respondents replied that they strongly agreed, and 17.8% of them agreed that the sector had a regulatory framework to combat financial fraud and corruption. In contrast with this, 5.6% of respondents said they disagreed, and 1.1% said they strongly disagreed, with the idea that the financial sector had a regulatory system in place to thwart and curtail corruption and waste. The remaining 14.4% of respondents gave a neutral response, stating that numerous sectors either had to manage waste and corruption or did not. The findings showed that the majority of respondents clearly believed that sectors had a legal financial regulatory framework to regulate fraud and prevent corruption. PFM involves highly complex technical tasks and processes, including micro- and macroeconomic forecasting, budget allocation, accounting, and auditing. The complexity of such processes limits public scrutiny and provides many opportunities for corruption (Trancparancy International, 2014)

According to Table 4.10 in item 2, out of total respondents, around 42.2% strongly agreed and 18.9% agreed that the laws were upheld and that those who broke them were subject to just punishment. Whereas 30% of the respondents gave a neutral response, stating that they lacked information on how laws and regulations were applied and how those who breached them were dealt with appropriately. The remaining 7.8% of respondents disagreed, and 1.1% strongly disagreed, that the laws were upheld and that those who broke them were subject to just punishment. The findings showed that the majority of respondents highly supported enforcing and implementing the rules and regulations issued by the local, state, and federal governments, as well as punishing those who broke the rules. The result supported that Financial Administration Proclamation No. 120/2009 of the SNNPR government, Article 64, Sub article 1 to 5, stated that rules and regulations are implemented and those who break them are punished.

Table 4.9, item 3, indicated that, the researcher addressed the following questions based on this legal framework: In line with this, out of 90 respondents, around 31.1% said that they strongly agreed, and 20% of them responded that they agreed that the sector paid its monthly servant salaries on schedule. However, 22.2% of respondents disagreed with this statement, while 12.2% of the respondents severely disagreed. And the remaining 14.4% of the sample gave a neutral response due to the fact that they did not know the scheduled payment days. The result showed that there was diversity in how often the sectors paid monthly salaries; sometimes they were not paid on time. According to Federal Civil Service Proclamation No. 1064/2017, Article 9 Sub-Article 1, which stated that "Any government office shall, at the end of every month, make payments of salary to civil servants or their legal representatives," the government is unable to pay servant salaries as a result of being cash-strapped.

Some of the interviewees responded that in the case of government civil servant salaries, after the annual total salary payment plan was developed, the budget directorates informed the highest-ranking officials of the public financial sectors before announcing the nationalities, states, and monthly budgets of the southern nation and its people. The servants were then compensated as per the civil servant proclamation's deadline. However, a different respondent countered that because the zone, town administration, and woreda administration lacked internal resources and the area failed to deliver the desired budget on time, monthly salaries were not paid on time and the payment month had already gone. Additionally, Top raised the main financial management issue in addition to this one.

Regarding item 4 in Table 4.9, out of total respondents, about 46.7% of respondents replied that they agreed, and 13.3% of them replied that they strongly agreed that the officials who were responsible for misuse of public property were removed from their positions and they are legally accused for their deed. However, 10% of respondents replied that they disagreed, that it was not applicable, and that it was a rare instance that any official who misused public property should be dismissed from office. They claimed that they were not demoted; rather, they claimed that they switched roles and kept working there unpunished. Finally, the remaining 30% of respondents gave a neutral response, stating that they were not sure whether an official who misused public property for personal gain would actually be removed from their position and legally charged for their illegal activities or not. The results showed that the majority of respondents said they were confident that anyone who misused public funds and property for personal gain would be terminated, held accountable for what they had done, and penalized. The interviewed audit coordinators replied that after all the information collected and prepared by a person who was subjected to breaking the rules and regulations of the sector and misused public property was removed from this position and subjected to his or her own legal activities.

4.3. CHALLENGES OF PUBLIC FINANCIAL MANAGEMENT IN THE STUDY AREA

This section presents and discusses the second objective of this study. The purpose of the study is to identify the main issues that selected public financial sectors in Silte Zone, SNNPR Ethiopia, are facing with their current financial management practices. The researchers selected eight (08) main challenges that have been outlined in the literature to be tested in the Silte zone. As stated earlier in other sections, a Likert scale of 1 to 5 is used, with "1" indicating strongly agreeing and "5" indicating strongly disagreeing. Table 4.10 shows the results of these challenges.

Table 13: Challenges of public financial management

Items		Response	Scales of the respondent SA	A	N	D	SD	Total
1	Inadequate financial support from the regional and federal governments	**F**	30	45	7	5	3	90
		%	33.3	50	7.8	5.6	3.3	100
2	The lack of capability in using data	**F**	14	31	31	13	1	90
		%	15.6	34.4	34.4	14.4	1.1	100
3	Inappropriate budget sources and facilities	**F**	33	37	13	5	2	90
		%	36.7	41.1	14.4	5.6	2.2	100
4	Insufficient cash to implement government directives and fulfill society's needs	**F**	50	26	14	No	No	90
		%	55.6	28.9	15.6	No	No	100
5	The sector does not have computerized systems for financial management processes.	**F**	1	19	11	38	21	90
		%	1.1	21.1	12.2	42.2	23.3	100
6	The lack of understanding of financial management practices systems by spending officers	**F**	13	32	20	19	6	90
		%	14.4	35.6	22.2	21.1	6.7	100
7	The lack of enough well-trained personnel	**F**	1	37	16	28	8	90
		%	1.1	41.1	17.8	31.1	8.9	100

	Continued from Table 4.10								
8	Unaware of and ignorant of the legal framework governing public financial administration	**F**	8	31	14	29	8	90
		%	8.9	34.4	15.6	32.2	8.9	100

Source: Own survey, 2023

Hint: SA= strongly agree A=agree N= neutral D= disagree and SD= strongly disagree

Public financial challenges are an obstacle that hinders the effective and efficient use of public finance and negatively affects the ongoing activities of the government and public service delivery. In the contemporary world of finance management, challenges occur in both the public and private financial sectors. Related to public financial challenges, the researcher tried to incorporate the some public financial management challenges that the respondents replied to as follows:

As showed Table 4.9 item 1, , the result indicated that out of total respondents, about 33% of the respondents replied that they strongly agreed with the challenges of inadequate financial support from the regional and federal governments, and 50% of the respondents agreed that inadequate financial support from the regional and federal governments was part of the public's financial challenges. However, 5.6% of the respondents replied that they disagreed, and 3.3% of respondents strongly disagreed that the public financial management challenges were not due to insufficient support of the budget from regional and federal governments. The remaining 7.8% of respondents replied neutral about the financial challenge raised by inadequate financial support from the regional and federal governments. The result indicated that most of the respondents strongly supported the idea that inadequate financial support from the regional and federal governments was one of the challenges for public financial management practices in the public financial sectors.

To enhance the efficiency and effectiveness of the public finance administration system introduced by the proclamation and this regulation, the Bureau shall promote the extensive use of domestic methods (SNNPRS c. , 2009). Regarding to this the above Table 4.9, item 2 indicated that out of total respondents, 15.6% of the respondents replied that they strongly agreed, and 34.4% of them agreed that there was a lack of capability in using data. However, 14.4% of respondents disagreed, and 1.1% strongly disagreed. The rest, 34.4% of respondents, replied neutral, and they do not know about the capacity of the respondents to use various methods of operating and implementing different activities. As stated in the above statement, the result indicated that most of the respondents either used appropriate data because of their capability or did not use data because of their incapability. It becomes challenging to track how public fund are used throughout the nation's various locations and divisions without a financial management information system (Gabriel, 2021).

Lacking enough budgets, the public sector cannot execute its activities and serve its society. Accordingly, in Table 4.9, item 3 results indicated that 36.7% of the total respondents strongly agreed, and 41.1% of them agreed that the most financial challenges emanate from inappropriate budget sources and facilities. On the other hand, 5.6% of the respondents disagreed and 2.2% strongly disagreed because, for different reasons, they did not accept that the major sources of public financial management challenge not only inappropriate budget sources and facilities but also different problems. However, the remaining 14.4% of respondents replied neutrally, and they were not sure that an insufficient budget and a lack of facilities hinder the effective and efficient use of public finance. The findings showed that the majority of respondents agreed and supported the statement that the two biggest issues facing public financial management were inadequate funding and a lack of financial management resources. The interviewee acknowledged and agreed with the statement that the sectors had inappropriate budget sources and facilities, according to the interview results.

Planning for the government's cash flow and public financial management go hand in hand. It has been connected to the program budget, accounting, audit, and government procurement strategy because it is a component of the government's financial management. The projection of a budget does not pay attention. The government budgeting department needs technical professionals with the necessary expertise and experience in this field who are tasked with creating an accurate budget and cash flow prediction.

Government cash flow planning is closely related to public financial management. The relationship with government financial management, especially the program budget, accounting, audit, and government procurement plan, will be seen (IBD, 2022), and in addition, Proclamation No. 648/2009, Article 5 and Sub-Article 9, stated that a system has been put in place to make the government's cash management effective and economical. In addition to this, other proclamations, such as Proclamation No. 251/94 (MoFED), included effective and modernized ways of handling cash. Cash management is an administrative strategy and related process to manage the government's short-term cash flow and cash balance at a low cost.

In connection to this, Table 4.10 item 4 indicated that, out of total respondents, around 55.6% of respondents were strongly agreed, and or 28.9% of them agreed that the sector had insufficient cash to implement government directives and fulfill society's needs. However, the remaining 14 respondents, or 15.6% of the respondents, replied neutral that the sectors were exposed to insufficient cash to implement government directives and fulfill society's needs.

The result showed that the majority of the respondents strongly supported the idea that there was a lack of cash and insufficient spending in the sector, which hindered the implementation of government directives and fulfilling servants and society's needs. Among cash management, all of the interviewees gave similar responses; they replied that there was a problem with cash that challenges in the routine activities of the sector and project implementation for effective and efficient use of public money. In addition, the interviewee replied that due to the budget realized after the time had passed, it made the sector budget miss the mark. As most of the interviewees replied, the sectors had good management practices, but while the public sector had management practices facing a shortage of money, a skill problem, and using the intended budget for other unintended and unproductive activities, Heads of public bodies shall submit the plan of the annual cash demands until August by dividing it down into financial sources and budget types (SNNPRS c. , 2009).

Related to this budget directorate replied that on the face to face interview, the has shortage of liquidated cash for ongoing activities especially since 2020 up to now, however, contrast to this conclusion, the PFM UIIDP program coordinator in Worabe Town Finance office replied that, we are Agents of all budgetary bodies, they given their annual budget proposal, after that the council approved there annual budget plan, the we divide their annual budget in to monthly based. Then they arrive to their monthly budget limit. The finance sector informed the budgetary sector about their monthly budget ceiling. But Most of the time the customer did not understand the reality. They perceived negatively. Cash management shall be administered in such a manner as to enable the maintenance of accounts at a minimum balance based on the cash demands of public bodies to execute the expenditure budget appropriated to their work programs and the cash flow of the Treasury.

Furthermore, item 5 in Table indicated that the application computer manages the financial activities of the sectors. There were no computerized systems for financial management processes in the sector, as rated by 42.2% of respondents, and 23.3% of respondents strongly disagreed. In contrast to positive responses, 21.1% of the respondents agreed and 1.1% strongly agreed that the sector had not used computerized systems for financial management processes. About 12.2% of the respondents replied neutrally, saying that the sector either uses computerized systems for financial management processes or not. Thus, they did not know more about this issue. The result indicated that most of the respondents used computers for effective and efficient utilization of public finances and their management processes.

Item 6 Table 4.10 also indicated that 14.4% replied that they were strongly agreeing, and 35.6% of respondents replied that they disagreed with the lack of understanding of financial management practices by spending officers. However, out of 90 respondents, about 21.1% disagreed, and 6.7% strongly disagreed that the reason for financial challenges was the lack of understanding of financial management practices systems by spending officers. The remaining 22.2% of respondents replied that they were neutral and did not know that the challenges of public financial management were either raised by the lack of understanding of financial management practices by spending officers or for other reasons. The result indicated that the majority of the respondents supported the idea that there was a lack of understanding of financial management practices by spending officers in their financial activities.

As indicated in item 7 of Table 4.10, out of the total, around 41.1% of respondents agreed and 1.1% of them strongly agreed that the lack of enough well-trained and qualified personnel to carry out the public financial activities was one challenge that slightly affected the implementation of government plans and objectives. Moreover, 17.8% of the respondents replied neutral, and they did not know whether there was a lack of highly trained personnel for the implementation of the government financial working manual or not.

However, 31.1% of the respondents in the selected public financial sectors replied that they disagreed that the lack of well-trained personnel was not the challenge for the proper implementation of government public financial management practices and working manuals in the sectors. In addition, 8.9% of the respondents also disagreed that the lack of well-trained personnel was not the challenge that confronted the implementation of government activities in the sectors.

As stated above, it could be understood that the majority of the respondents supported the idea that a lack of well-trained personnel was one of the challenges for the implementation of public financial management practices, and also that most of the respondents replied that a lack of well-trained personnel was the reason for the ineffective and efficient use of public finance. There is a lack of highly qualified professionals in the government's financial administration, and there are no training systems to empower accountants and auditors. It was assured that well-trained personnel were needed in all sectors. (MoF, 2018).

Public financial management proclamations, regulations, directives, and operation manuals are important to the effective and efficient use of public finance to achieve government objectives, and the public finance sector is expected to apply those legal frameworks in their day-to-day activities.

According to the above item 8 in table 4.10, out of 90 respondents, about 32.2% disagreed, and 32.1% strongly disagreed with the statement raised by the researcher that experts in the sectors were unaware and unknown about the public financial administration legal framework. However, out of total respondents, 8.9% strongly agreed and 12.1% agreed that public financial management's challenges emanated from being unaware of and unknown about the public financial administration's legal framework. The remaining 15.6% of respondents replied neutrally, saying they were not sure if public financial challenges happened because of public financial sector employees who were unaware of and did not know about the PFM legal framework or if there were other problems.

The result indicated that most of the respondents supported and believed that public financial challenges emanated from financial experts and civil servants. The government gave priority to the servants for the implementation of the PFM legal framework in the public sector, and it needed special attention for the servants by giving incentives, transfers, and promoting effective and efficient use of public finance. According to the respondent's response, both internal and external factors contribute to financial insufficiency and budget deficits in various sectors. External factors include irregularities, the COVID-19 pandemic, unrest in some regions of the nation, the Russia-Ukraine war, mismatches in aggregate supply and demand, high commodity prices on the international market, as well as loose monetary and fiscal policies, which have increased inflationary pressure in Ethiopia during the past few years (NBE, 2022).In order to attain the desired results, management and regulators have strengthened financial management processes and procedures in response to the growing need for financial prospects for public financial sectors.

4.4. THE GOVERNMENT SOLUTION TO RESOLVE THE PROBLEM

The third and final objective of this research was to identify the solutions given by public bodies to resolve the challenges that hinder the effective and efficient use of public finance in the selected public financial sectors**.** Government financial challenges are the problems of the government that hinder the development and prosperity of the countries. With proper use of public funds and good management in appropriate ways, the government can deliver services and access them across society. Despite the fact that there have been numerous efforts in recent years to improve financial management, studies carried out at various points in time suggest that additional efforts should be made to increase the effectiveness of nation's public financial management.

Specifically, from establishing a transparent and efficient purchasing and property management system to putting in place an efficient program budget, standardized cash management, modern government accounting and reporting, a strong internal audit, and modern government accounting and reporting; A clear implementation strategy plan must be created because there will be a lot of work to be done in the future to construct a cutting-edge information system to support financial operations and boost the operation (MoF, 2018).

Table 14: Government solution to resolve the challenges

	Items	Response	SA	A	N	D	SD	Total
			Scales of the respondent					
1	To improve the capability of the servant, the public body provides short-term training and incentives, transfer, promotion, and others.	**F** **%**	38 42.2	30 33.3	14 15.6	7 7.8	1 1.1	90 100
2	To use an advanced financial system called IBEX/IFMIS	**F** **%**	38 42.2	31 34.4	11 12.2	5 5.6	5 5.6	90 100
3	To implement the regular performance evaluation.	**F** **%**	35 38.9	21 23.3	29 32.2	4 4.4	1 1.1	90 100
4	Punishment according to the law of the government	**F** **%**	17 18.9	35 38.9	13 14.4	25 27.8	- -	90 100
5	Legal protection for auditors	**F** **%**	25 27.8	20 22.2	20 22.2	9 10	16 17.8	90 100

Source; Own survey, 2023

Hint: SA= strongly agree A=agree N= neutral D= disagree and SD= strongly disagree

Previously, the organization of the Finance and Economic Development Office will continue with the existing organization at each level of administration, i.e., regional center, zone, special district, district, city administration, and sector offices. Due to the collapse of the development planning and economic management sectors, the fiscal police, civic, and cooperation sectors were reorganized in a new form, and the existing organization of development planning and economic management will continue with the existing structure of the regional center and sector. Each level of administration and group was organized as needed under broad directorates.

Table 4.11 indicated the ways that the government's activities helped solve the challenges that happened in the selected public financial management sectors in the study area. From the above table 11, item 1 indicated that out of total respondents, 42.2% strongly agreed and 33.4% agreed that the government improved the capacity of the civil servant by providing short-term training and incentives, transfers, and promotion. However, 7.8% of respondents disagreed and 1.1% strongly disagreed that the government did not provide capacity improvement for government servants, such as through short-term training and incentives, transfer, promotion, and other ways. The remaining 15.6% of respondents replied neutrally, saying that the government has either given capacity-building training, incentives, promotion, and other ways or not.

The result indicated that the majority of the respondents replied that they took promotions and received training, incentives, transfers, and other related benefits that improved public financial management to address government objectives and make effective and efficient use of public finance. Promotion shall be given for the purpose of executing work by competent employees, enhancing the performance of government institutions, and motivating employees. To improve service delivery at the county level, the laws governing financial management envision better administration of public resources (Maina, 2016). According to the Federal Democratic Republic of Ethiopia, civil service proclamation No. 1064/2017, sub-sections two and three stated that, to improve the capacity of the servants in the sectors, the government used different ways to improve the capacity of the servants.

In addition, item 2 in Table 4.11 implied that the sectors used modernized financial systems such as IBEX and IFMIS. Out of total respondents, 42.2% strongly agreed, and 31 respondents, or 34.4% of the respondents' responses, agreed that the sectors used advanced financial systems called IBEX/IFMIS to improve their financial management. Contrary to these responses, 5.6% of respondents strongly disagreed and 5.6% disagreed that the sectors did not use advanced financial systems to improve public financial management activities. The remaining 12.2% of respondents replied neutrally by saying that they did not know that the sector used advanced financial management systems called IBEX and IFMIS for effective and efficient finance management. The findings showed that most respondents were in favor of and made sure that the selected public financial sectors used IBEX's advanced financial systems to accelerate and manage government finances.

According to the interview results, the sectors did not use IFMIS and instead employed an advanced financial management system named IBEX. Public revenue leakages occur at several points as a result of a lack of a system for managing and monitoring public finances.

Related to servant implementation and performance evaluation in public financial management, the sector plays a vital role in strengthening and ensuring effective implementation of financial activities. In connection with this, the researcher addressed how the government implements regular base performance evaluations in the public financial sector. Regarding this, out of total respondents, 38.9% strongly agreed and 23.3% agreed that the government tirelessly performed regular performance evaluation by using various evaluation arrangements at weekly, monthly, and annual levels based on federal and regional public financial management rules.

However, out of total respondents, 4.4% disagreed and 1.1% strongly disagreed that the public financial sector does not do regular performance evaluations to strengthen the management of public finance. The remaining 32.2% of respondents replied neutrally, and they did not have a clue that the sector performs regular performance evaluations. The result indicated that the majority of the respondents strongly supported the sector's periodic performance evaluations and the need for the sector to perform regular base performance evaluations. Regular performance evaluations by the sectors are necessary to identify financial issues and obstacles and develop remedies through the development of diverse assessment frameworks (MoFEC, 2016).

It is well known that the government takes financial concerns very seriously and that financial activities need to be carried out with extra care. Nonetheless, the public financial sectors have occasionally experienced a variety of financial errors and financial misuse; as a result, the sectors apply legal mechanisms for corrective action to return misappropriated government funds and property. The punishment for servants who commit crimes was the subject of the following query.

According to Table 4.11, item 4, out of total respondents, 38.9% agreed and 18.9% strongly agreed that the person who was exposed to administrative errors and misused public money and property was subject to their illegal actions and punished according to the law of the public financial administration of the government. However, 14.4% of respondents replied neutrally, saying that the person who spends government money and property in illegal ways was either punished or not punished according to the law of the government. The remaining 14.4% of respondents disagreed, and 27.8% strongly disagreed that the public financial sector servants who were exposed to illegal financial activities were punished according to the law of the government due to different reasons. The result indicated that most of the respondents replied that any person who misuses public money and property is accountable for the wastage and the issue is delivered to civil law; however, approximately most of the respondents did not accept that a person who misuses public money and property is punished according to the law of the government.

Regarding this, the proclamation and directives of the public financial administration of the federal and regional governments of Ethiopia assure that anyone who is subjected to misuse of public money and property should be returned the money and the property, unless otherwise stated in the case delivered to civil law.

Internal audits of public offices shall have unlimited power to audit over the whole range of finance, property, and activity of their public body, and the SNNPR government assured in Proclamation No. 128 Article 8 Sub-Article 2 that "the government shall endow heads and staff of internal audit with legal protection against any persecution because of the performance of their duties". Regarding this, the researcher asked the respondent if the government provides protection for auditors.

According to item 5 in Table 4.9, out of 90 respondents, 27.8% strongly agreed and 22.2% agreed that the government gave legal protection to auditors. Contrary to this perception, out of the total respondents, 17.8% strongly disagreed and 10% disagreed that the government did not give practical protection to auditors. The remaining 22.2% of the respondents replied neutrally, since they were not sure that the government had given legal protection to public financial auditors. The government should go down and provide legal protection for the auditors beyond writing because auditing is a very difficult and complex job that causes various problems and risks for the auditors.

The result indicated that most of the respondents supported the issues that the government gave protection to auditors because their work was very complex and serious, and the government gave attention to auditors in preventing government public financial illegality and protecting public money and property. The government assured in the public financial administration proclamation 648 that "the person shall endow heads and staff of internal audit with legal protection against any persecution because of the performance of their duties.

The interviewee replied that auditors are protected based on the public financial management legal framework as stated in the public financial administration proclamation, regulation, and directives. Any auditor who audits government finance and administrative problems has legal protection, and they are independents, and the sectors are given special treatment for auditors. However others interviewee specifically both sectors auditor coordinator replied that as theoretical stated in the public financial administration proclamation No.648/2009 and amended proclamation 970/2016, regulations and directives gives legal protection for auditors but in practically internal auditor not fully independent and we have not fully protected. Specially financial and serious issue finding falls into the risk category, and we present finding audit results to public financial heads, so it limits us. The interviewer responded that there was a shortage of funds and an inadequate budget for the anticipated objectives based on the replies provided by the respondents and the questions the interviewer addressed. Therefore, we can infer from the correspondents and interviewers that there was an issue in the public financial sector and that the gap needed to be filled.

CHAPTER FIVE

5. SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1. INTRODUCTION

This study aimed to assess the practice of public financial management in selected public financial sectors in the Silte Zone. The analysis was motivated by three objectives, which were as follows: To assess the practice of public financial management in terms of budgeting, procurement, and audit practice and also the some related regulatory frameworks that are important for managing public finance, to assess the challenges of PFM, and to assess the solution that was given by the government to handle the challenges of PFM in the Silte Zone Finance Department and Worabe Town Finance Office in the Silte Zone, the discussion centers on their level of achievement.

5.2. SUMMARY OF MAJOR FINDINGS

Public financial management in the government sector is an essential part of the public financial sector in countries for effective and efficient uses of public funds, sustainable development, and addressing public service for society. Finance is the lifeblood of any sector that touches every aspect of activity. Therefore, it has been called the existence of an organization. Due to this implication, it needs prudent management for effective and efficient uses of public finance. Accordingly, the main objectives of this study were to assess the practiceof public financial management in selected public financial sectors in Silte Zone, in the case of the Silte Zone Finance Department and Worabe Town Finance Office. To reach this conclusion, the study attempted to provide answers to the question that the researcher stated in the previous chapters. The study employed the descriptive survey method to describe the existing situation of public finance management and obtain appropriate facts and information.

The study was conducted on 90 selected public financial sector servants in the Silte Zone. The instruments used to collect data were questionnaires and interviews. Accordingly, open-ended and closed-ended questionnaires were distributed to all directors of selected public finance in the study area, and budget, procurement, and audit directors were interviewed regarding public financial finance management activities to supplement the questionnaires. The summary of the important findings can be categorized into the following theme areas according to the study’s findings: respondent profile, budgeting practice, procurement practice, audit practice, regulatory practices, challenges of PFM practice, and government measures taken to solve the PFM practice challenges.

One of the objectives of the study was to assess the practice of public financial management in terms of budgeting, procurement, and audit practice, and in addition, the some public financial management regulatory framework practice in selected public finance sectors in the Silte Zone. In relation to budgeting practice, most of the respondents agreed that in the budgeting process, all of the stakeholders are included and participate in the process, and when in the budgeting process, the sectors give value to money and give priority to those who are marginalized, budget appropriations from the upper government are not sufficient to complete governmental and societal activities and to finish projects. The empirical findings showed that the public financial sectors in Silte Zone are efficiently managed and put into practice public financial management methods in their daily activities. To put it another way, good financial management techniques exist, such as prudent working capital management, accounting information systems, financial reporting, and capital planning, which are important aspects of public finance.

The second objective of the study was to assess the challenges of public financial management practice that confront the effective implementation of public financial management practice in the Silte Zone public sectors. According to the study, factors such as a lack of financial grants from the region and the federal government, incapability of the personnel, inappropriate internal revenue sources, management problems, the disintegration of the SNNP region into different regions that affect the public financial sectors, the expansion of towns and the appearance of a new lower government that is stricter, insufficient budget allocation, a lack of cash, and a lack of knowledge about public financial management practices are the main sources of challenges for PFM.

The third objective of the study was to assess the solution given by the government to managing the challenges of PFM in the Silte Zone Finance Department and Worabe Town Finance Office in the Silte Zone. The study reveals that public financial practice is highly complex and time-consuming, and activities due to these challenges were done in the sectors and governments. There are various solutions to solving the challenges that hinder the wise use of public money and effective management of public property, among them giving incentives and promotions, using a new financial system, expanding and improving internal sources of revenue, doing deep financial and administrative audits, and prosecuting those who are committed to and responsible for misuse of public funds.

5.3. CONCLUSION

From the findings, the study concluded that, based on the findings, public financial management in the public finance sectors in the Silte Zone had been relatively practiced, and any public financial sector operates its activities based on the public financial administration legal framework that was prepared and released from regional and federal government proclamation regulation directives and a timely working manual. As mentioned in the literature review, lower governmental public financial sectors applied various public financial practices, such as budgeting, procurement, accounting, treasure, ICT, disbursement, inspection, and internal audit practice. From those activities, the researcher selected budget, procurement, and audit practice. Based on the findings, the researcher concluded the following main points:

The finding assured that aspects of budget practice implementation such as budget practices based on the procedure were the in line with (MOF) guidelines, concerned bodies are involved in budget preparation to budget execution, employees have a sense of belonging or ownership of their duty and process' of the budget, in the preparation stages they gives priority for preplanned projects and also marginalized community, the budget is implemented according to its plan and capital expenditures are budgeted for after wider consultations with the experts and other stakeholders were found to influence the public financial management practices in public financial sectors in Silte zone , SNNPRS to a great extent.

In relation to government procurement, the researcher came to the conclusion that the process functions in accordance with BoF MoF procurement and property administration standards, which the financial sectors follow, and has an annual plan that was reviewed based on the demands of government sectors. The respondents were also asked how much they agreed or disagreed with several components of the procurement process, such as electronic procurement, inclusivity and time-sensitivity, advertisements, the calculation of the procurement plan, and ethical considerations. The majority of respondents supported and agreed with this; however, with regard to e-procurement, the sector has not used it to modernize the financial system, and all purchases are made in accordance with the proper procurement method. This was shown to have an impact on the financial management procedures in the Silte Zone's government financial sectors.

Additionally, with regard to the internal audit, the Ministry of Finance acts as the auditors' supervisor. When respondents were given information about a similar audit practice, they stated that internal audit was practiced in all sectors, which the audit was open to the public, that the auditors concentrated on particular issues and provided corrective actions, and that the government provided complete independence and protection. The majority of respondents agreed and supported all audit procedures, but they strongly criticized the auditors' independence and protection.

Furthermore, issues with public financial management strongly oppose the effective use of public funds and conceal both society's profitability and government service delivery. It is important to find quick solutions to issues like the cash deficit, lack of budget, inadequate financial support from the upper levels of government, inability of employees to use data, management issues, understaffing of key positions, a lack of internal revenue resources, and inaction of the rules and regulations that regulate public financial management.

Additionally, it will suggest that internal auditors and other important members of public bureaus should be expected to work independently and impartially in order to improve the quality of public services, achieve an effective internal control system, prevent corruption, ensure an effective governance system, encourage accountability, and encourage greater transparency.

Finally, using a contemporary financial system called IBEX/IFMIS in the sectors, adopting regulatory performance evaluation, disciplining individuals accountable for audit results, and providing auditor protection are some of the steps the author takes to address public financial difficulties in the conclusion. They have full support for all of the respondents, but the auditors must be independent and safeguarded, and the servants must have their cash flow issue fixed.

5.4. RECOMMENDATIONS

Based on the results of this study, the researcher needed to provide the following recommendations for the effective and efficient uses of public finance and management in operation of government sectors of the study area:.

- ❖ The Integrated Financial Management Information System (IFMIS), which has been the subject of numerous studies, was utilized by the Minister of Finance and other ministries to modernize their financial systems. Related to this concern, the central government should be incapable the lower government enable to use Integrated Financial Management Information System by switch their currently had been financial management system called integrated budget and expenditure (IBEX).
- ❖ The researcher also recommended that the sectors should applied electronic procurement (e-p). By eliminating manual procurement procedures, the public finance sector can prevents corruption and misuse of funds. and also
- ❖ Also, the researcher recommends that the study find that certain of the evaluated sectors lacked a sufficient number of qualified professionals to carry out efficient and effective public financial management processes. The public financial sector should undertake a variety of tasks and is subject to numerous serious issues with financial management. As a result, the financial sector and other government agencies should collaborate to acquire qualified and skilled finance professionals.
- ❖ The researcher also recommends that the procurement standards, which the SNNP regional state council adopted in 2012, be changed and modified periodically due to inflation. The public financial sector should expand its internal and external revenue streams, use a variety of revenue collection tactics, and secure subsidies from the federal and local governments to alleviate liquidity shortages. To ensure cash availability, financial experts should also address cash mismanagement.
- ❖ The researcher also recommends that auditors should have autonomy, be independent, and have auditing procedures. He also recommends that there be a general recognition of the need for reform and that government agencies need greater managerial autonomy and freedom from tight input controls.
- ❖ Further, the researcher recommends that the federal, regional, and local governments prioritize financial issues for effective and efficient uses of public finance for the sustained economic development of the country. In addition, the silte zone finance

department and the worabe town finance office should be resolving the challenges for their future activities in the sector.

- ❖ Finally, the study recommends that future studies cover the majority of public financial sectors in the Silte Zone. This will help to generalize the findings to cover all public financial sectors in the Silte Zone. Due to the small sample size, it is difficult to generalize the findings to cover the public financial sectors in the Silte Zone.

5.5. SUGGESTION FOR FURTHER RESEARCHERS

Based on the findings of this study, the researcher suggested that further research should be done in the following areas:

- ❖ In the beginning, the researcher needed to inform others researchers that the public financial management practices are extremely compressive, carry out several tasks, and cover a variety of practices. The budget, accounting, procurement, disbursement, treasury, information technology, and audit directorates, which handle the public financial sectors' primary tasks, are some of the directorates into which the public financial sectors are separated as a result. To evaluate the practice of public financial management, the researcher chose the areas of budget, procurement, and audit. In order to shed light on Ethiopia's government financial sector financial management operations, the researcher advises that additional research be done on other PFM practices in the Silte zone and other areas.

- ❖ The study was limited to the Silte Zone Finance Department and the Worabe Town Finance Office. Silte Zone should not be a real representative of all public financial sectors in SNNPR/Central Ethiopia Region and Ethiopia; each public financial management practice is influenced by internal and external sources of revenue, management capacity, employee strength, geographical elements, and natural elements of its surroundings, as well as internal and external factors. Therefore, the report recommends that further studies be carried out on the practiceof public financial management in other public financial sectors in the Silte Zone and other areas.

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APPENDIX I: SURVEY QUESTIONNAIRES

HAWASSA UNIVERSITY

COLLEGE OF LAW AND GOVERNANCE, SCHOOL OF GOVERNANCE AND DEVELOPMENT STUDIES MA POST GRADUATE PROGRAM

Dear respondents;

My name is Tewfik Awol, a student at Hawassa University, following a master's degree in the Development Management MA Program.

I would like to extend my deep gratitude in advance for volunteering your valuable time to fill out this questionnaire. The study is being conducted by a postgraduate student at Hawassa University, College of Law and Governance, School of Governance and Development Studies, with a master's Art in Development Management. The main objective of the study is "The **Practices and Challenges of Public Financial Management: The Case of Selected Public Finance Sectors in Silte Zone, SNNPRS, ETHIOPIA"** for the partial fulfillment of a Masters of Arts Degree in Development Management. The study is mainly for academic purposes. The researcher assures all respondents that the answers provided will be treated as confidential and will be seriously used for the purpose of this study.

Yours sincerely,

Contact Address: -Tewfik Awol e-mail: tewfikawol4675@gmail.com

Mobile No. 0925363864

General Instruction

Writing your name is not necessary

Put "√" for your choice in the box provided

Kindly, therefore, return the questionnaire upon completing each item appropriately.

Thank you in advance, accordingly

SECTION A: RESPONDENT'S PROFILE

1. Sex: Male [ ]

Female [ ]

2. Age I. 18-27 [ ] II. 28-37 [ ]

III. 38-47 [ ] IV. 48-57 [ ] V. 57 and above [ ]

3. Educational background

I. Diploma [ ] II. Bachelor's Degree [ ]

III. Master's Degree [ ] IV. Doctorate Degree [ ]

4. Please specify others ……………………………………….

4. Please indicate your educational specification (department)

I. Accounting and finance [ ] II. Management [ ]

III. Economics [ ] IV. PADM [ ]

V. Please specify others ……………………………………….

5. Work experiences

I. 5 years and below [ ] II. 6 – 10 years [ ]

III. 11 – 15 years [ ] IV. 16 – 20 years V. 21 years and above [ ]

SECTION B: Practice of Public Financial Management

I. Please indicate your level of agreement to the statements listed in the table below in relation to budgeting practices applied by your sector. The rating is as follows:

1. =Strongly agree 2. =agree 3.= Neutral

4. = disagree 5. =Strongly disagree

R. No	Items	Budget practices	1	2	3	4	5
6	The budgeting process in the sector is inclusive and wide consultations take place						
7	Citizens participate in the budgeting process to ensure the important issues are given priority for its implementation.						
8	Enough budget are allocated to different governmental sectors to complete ongoing activities and projects based on clear criteria understood by all stakeholders						

9	The sectors have sufficient cash					
10	Value for money is a key concern in budgeting process in your sector					
11	Addressing marginalization and inclusive are key concerns in the budgeting process					
	In your opinion, what budgeting practice recommended for governmental sectors, and how?					
	Procurement practices	1	2	3	4	5
12	The sector use the e-procurement ways which is aimed at improving financial performance.					
13	The sector's procurement process is inclusive and time sensitive					
14						
15	Before procurement Advertisement is made accordance with particular rule and regulations on government procurement.					
16	Competition is used to acquire goods and services.					
17	Purchasing is based on value for money					
18	All procurement transactions are undertaken in an ethical and honest way.					
19	The sector required to prepare procurement plans in time for consolidation in line with annual budget estimates.					
	Based on your opinion, the procurement process based on legal framework and it takes place effective manner.					
	Audit practices	1	2	3	4	5
20	The sector has internal auditors who continuously perform audits on the sector financial implementation					
21	The audit reports are made publicity(explicitly)					
22	Any public official or experts who are found to have misappropriated public finances through audit is punished					
23	Auditing draws authorities' attention to specific problems which they take remedial action upon					
24	The sector hires auditors based on government hiring criteria with requisite skills and experience					

	What you think about your sector audit practice Regulatory practices	1	2	3	4	5
25	There are rules and regulations that help to prevent wastages and corruption in managing public finances in the sector					
26	The rules and regulations are implemented and those who break them are punished accordingly					
27	Based on the rule and regulation of the country the sector timely paid monthly salaries for the sectors civil servants					
28	There are clear regulatory framework that clarifies how the public finance are to be utilized for better service delivery					
29	Officials who misuse public funds lose their status and are prosecuted					

SECTION C: <u>challenges of Public Financial Management practices</u>

- On a scale of 1-5, please tick [√] the response that reflect your level of agreement or otherwise in each of the under listed statements.

  1 =Strongly agree 2. =agree 3.= Neutral

  4. =Disagree 5. =Strongly Disagree

	Items	1	2	3	4	5
30	Inadequate financial support from the regional and federal government					
31	Lack of capability in using data					
32	Insufficient of Budget sources and Facilities					
33	The sector has no computerized systems for financial management processes.					
34	Lack of understanding of financial management practices systems by spending officers					
35	Lack of enough well-trained personnel					
36	Unaware and unknown about public financial administration legal framework					

SECTION D: The solution given by public body to resolve the challenges that hider the effective and efficient uses of public finance in the sector

I. On a scale of 1-5, please tick [√] the response that reflect your level of agreement or otherwise in each of the under listed statements.

1. =Strongly agree 2. =Agree 3. Neutral

4. Disagree 5. Strongly disagree

R.No	STATEMENTS	SA	A	N	SD	D
1	To improving the capability of the servant the public body gives short term training and incentive, transfer, and promotion and others.					
2	To use advanced financial system called IBEX/IFMIS					
3	To implement regular based performance evaluation.					
4	Punishment according to law of the government					
5	Legal protection for auditors					

APPENDIX 2: INTERVIEW QUESTIONS FOR KEY INFORMANTS

HAWASSA UNIVERSITY

COLLAGE OF LAW AND GOVERNANCE

SCHOOL OF GOVERNANCE AND DEVELOPMENT STUDIES

MA PROGRAM IN DEVELOPMENT MANAGEMENT

Dear key informants, the purpose of this interview is intended to collect data about **practices and challenges of public financial management in selected public financial sectors in the Silte Zone".** Therefore, you are kindly requested to provide genuine information for the success of this research. The researcher here assures you that the information you provide is going to be reported and communicated in aggregate, and its confidentiality is kept strictly. Along with this, your participation in the study is voluntary and will not affect the relationship with your institutions.

SECTION E: <u>INTERVIEW QUESTIONS</u>

1. How public financial management practice are applied in the sector and what improvement made in the practice?
2. The budget subsidies from regional and federal government are efficient effectives and equitable manner?
3. In your opinion, indicate the public finance procurement practices that can be implemented to improve the financial management practices of the sectors?
4. What improvements in auditing practices would you recommend to the sectors?
5. In your opinion, legal framework that frames public financial managements is inclusive, fairness, clarity, impartial and sustained.
6. What and how PFM practices challenges were solved in the sectors?

7. What solutions are taken by the government bodies in the public finance sectors to overcome challenges that face public financial management practices in the sector?