

*Challenges of advancement payment practices on Universal Road
Access: The case in Jimma Zone Finance and Economic development*

By

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&

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*A thesis Submitted to the School of Graduate Studies of Jimma University Partial
Fulfillment of the Award of the requirement for the Degree of Master of
Accounting and Finance (MSc)*

**JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
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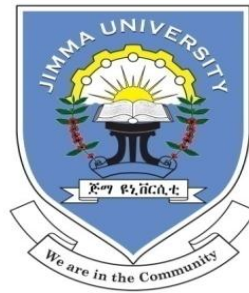
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JIMMA UNIVERSITY
COLLEGE OF BUSINESS & ECONOMICS
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AND FINANCE

This is to certify that the thesis prepared by Gizachew Sileshi Leta, entitled “*Challenges of Advancement Payment Practices on Universal Road Access: The case in Jimma Zone Finance and Economic Development.*” and submitted in Partial Fulfillment of the Award of the Degree of Masters of Accounting and Finance (MSc) complies with the regulation of the University and meets the accepted standards with respect to originality and quality.

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DECLARATION

I hereby declare that this thesis entitled “*Challenges of advancement payment practices on Universal Road Access: The case in Jimma Zone Finance and Economic Development.*”, has been Carried out by me under the guidance and supervision of Arega Seyoum(PhD) and Ato Mengistu Deyass(Msc).

The thesis is original and has not been submitted for the award of any degree or diploma to any other university or institutions.

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This is to certify that the thesis entities “Challenges of advancement payment practices on Universal Road Access: The case in Jimma Zone Finance and Economic Development”, Submitted to Jimma University for the award of the Degree of Master of Accounting and finance (MSC) and is a record of Valuable research work carried out by Mr. Gizachew Sileshi, under our guidance and supervision

Therefore we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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Abstract

This study aimed at investigating Challenges of advancement payment practices on Universal road access in the case Jimma Zone finance and economic development. The study was adopting a cross-sectional descriptive survey research design since it focuses at one point in time. Both quantitative and qualitative approaches were employed in the study. In order to get relevant information from the study population, adequate samplings were selected by using various techniques. Accordingly, Jimma zone was selected purposively among the 18 zones of oromia government of regional state. Then, from total of 23 districts (Woredas) in Jimma zone, 23(100%)Woreda and from the total 184,target populations 160(87%) respondents participated in the study were selected by using census (all respondents) method A closed ended questionnaire in the form of a 5-point Likert scale and some nominal scale (yes and no questions) were used to collect the data. The data were analyzed using descriptive statistics (percentage, mean and standard deviation) and a document was analyzed qualitatively. The findings the study include lack of knowledge on practical aspects of advancement payment, lack of adequate advancement payment practices, low knowledge of finance offices circulate and measure the receivable report, lack of training was delivering to develop uniform skills among budget workers, lack of accountability and transparency about budget utilization and receivable management, inability of officers' to continuously announces the budget utilized on time for the budget users. In addition to, lack of clear objectives, lack of competent project management, lack of close financial control, low comprehensive quality control procedure, lack of well-coordinated and motivated team and poor contractual documentation were the major challenges of the study. Finally, it is recommended that, It would be better initiate cultures of budget timely with regard to universal road access projects, strong regular follow-up on reducing universal road access receivables, presenting timely, explanatory, and complete budget utilized report, executive's budget or any supporting budget documentation present expenditures for individual programs for the budget year, it would be better to aware budget users about techniques of reducing receivables related problems, It is better to create environments of intra-zonal and inter-Zonal experience sharing with other equivalent finance offices. Finally, the researcher believes that this study could be taken as good start in the area of reorganizing and restructuring receivable management and budget practices on universal road access projects.

Key words: *Challenges of advancement payment practices, universal road access project and Jimma Zone*

Abbreviations

EPC: Engineering, Procurement and Construction

ERA :Ethiopian Roads Authority

GAAP: Generally Accepted Accounting principle

IT: Information technology

JZOFEC: Jimma Zone Finance and Economic Corporation

MDG: Millennium Development Goal

RSDP:Road Sector Development Program

URAP: Universal Road Access Project

VAT: Value Added Tax.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Advance payment is an issue for every institution offering credit to its customers and the challenge for organizations is to protect profit margins by reducing write-offs, cutting the cost to collect and maximizing the cash collected. Management of accounts receivables which aims at maintaining an optimal balance between each of the accounts receivables components(cash, receivables, inventory and payables) are a fundamental part of the overall corporate strategy to create value and is an important source of competitive advantage in businesses (Deloof, 2003).

The scarcity of finance, they lack financial management skills that hinder their capacity to complete projects on time and within the estimated budget. It was also found that most of them lack the experience and the capacity to undertake major road projects, which requires big sum of money and high technology. Lack of skilled manpower and professionals in the field is another common feature of the domestic construction companies (Chowdhury & Amin, 2007). Therefore, it was found difficult for local companies to meet the strict pre-qualifying conditions established for projects financed.

In addition, Projects are desirable to be completed within the time frame and budgeted cost. However, unfortunately, many projects take longer to complete and cost more than necessary because of lack of professional skills in the area and other various factors directly and/or indirectly related with it. In most developing countries this problem is more aggravated than those developed ones; as a result many project-sponsoring organizations are discouraged to sponsor projects in these poor countries (Hagit, 2011).

High risk, high return accounts receivables investment and financing strategies are referred to as aggressive; lower risk and return strategies are called moderate or matching; still lower risk and return is called conservative (Sushma, & Bhupesh, 2011). Business success heavily depends on the ability of the financial managers to effectively manage advance payment through receivables, inventory, and payables (Filbeck & Krueger, 2005).

Advance payment management is a very important aspect of corporate finance since it directly affects the liquidity and profitability of the company (Pandey, 2010). It is useful to think of the decision to grant credit in terms of carrying costs and opportunity costs. Carrying costs are the costs associated with granting credit and making investment in accounts receivable. It includes the delay in receiving cash, the losses from bad debts and the costs of managing accounts receivable. Opportunity costs are the lost sales from refusing to offer credit.

The key principles of advance payment management that a firm should adhere to are ageing of accounts receivable, evaluating the potential customers ability to pay using criteria such as integrity of the customer, financial soundness, collateral to be pledged and current economic conditions should be analyzed, establishment of credit terms and limits, collection of trade credit, assessment of default risk and responsibility and the financing of accounts receivable until it has been paid by the purchaser (Sushma, & Bhupesh,2011).

Advance payment management are used in large investments in firm's asset, which are, like capital budgeting projects, measured in terms of their net present values (Emery, 2004). There are three characteristics of accounts receivables include; the element of risk, economic value and futurity (Laziridis & Tryfonidis, 2006).

The management of receivables is basically a problem of balancing recoverability and liquidity. The costs associated with accounts receivables include capital, administrative, collection and default costs (Pandey, 2008).When the firm resorts to liberal credit policy, the asset value of the firm is not protected. However, such a policy results in increased investments in receivables and the problem of liquidity is created. On the other hand, a stringent credit policy protects the asset value and increases the liquidity of the firm.

The management should consider the following factors in keeping the level of investment in receivables within the controllable limits. The effectiveness of accounts receivable management should be analyzed from time to time with the help of certain ratios such as average collection period, debtor's turnover ratio, receivable current assets ratio (Laziridis & Tryfonidis, 2006).

Advance payment management means planning, organizing, directing and controlling of receivables. It deals with a shortened collection period, low levels of bad debts and a sound

credit policy; it often improves the businesses financial performance. Hence there is need for sound receivable management practices that will ensure that accounts receivable is effectively recovered (Ross,2008). Losses as a result of bad debts written off and provisions for bad debts constitute the receivable impairment as the carrying amounts of accounts receivable in the financial statement is far less than what is recoverable (Pandey, 2008).Firms that are efficient in advance payment determine their optimal credit, which minimizes the total costs of granting credit and an increase in the level of accounts receivables in a firm increases both the fund and the costs of holding and managing accounts receivables and both lead to a decrease in the value of the firm (Silva, & Jayamaha,2012).

A study by Lazaridis and Dimitrios (2005) found that firms who pursue increase in advance payment to an optimal level increase their profitability. A study by Juan & Martinez (2002) emphasized that firms can create value by reducing their number of days of accounts receivable, thus confirmed the finding of Deloof (2003) who established that the length of receivables collection period has a negative effect on a firm's performance.

Even though, the road transport in Ethiopia accounts for over 97% of the total domestic traffic carried out by motorized transport system, most of the connecting roads are not properly maintained, which results in frequent accidents costing the life of many people and the loss of valuable resources every year.

The making improvement in the road sector of the country will have a significant impact on economic and social sectors as well. With this objective in mind this research was assessed the critical factors of project time and cost overrun as well as other undesirable causes that hinder road construction projects success.

Hence, the major output of this research work will be to develop a model that finds an efficient way to prevent the occurrence of time delay and cost overrun on projects and minimizes the risks of project failures.

Particularly, in URAP in Jimma Zone: Local contractors have lack of adequate and sufficient experience in road construction activities. They have lack professionals with the required quality, number, skill and experience, and good team composition and they also lack the essential project management and cost control skills; as a consequence they often take the lowest tender prices and win projects eventually they end up in producing low quality (JZOFEC, 2017).Therefore, the Challenges of advancement payment practices on Universal Road Access: The case in Jimma Zone Finance and Economic development in sample *Woredas*' of Jimma Zone Finance and Economic Corporation.

1.2. Statements of the problem

Advance payment management is a very important component of corporate finance because it directly affects the liquidity, profitability and growth of a business. It is important to the financial health of businesses of all sizes as the amounts invested in working capital are often high in proportion to the total assets employed (Chowdhury & Amin,2007). It involves the planning and controlling of current assets and liabilities in a manner that eliminates the risk of inability to meet short-term obligations and avoid excessive investments in these assets (Padachi, 2006). However, mismanagement of accounts receivables is disastrous for a firm and more often leads to liquidity problems to many firms (Waweru, 2013).

In addition, the amount of impairment associated with receivables is normally a portion of the historical cost of the receivable that should be written off (Sushma & Bhupesh, 2011). It is derived from the estimated costs to restore the utility of the receivable. However, the actual impact of accounts receivable management practices on impairment of receivables is largely a perception with no factual empirical estimations (Waweru, 2013).

In Ethiopia the road infrastructures required for its development are very weak in quality and quantity. In recognition of this, the government has given higher priority in the issue. But infrastructures require huge amount of money, skilled manpower, state-of-the-art technology, and above all high quality of management skills to efficiently manage construction related projects, unfortunately this is not possible by counting only the internal capacity (at least by now). Therefore, foreign construction companies relatively better in their capacities participate in this sector together with the local construction firms, which have been flourished mainly in the last decade (RSDP, 2004).

Particularly, the Ethiopian road infrastructure by the nature of its operations faces a myriad of cash flow challenges as a result of accounts receivable management practices. Generally local contractors and receivables management experts are :lack adequate and sufficient experience in road construction activities, lack professionals with the required quality, number, skill and experience, and good team composition and also lack the essential project management and cost control skills; as a consequence they often take the lowest tender prices and win projects eventually they end up in producing low quality study document that would distort the

information and create difficulties in decision-making resulting in frequent disagreement during supervision between contractors and delayed payments to customers, creditors, and other clients have led to unpredictability of payment patterns and cash flows in these firms. As a consequence farmer (labor) and the other stakeholders hold on critical raw material as a result of the unpredictable payment patterns occasioned by poor cash flows and this affect efficient factory operation.

Moreover, the problem starts from beginning of contract date between the Constriction Company and client of each district (*Woredas*) road authority assign an agreement 20% of the contract price take as an advance for the project. This advance value is a receivable for the Jimma Zone Finance And Economic Corporation (JZOFEC) and payables for the contractors but this advance having its own value added taxes(VAT) values are not clearly implemented, because each engineering payment certificates' are measures each activities are in its own unit rate with unit price it's become values of contract price that initially signed and at the time of one project are completed the value of receivable be for VAT were returned (JZOFEC, 2017).

In addition, as JZOFEC (2017) indicated in yearly report of advance pymtent challenges among finance officers in Jimma zone of each districts were conclude that indeed most Universal road access project were suffering from bad activities; a critical element of asset impairment; caused by poor receivable management practices.

Several studies have been advanced on the effects of advance payment practices on the impairment of advance payment (Lazaridis & Dimitros, 2009; Bowen, Murara & Mureithi, 2009).Lazaridis & Dimitros (2009) found the relationship between advance payment management and profitability of listed companies in the Athens Stock exchange concluded that there were other external factors that largely interfered with the impairment of receivables leading to losses other than the actual management practices.

However, none of the above studies clearly outlines advance payment practices on the impairment of the finance practice on URA project in selected woreda. The inefficient and deteriorated state of the project with poor performance has detrimental effects to the development of the project. Some anecdotal and government sources indicate weaknesses,

problems and constraints hampering the performance and development of the project which include: low capacity and capability of the local contractors and consultants due to weak resource base and inadequate experience finance implementers, corruption and financial mismanagement in public/private sectors, lack of supportive institutional mechanisms in terms of financial credit facilities, equipment for hire and professional development and low technological base in Ethiopia and particularly in some selected Woreds of Jimma Zone .

Hence, the research was carried out to identify the key challenges and causes that led the project for low performance and delivery that resulted from problems of the management control of projects and fulfill the gap of low advance payment practices of finance officers within in some selected Woreds Of Jimma Zone. To end this, the study therefore, attempted to answerer the following major basic research questions:

1. What are the project control mechanisms that employed in the process of project initiation to implement in some selected Woreds of Jimma Zone?
2. What are the key challenges that affect all actors to cope up with the rapid growth and fast changing project environment with knowledge and experience to ensure advance payment practices in URAP projects?
3. To what extent the practices of advance payment practices such as: accountability, transparency, monitoring, evaluation carried outdone in URAP project in some selected Woreds of Jimma Zone?

1.3. Objective of the study

1.3.1. General objective

The general objective of the study was aimed an assessing the Challenges of advancement payment practices on Universal Road Access in the case of Jimma Zone Finance and Economic development

1.3.2. Specific objectives

- 1) To describe the project control mechanisms that employed in the process of project initiation to implementation in in some selected Woreds of Jimma Zone.

- 2) To suggest on the key challenges that affect all actors to cope up with the rapid growth and fast changing project environment with knowledge and experience to ensure advance payment practices in URAP projects.
- 3) To describe the extent of practices of accountability, transparency, monitoring, evaluation and commitment of experts of receivable management done in each woredas' of Jimma Zone on URAP project

1.4. Significance of the study

The study shall be of great importance to government agencies in formulating policies and regulations that promote sound receivable management practices to reduce on the level of debt cancellation. The study shall add to existing knowledge whereby researchers may want to explore and expand their knowledge on accounts receivable management practices and budget practices. The study will also contribute to the existing theories of financial management. The study shall help experts in the finances on universal road authority project to understand the good practices of managing accounts receivable to reduce high default rate in debtor recoveries in the of each woreda of JZOFEC . It will also help educate the general public on the benefits of having a strong and efficient credit management practices that can realize financial gains. Finally, the study would initiate other research in the area for further study.

1.5. Scope of the study

The scope of the study is limited to that on the title" advance payment on URAP project and budget practices in some selected woreda in Jimma zone finance and economic corporation office. Accordingly, on 21 districts (*Woreda*) and including two towns' administrations and each woreda having two or one URAP contractors and one construction consultant; departments focused were accounting department and particularly on experts of receivable management and budget. The study was also delimited on specifically independent variables such as; techniques of receivable management, experience of employees, training of employees, accountability & transparency and whereas dependent variables such as; knowledge of budget ,awareness of budget users, and budget allocation.

1.6. Limitations of the study

The researcher met a number of limitations which included the following:

The study needed timely movements to different districts which limited the number of respondents' overload of office work, failure to answer questions because it was considered time consuming for the respondents. To overcome this problem, the researcher endeavored to capture rapport and make appointments convenient to the respondents, lack of cooperation from respondents, especially those who considered the information not confidential. The researcher therefore assured the respondents of confidentiality of their information that it was solely academic purpose for which it would be used and Failure for most of the respondents to understand what advance payment are, and whether they have it in organization system systems or not, it therefore needed explanations after giving the questionnaire and the researcher done it. Generally, the study would be conducted successfully.

1.7. Organization of the study

the study was organized in the manner of chapters(five) as below; Chapter one consisted of the background of the study, statement of the problem, objectives, research questions, significance , scope of the study, limitation of the study and organization of the study. Chapter two covers literature review; which provides theoretical bases of the study, empirical studies comprising of previous study out of country and in country level studies and conceptual framework for the study. Thereafter research methodology; showing research design, area of the study data collection method, sampling technique and sample size, data analysis and reliability and validity of data. Chapter four: Provides details on presentation, analysis of the findings obtained and discussions under this chapter. Finally, chapter five comprised: major of summary findings, conclusions and recommendations.

CHAPTER TWO

RELATED REVIEW LITERATURE

2.1. Introduction

This chapter reviewed the literature that forms the basis of the study. It was highlighting concept of and theoretical framework where theories' relating to the study was discussed and also in the chapter a review of empirical literature where past studies by various scholars locally and globally on advance practices and budget practices are discussed.

2.2. The Concept of advance payment

When goods and services are sold under an agreement permitting the customer to pay for them at a later date, the amount due from the customer is recorded as accounts receivables; so, receivables are assets accounts representing amounts owed to the firm as a result of the credit sale of goods and services in the ordinary course of business(Venkata Ramana; Ramakrishnaiah & Chengalrayulu, 2013).

The value of these claims is carried on to the assets side of the balance sheet under the title such as accounts receivable, trade receivables or customer receivables. This term can be defined as (Joy, 1978) "debt owed to the firm by customers arising from sale of goods or services in ordinary course of business."

According to Zheng(2009,p.25) " advancement payment practices are amounts owed to the business enterprise, usually by its customers. Sometimes it is broken down into trade accounts receivables; the former refers to amounts owed by customers, and the latter refers to amounts owed by employees and others". Robinson (2007), in developing countries, the organization of budgetary system is subordinated to the problems of eliminating the remnants of feudalism and colonialism.

2.3. Roads Infrastructures

It is well known that transportation is fundamental to the development and operation of any society. It permits that geographically distant resources become accessible with transportation, connect people, transfer of technology and also goods needed in different places. This make evident that the economic growth of any society in any part of the world is directly related to the availability of transportation. Without question, a society without an advanced transportation system remains primitive (Ethiopian Roads Authority (ERA), 2002).Transport services are divided into two major categories (1) the movement of materials and products (freight), and (2) the movement of people (passenger). In order to facilitate adequate transportation system the construction of adequate road infrastructure is a vital requirement (RSDP, 2004).

The road density in Ethiopia is among the lowest in Africa and other developing countries, with an estimated 21km of road per 1000 sq km and 0.43 km per 1000 population RSDP, though the road transport in Ethiopia accounts forever 97% of the total domestic traffic carried out by motorized transport system, most of the connecting roads are not properly maintained which results in frequent accidents costing the life of many people and the loss of valuable resources every year. The financial management system in ERA is not computerized. Though the manual for computerizing of all subsystems is already prepared; still some of the subsystems are not integrated with the central financial management system, causing inaccuracies and delays in the monthly cash reports and making complex the timely acquisition of the required cost related information.

In Ethiopia the road infrastructures required for its development are very weak in quality and quantity. In recognition of this, the government has given higher priority in the issue. But infrastructures require huge amount of money, skilled manpower, state-of-the-art technology, and above all high quality of management skills to efficiently manage construction related projects, unfortunately this is not possible by counting only the internal capacity .Therefore, foreign construction companies relatively better in their capacities participate in this sector together with the local construction firms, which have been flourished mainly in the last decade (RSDP, 2004).

2.4. Theoretical Review

Accounts receivables management techniques utilized by business managers aids them in effectively managing accounts receivables. Techniques such as intersection of carrying costs and shortage cost, cash budgeting, are applied to manage different components of accounts receivables like cash, inventories and accounts receivables company can be endowed with assets and be profitable but short of liquidity if its assets cannot readily be converted into cash. An increase in accounts receivables indicates that the business has increased current assets. Pioneer studies of (Baumol,1952) about an inventory management model and (Miller, 1966) about a cash management model could be considered as the best-known studies in this field, with the assumptions of these models informing managers about problem related with accounts receivables management practices.

Horne and Wachowitz (1998, p.25) suggested that the agency problems could be minimized through the separation of the ratification and monitoring of decisions from the initiation and implementation of decisions. These decisions can be reflected in a conservative management of accounts receivables, reducing the risk involved in the business operation, such as to keep high level of inventories beyond the process cycle needs, to offer credit terms above the product turnover, to accept low payment terms not aligned to the market practices, etc. In that case, these investment decisions would be translated in excess of accounts receivables. Therefore, the theory will help us try to investigate if firms that present monitoring mechanisms of managers' actions have lower level of accounts receivables requirement.

2.4.1. Operating Cycle Theory

The concept of liquidity can be developed by extending the static balance sheet analysis of potential liquidation value coverage to include income statement measures of a firm's operating activity. In particular, incorporating accounts receivable and inventory turnover measures into an operating cycle concept provides a more appropriate view of liquidity management than does reliance on the current and acid-test ratio indicators of solvency. These additional liquidity measures explicitly recognize that the life expectancies of some accounts receivable components depend" upon the extent to which three basic activities- production, distribution (sales), and collection - are non-instantaneous and unsynchronized (Hitesh & Shukla 2007). Changes in credit and collection policy have a direct impact on the average outstanding accounts receivable

balance maintained relative to a firm's annual sales. Granting more liberal terms to a firm's customers creates a larger, and potentially less liquid, current investment in receivables.

Decisions that commit a firm to maintaining larger average receivables investments over a longer time period will inevitably result in higher current and acid-test ratios (Jerome & McKinney, 2004). Inventory turnovers depict the frequency with which firms convert their cumulative stock of raw material, work-in-process, and finished goods into product sales. Adopting purchasing, production scheduling, and distribution strategies that require more extensive inventory commitments per dollar of anticipated sales produces a lower turnover ratio. This, in turn, reflects a longer and potentially less liquid inventory holding period

2.5. Advancement Payment practices

Firms rather prefer to sell for cash than on credit, but competitive pressures force most firms to offer credit. Today the use of credit in the purchase of goods and services is so common that it is taken for granted. When consumers expect credit, business units in turn expect credit from their suppliers to match their investment in credit extended to consumers. In order that the credit sales are properly managed it is necessary to determine following factors; Credit Policy, Credit Evaluation of Individual Buyers, Credit Sanction Decisions, Control and Monitoring of Receivables. The uncollectible accounts are known as bad debts. The total amount of uncollectible accounts is an expense of selling on credit (Larson, 1999).

According to Chowdhury and Amin (2007, p.21) accounts receivables are “initially recorded at amount of associated sale, and are carried in accounting records at that amount until they are partially or completely paid to customers”. If all customers paid their accounts, no other adjustments would be needed. Unfortunately some customers do not keep their promises to pay and their accounts are never collected. The higher the accounts receivable turnover the quicker the cash is collected and the shorter the time the use of cash is foregone. Methods to account for uncollectible accounts include; the direct write off method that is used to account for bad. Debts that record the loss from uncollectible accounts receivable at the time it is determined to be collectible Sometimes an account written off is later collected. This can be done due to continual collection efforts or good fortune of a customer.

Some organizations recognize the loss from an uncollectible account receivable at the time it is determined to be uncollectible by reducing accounts receivable directly and increasing uncollectible accounts expenses and if so whether the balance has tended to increase, whether the old balance is being carried forward to be paid off by installments whilst new goods are being supplied for cash, whether any bills and cheques have been dishonored, the ratio of bad debts to debtors in the past proposed provision account ratio to debtors (Sundgren& Schneeweis,2010).

Estimating balance for allowance account is done using the simple estimate of percentage uncollectible from the total outstanding accounts receivable method and the Aging of accounts receivable method. The management writes off an account when it determines that specific account is not going to be collected. Needles et al (2002), contents that the percentage of net sales method asks, how much of this year' net sales will not be collectible? The answer determines the amount of uncollectible accounts figures for the year. In many organizations net sales is understood to approximate net credit sales. If there are substantial cash sales then the credit sale should not be used.

Under aging of accounts receivable method, the year-end balance of allowance for uncollectible account is determined directly by an analysis of accounts receivable. The aging of accounts receivables is the process of listing each customer's receivables account according to the due date of the account. If the customer's account is past due date, there is a possibility that the account will not be paid. The aging of accounts receivables helps the management evaluate its credit and collection policies and alerts it to possible problems

2.6. Empirical Review

Advancement Payment practices has become one of the most important issues in the organizations where many financial executives strive to identify the basic receivables drivers and the appropriate level of accounts receivables (Lamberson, 1995). One of the earlier studies done by Jose, Lancaster and Stevens(1996) for the twenty-year period from 1974 through 1993 of 2,718 firms offers strong evidence that aggressive receivables management policies indicated by shorter cash conversion cycle enhance profitability. Jose et al. (1996) also examined the relationship between aggressive receivables management and profitability of US firms using Cash Conversion Cycle (CCC) as a measure of receivables management where a shorter CCC

represents the aggressiveness of receivables management. The results indicated a significant negative relationship between the cash conversion cycle and profitability indicating that more aggressive receivables management is associated with higher profitability. Firms in an industry that has less competition would focus on minimizing the receivable to increase the cash flow. For firms in industry where there are large numbers of suppliers of materials, the focus would be on maximizing the payable.

Lazaridis and Tryfonidis (2006) also investigated relationship between accounts receivables management and corporate profitability for the firms listed in Athens Stock Exchange for a sample of 131 listed companies. The researcher used the company financials from 2001-2004 for the study. The results of the study of regression analysis showed that there was a statistically significant relationship between gross operating profit, a measure of profitability and the cash conversion cycle.

2.7. Overview of Budget and Budgeting

The word budget originated from a French word “baguette” which means a little bag. In Britain it was used to describe the leather bag in which the Chancellor of the Exchequer carried the statement of government needs and finances to parliament.

The need for utilization of scarce resources surrounding mankind effectively and efficiently, invite economic skills, on which the use of budgeting is inevitable (Armstrong, 2006). That is to say budgeting cuts across all personalities; starting from individuals, partnership, cooperative societies, companies, multinational corporations and nations hence, necessitating emergence of various definitions by different authors. Frederick (2001) defines budget as a plan that is measurable and timely.

In addition, Drury (2006) defines budget as a plan expressed in quantitative, usually monetary term covering a specific period of time usually one year in other words a budget is a systematic plan for utilization of manpower and material resources. In a business organization a budget represents an estimate of future costs and revenues. A budget can be prepared based on certain projections depending on the organization. For instance, the electricity utility company can base its projections on population growth which is predictable for five to ten year periods and it must

plan asset acquisition years ahead because of long lead times involved in dams construction and the like.

Lucey (2009), a budget is prepared and approved before its implementation showing income, expenditure and capital to be employed. It may be drawn up showing incremental effects of former budgeted or actual figures, or compiled by zero-based budgeting approach. As Bougheas et al (2009) argue that, budgets help to allocate resources, coordinate operations and provide a means for performance measurement. Furthermore, budgeting involves planning for various cost generating activities and revenue producing of an organization. The importance of budgeting is emphasized by an old saying, “*Failing to plan is like planning to fail*”. Thus, budgeting is essentially financial planning or planning for performance.

The budget is also a tool for the implementation of social, economic and political priorities which impact on the lives of the population. A successful budget must be a product of a process that is based on sound and quality information, rigorous impact analysis and effective feedback mechanism to internalize lessons of past budgets. It is an integrated output of a dynamic process in which the connections between various sectors are critical for its ultimate impact and should be looked at in a holistic manner (Kwanashie, 2005).

Budgeting has come to be accepted as an efficient method of short-term planning and control. It is employed, in large business/organizations but even small businesses are using it at least in some informal manner. Through the budgets, an organization wants to know clearly as to what it proposes to do during an accounting period or a part thereof. The technique of budgeting is an important application of management accounting. Probably, the greatest aid toward good management is the use of budgets and budgetary control. It is a versatile tool and helps managers to cope with many problems including inflation (King, Clarkson & Wallace, 2010).

2.8. Benefits of budgeting to an organization

Every organization whether small, medium or large is expected to prepare a budget that guides their day to day operations. The need for preparation and maintenance of budgets is based on some importance, some of the benefits includes: It provides clear guiding principle for managers and supervisors and is the major way in which organizational objectives are translated into

specific tasks and objectives related to individual managers. These components need to be coordinated to work together in a cohesive fashion. The budget is the tool that communicates the expected outcome and provides a detailed script to coordinate all of the individual parts to work in performance. It helps managers in identifying constraints and bottlenecks before they become major problems to the organization (Jackson & Sawyers, 2001). For instance, in electricity production efficient operation of the power plant can be limited by supply of natural gas. Thus, a well-developed a budget will always consider capacity constraints this means managers can learn well in advance of threatening production and distribution bottlenecks. Moreover, budgeting assist managers to have better understanding of their business and it provides a yardstick by which business performance can be measured. If negative deviations are discovered, it permits timely corrective action to be implemented (Borja & Lombeida, 2002). Furthermore, according to Jackson and Swyers (2001) budgeting has to do with forecasting and estimating the future profitability of the company, due do that reason the budgeting process forces management to focus on the future and not to be disturbed by daily crisis in the organization.

The budget can be a useful device for influencing managerial behavior and motivating managers to perform in line with the organizational objectives (Drury, 2001). A budget provides a standard that under certain circumstances may motivate managers to strive to achieve the standard. However, it is possible for managers to view budget as a pressure device in trying to get them to achieve a level of performance that they do not see as achievable. Nevertheless, motivation would be enhanced through the feeling of involvement which participation in the budgeting process can promote.

2.9. Feedback and control Budget

Feedback concerning the degree to which budget goals have been achieved is another element to be considered in the budgeting process. Reports should be issued with sufficient frequency to facilitate adjustments to off-target operations. When members of the organization do not know the results of their efforts they have no indication of success or failure and no incentive for higher performance (Frank, 2002). The performance of an organization depends on sound budget process. To ensure effective budgetary process in any organization information feedback is of paramount. Employees within an organization need to be informed of their units' budget adjustments and changes, as well as information on the reasons behind various budget decisions.

Control in organizations is exercised by information feedback loops which gather information from the output side of a department, function or process which is used to govern future performance by adjusting the input side of a system (Lucey,1996). Hence, feedback on performance, when presented in a constructive, objective and unbiased manner has been showed to be quite important as a motivator in giving reliable estimations in the budgeting process.

2.10. Requisites for effective budgetary control

For budgetary control to be effective, the following requisites are essential:

2.10.1. Clear and realistic goals

A budgeting system operates better where the objectives and goals of the organization are unambiguous. That is, the objectives and goals must be clear and understood to insure consistency in the organization. In absence of clear goals, employees will lack a proper direction. Thus, the financial manager or budget officer must ensure that objectives and goals are properly laid down, as well as departmental goals must align with organization corporate goals. In addition, previous studies by Yuen (2004) also state that clear goals promote the performance of employees by urging them to do the best. Several empirical research studies have supported the positive effects of goal clarity on performance (Locke & Schweiger, 1979).

2.10.2. Management Support

Amoako and Acquah (2008) conceptualize that, for budgetary control system to be successful, it must be initiated and supported by management. A company will be able to implement its budget plans efficiently if management has a positive attitude towards budgeting and provides direction for budget implementation and control.

2.10.3. Authority and Responsibility

The first step is to have clear organization chart explaining the authority and responsibility of each individual executive. The authorities and responsibilities of each manager should be clearly identified and established. Thus, the performance of each manager should be evaluated in terms of the assigned authorities and responsibilities (Donaldson, 2001).

2.10.4. Proper Communication

Proper communication is also a condition for effective budgetary control system, because communication creates understanding among employees. The flow of information should be quick so that the budget is implemented hence two-way communication is important. What is required to be achieved and how it is to be achieved should reach the lowest level. Similarly, Holland (2005) added, upward communication in respect of implementation difficulties should reach the top level to sort out without loss of time. The performance reports from various levels help the top management in monitoring and evaluating the general performance of the organization.

2.10.5. Adaptation of Accounting System

An adequate accounting system is a pre-requisite for sound budgetary control system in facilitating planning and control process. An accounting system should be structured around the areas of responsibility (Drury, 2001).

2.10.6. Education

Education is a necessary fact that influences budgeting. For a successful budgeting, every individual within the organization must be acquainted with all aspects of budgeting (Lucey, 2009). That is, they must be educated on the characteristics and method of budgeting; how to interpret budget results and how performance is evaluated through budgets. Education can be done through conducting seminar conference, discussions and the like.

2.10.7. Flexibility

Future is uncertain. Despite the best planning, still there may be occurrences that may require adjustments. Budgets should work in the changed circumstances therefore; flexibility in budgets is required to make budgets work under changed circumstances (Drury, 2001).

2.10.8. Management Structure and Account Receivable Management

Corporate finance literature in the past has focused extensively on the study of long-term financial decisions, particularly investments, capital structure or company valuation decisions. However, working capital management also directly affects the liquidity of the company as it deals with the management of current assets and current liabilities that are essential for the

smooth running of a business unit. For a trading or distribution company, they constitute even more than half of their total assets and thereby directly affect the profitability and liquidity of the company (Raheman & Nasr, 2007). Sometimes, inaccurate working capital management procedures may also lead to bankruptcy, even though their profitability may constantly be positive (Samiloglu & Demirgunes, 2008). Excessive levels of current assets can easily result in a firm's realizing a substandard return on investment (Raheman & Nasr, 2007).

2.11. Factors involving in Advancement Payment Practices

Factors involving in Receivable management include : the terms of credit granted to customers deemed creditworthy, the policies and practices of the firm in determining which customer are to be granted credit, the paying practices of credit customers, the vigor of the sellers, collection policies and practice, and the volume of credit sales (Soufani,2003).

2.12. Goals of Advance Payment Practices

The basic goal of credit management is to maximize the value of the firm by achieving a tradeoff between the liquidity (risk and profitability). The purpose of credit management is not to maximize sales, nor to minimize the risk of bad debt. If the objective were to maximize sales, then the firm would sell on credit to all (Pandey, 2002). On the contrary, if minimization of bad debt were the objective, then the firm would not sell on credit to anyone. Thus to achieve the goal of maximizing the value, the firm should manage its trade credit. The efficient and effective credit management does help to expand sales and can prove to be an effective tool of marketing.

Well administrated credit means debt risk were the aim, then the firm would not sell on credit to anyone. In fact, the firm should manage its credit in such a way that sales are expanded to an extent to which risk remains within an acceptable limit. The objectives of receivable management is to promote sales and profits until that point is reached where the return on investment is further funding of receivables is less than the cost of funds raised to finance that additional credit (Brown,& Howard,2002).

2.13. Collecting accounts receivables

Account receivable management can be a complex field for the financial departments and their decisions can both affect the company's value and relationship with customers. Allen(2009, p. 94) argue that companies that have a liberal policy of giving trade credit, have a great amount of money tied up in their accounts receivables that in turn will lead to an increased managing cost.

Bougheas et al.(2009, p. 54) continue to argue for the importance of collecting accounts receivable, according to him, receivables as a revenue should not considered true until it is visible on a company's bank account. These arguments are further strengthening the importance of receivables and the vitality for businesses to learn how to collect this resource. Moreover Mortensen (2009, p. 55) state that personalized collections are an approach where the company

Contacts the customer whilst an invoice is past due.. The process of contacting customers for a reminder of payment has been perceived in different ways. Some companies believe that it can jeopardize the customer-supplier relationship; others consider that if contact is set up in a professional and non-threatening way it can evolve in to a stable and good payment habit (Allen, &Tommasi, 2001).

A weakness with this method is also that customers use the prompt payment even if their invoice has expired which leads to extra work for the personnel and an extra cost for the company (Andrews &Hill, 2003).This shows upon the great diversity in what approach to undertake when collecting the receivables. Previous literature both strengthening the importance of good relationships and argue for fees as an alternative solution. This is can be seen a two distinct views and show that there is no universal clear-cut strategy for managing account receivables.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter deals with the research design, method, sources of data, population and sample size, sampling techniques, data gathering instruments, method of data analysis and reliability and validity of data .

3.1. Research Design

Research designs are plans and procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis (Creswell, 2011). In supporting this idea, Dooley (2007) defines a research design as the scheme, outline or a plan that is used to generate answer to research problems. Accordingly, the study was adopting a cross-sectional descriptive survey research design since it focuses at one point in time. Cooper and Schindler (2010) recommend descriptive survey design for its ability to produce statistical information about aspects of education that interest policy makers and researchers. As Zikmund (2003) says surveys “provide quick, inexpensive, efficient and accurate means of accessing information about the population”.

3.2. Research Method

The method employed in this research was both quantitative and qualitative approaches . Hence, the research was survey method; it more emphasizes quantitative research approach and uses some the qualitative approach was employed and incorporated in the study.

3.3. Sources of the Data

To answer the basic questions of the research, relevant data were collected from primary sources. The Primary sources of data were finance officers of sample districts in the Jimma zone finance and Economic development on universal road access project (URAP) and its budget practices under study as they are directly or indirectly involved in advance payment activities. The secondary data were document analysis (report of sample *Woreda* in Jimma Zone).

3.4. Area of the study

The research under the title of receivable management in Jimma zone finance and Economic cooperation on universal road access project (URAP) and its budget practices are plane carried out at Jimma Zone finance and Economic cooperation (JZFEC) which is found in Oromia region, in Jimma zone 21 *Woredas* .Jimma zone finance and economic cooperation. Under the oromia finance *Jimma Zone* finance corporation one of the 18 zones. These zonal offices administers and give a direction for 21 *Wareda* finance offices those offices having its own duties and responsibilities for attempting the government policies in general administration, economic and social activity.

The main objective of this paper focuses on the department of Procurement and Finance administration with in this department three core-processes are found namely: treasury, account report and, purchasing and procurement. These inter related activities are under one department parts of the paper with an initial for each activates regarding to constriction occasion are announce for large public in activity of Universal road accesses project /URAP/these activities are connecting Keble to Keble and also Keble to *woreda*(Town).Under Jimma zone 34 URAP Construction enterprises and 7 consulting companies started in the year 2004 E.C actively involved in this millennium development goal projects, These project are annual budget approximately per year around 250,000,000.00 birr for attempting the 1St MDG goals.

3.5. Target population, Sampling Techniques and Sample Size

Population is the entire group of people to which a researcher intends the results of a study to apply (Creswell, 2011). The study was specifically targeting all experts of receivable management of all the 23 *worads*' of the zone since the population size is small (184). In this research in order to get relevant information population was selected by using some techniques. Since the researcher has a work experience of certain years in Jimma zone and this zone was selected purposively among the 18 zones of oromia government of regional state. From total of 23(100%) districts (*Woradas*') in Jimma zone, 23(100%) experts of receivable management representing the selected district in the Jimma zone finance and economic cooperation were selected by using census (all respondents) method. Census sampling technique gives each *Woread* equal opportunity of being selected from 23 *woredas* in Jimma Zone and giving a

sample size of 184 respondents with considering 20% non- response rate, the final sample size was approximately 160 and also data returned from 160 respondents as shown in table 1 below.

Table 1.The target population, Sampling Techniques and Sample Size

	Name of woreda's	Total population	Target population	Sample	return (responses)
1.	Chora Botor	35	8	8	7
2.	Dedo	33	8	8	7
3.	Gera	42	8	8	7
4.	Goma	49	8	8	7
5.	Gumay	35	8	8	7
6.	LinmuKosa	44	8	8	7
7.	LimuSeka	42	8	8	7
8.	Mana	45	8	8	7
9.	AgaroTwn	40	8	8	7
10.	Jimma Town	56	8	8	8
11.	Neon Benja	37	8	8	7
12.	Omo Nada	39	8	8	7
13.	Kersa	48	8	8	7
14.	SekaChokrsa	38	8	8	7
15.	Sentama	39	8	8	7
16.	ShabeSombo	44	8	8	7
17.	Sigmo	34	8	8	7
18.	Sokoro	51	8	8	7
19.	TiruAfata	41	8	8	7
20.	Mancho	21	8	8	6
21.	OmoBenja	28	8	8	7
22.	Tulay	19	8	8	5
23.	Jimma Zone	64	8	8	8
24.	total	924	184	184	160
Sampling techniques			All(census)		87%

Source: report of from ZOFEC zone, 2017

3.6. Data collection Instruments

In this study to acquire the necessary information from participants, questionnaire and document analysis were used to collect data from all experts of receivable management of ZOFEC zone.

3.6.1. Questionnaire

In order to collect data from study subject, the researcher used questionnaire. The questionnaire believed to be an instrument convenient to assess and acquire necessary information from participants, with short period of time. The questionnaire was prepared in English language, with assumption that all of the sample experts can understand the language easily. The questionnaires included more of close ended questions and. The closed- ended items were prepared by using Likert scales, which contain the value between 0 and 5.

The questionnaire has two parts. The first part was intended to obtain relevant information about the characteristics of the respondents. The second part was designed to collect information pertinent to the actual practice of respondents.

3.6.2. Document analysis

In this study document analysis (annual report of each Woreda of the zone) was employed to strong the quantitative data (close ended questionnaire)

3.7. Method of data analysis

The collected data were analyzed through descriptive statistics (percentage, mean & standard deviation) by using the Statistical Package for Social Science (SPSS) version 20.0.

3.8. Reliability and Validity Data

Validity is the degree to which a test measures what it purport to measure and validity is the degree to which results obtained from the analysis of the data actually represent the phenomena under study (Creswell, 2011). In addition, as Borg and Gall (1996), validity of an instrument is improved through expert judgment and the content validity will be ascertained by advisors; who was constantly check, evaluated and highlight the errors in this research. Reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials using the same subjects under the same conditions (Mugenda & Mugenda, 2003). According to Fraenkel and Wallen (2000), a reliability coefficient of 0.70 and above is acceptable for descriptive research surveys.

Accordingly, before conducting the main study, the pilot study was employed by creating the draft questionnaires and distributed for two *Woredas* (16 respondents) which was not part of the

study sample. It was done to achieve the relevance of the questionnaires and improved four items questions based on the respondents' feedback and the questions before the final version was developed. The reliability of the instrument was measured by using Cronbach's alpha test by the help of SPSS version 20. The obtained result in each transformed independent variables were ranged 0.71-0.87. Then it was good indication of the internal consistency of items. The results of Inter- reliability (Cronbach's Alpha results) summarized in table 2 here under.

Table 2. Inter- reliability (Cronbach's Alpha results)

	Cronbach's Alpha result	No Items
1	0.74	5
2	0.79	5
3	0.71	5
4	0.72	5
5	0.84	4
6	0.85	5
7	0.87	5
8	0.78	5
Total	0.787	39

Source: own computation or SPSS results

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1. Socio-Demographic characteristics

Table 3. Socio-Demographic Characteristics of study participants, Jimma Zone

Variables	Frequency	Percent
Sex of the respondents		
Male	53	33.1
Female	107	66.9
Total	160	100
Level of education		
Degree	151	94.4
Masters	9	5.6
Total	160	100
Fields of education		
Accounting	125	78.1
Management	17	10.6
Others	18	11.3
Total	160	100
Experience in Years		
< 5years	9	5.6
6to 10 years	70	43.8
11 to 15 years	27	16.9
16 to 20 years	18	11.3
>=20	36	22.5
Total	160	100
Monthly Income		
2,000 to 3,000	9	5.6
3,001 to 5,000	54	33.8
5,001 to 10,000	70	43.8
> 10,000	27	16.9
Total	160	100
Position in Organization		
Finance head	9	5.6
Planning officer	18	11.3
Accountant	89	55.6
Internal Auditor	36	22.5
Purchaser	8	5
Total	160	100

Source: Questionnaire February, 2017 and SPSS results

As depicted in table3, A total of 160 finance related professional with different fields of study were participated in the study. Out of the total 160 enrolled finance professionals, 107(66.9%) were females and the rest were constituted by male population. High proportion 151(94.4%) of the study participants were Degree holder and few 9(5.6%) were masters holders. Pertaining to fields of education, 125(78.1%), 17(10.6%) and 18(11.3%) respectively were accounting, management & others. Seventy (43.8%) of the study participants had work experience ranging from 6 to 10 years, while few study participants had work experience less than five years. As to monthly income of the study subject, 9(5.6%), 54(33.8%), 70(43.8%), and 27(16.9%) respectively earned 2000 to 3000, 3001 to 5000, 5001 to 10,000 & greater than 10,000 monthly. Employees were interviewed for the position they have at their organization and 89(55.6%) reported accountant.

4.2. Quantitative findings

The results of quantitative findings are listed in tables below.

4.3. The project control mechanisms that employed in the process of project initiation to implementation in in some selected Woreds of Jimma Zone

Table 4. The extent of source, and knowledge to implement advance payment

	Items	N	M	SD
1	You have adequate understanding to advance payment in your organization	160	2.14	0.896
2	Your finance offices circulate and measure the receivable report.	160	2.92	1.181
3	Finance office summarizes all project cost.	160	2.57	1.013
4	Major sources of advance payment of URAP project is Advance Payment	160	2.94	1.114
5	The advance payment of URAP project increases from year to year?	160	3.32	1.054
Overall average		160	2.78	1.052

Source: (Questionnaire February, 2017) and SPSS results

Note: N=Frequency, M=Mean, SD=Standard Deviation. Mean value (M) $\geq 1.00-2.50$ = strongly disagree, $2.51-2.99$ = disagree, $3.00-3.50$ = neutral, $3.51-3.99$ = agree, ≥ 4.00 = strongly agree

practices and very low and low considered as low level of agreement practices whereas high and very high considered as high on practices.

As it is shown in table 4, regarding the extent of source, and knowledge to implement Receivable Managements, except item5 (the advance payment of URAP project increases from year to year?)respondents were disagree on: adequate understanding to receivable management, finance offices circulate and measure the receivable report, Finance office summarizes all project cost, Major sources of receivable of URAP project is Advance Payment with mean and standard deviations 2.14(.896), 2.92(1.181), 2.57(1.013), & 2.94(1.114) respectively. However, majority of respondents 3.32 (1.054) did agree on the advance payment of URAP project increases from year to year.

Generally, as the results revealed in table 4, lack of adequate understanding to receivable management, lack of finance offices circulate and measure the receivable report, finance office didn't summarize all project cost, major sources of the advance payment of URAP project is didn't advance payment. However, majority of the respondents did agree on the receivable management of URAP project increases from year to year.

Table 5. The extent of Practices of Accountability and Transparency done on URAP project

Items	<i>N</i>	<i>M</i>	<i>SD</i>
1 In your finance training should be delivered to develop uniform skills among budget workers.	160	2.88	.941
2 In your finance office all employees are accountable and transparent about budget utilization receivable management.	160	2.91	1.078
3 Your finance office always continuously announces the budget utilized on time for the budget users.	160	2.50	.997
4 Your finance office management really accountable and transparent in managing receivable	160	2.52	.876
5 In your finance office responsibility and accountability should be given to each level unit's for affective management of receivable.	160	2.89	.880
Overall average	160	2.74	0.954

Source: (Questionnaire February, 2017) and SPSS results

Note: N=Frequency, M=Mean, SD=Standard Deviation. Mean value (M) $\geq 1.00-2.50$ = strongly disagree, 2.51-2.99 = disagree, 3.00-3.50 = neutral, 3.51-3.99 = agree, ≥ 4.00 = strongly agree practices and very low and low considered as low level of agreement practices whereas high and very high considered as high on practices

As depicted in Table 5, respondents didn't agree the extent of practices of accountability and transparency done in URAP project, on item1 through5(finance training should be delivered to develop uniform skills among budget workers, all employees are accountable and transparent about budget utilization receivable management, responsibility and accountability should be given to each level unit's for affective management of receivable, in your finance office always continuously announces the budget utilized on time for the budget users,& in your finance office management really accountable and transparent in managing receivable) with mean and standard deviation 2.88(.941), 2.91(1.078), 2.89(.880), 2.50(.997) & 2.52(.876), respectively.

Generally, regarding the extent of practices of accountability and transparency done in URAP projects are low practice were observed and the overall average was also found to be 2.74 (0.954).

Precisely, as results shown in the same Table, lack of training to develop uniform skills among budget workers, lack accountability and transparency in budget utilization and receivable management, finance offices inability to continuously announces the budget utilized on time for the budget users in URAP project.

Table 6. The extent of Practices of Monitoring and Evaluation in URAP project

Items	N	M	SD
1 The accountability and transparency of oromia BOFED are reflecting in your finance office clearly.	160	2.79	.934
2 The opinions suggested by the office of oromia Auditor are considered thoroughly.	160	2.80	.889
3 The financial statement of your finance is/are audited regularly by an internal Auditor.	160	2.69	.959
4 In your finance all expenditures are monitored and evaluated by regional Auditors properly in fiscal period (by independent Auditors).	160	2.96	1.235
5 In your finance office has adequate capacity to evaluate budget utilized with its main activities.	160	2.77	1.094
Overall average	160	2.80	1.022

Source: (Questionnaire February, 2017) and SPSS results

Note: N=Frequency, M=Mean, SD=Standard Deviation. Mean value (M) $\geq 1.00-2.50$ = strongly disagree, $2.51-2.99$ = disagree, $3.00-3.50$ = neutral, $3.51-3.99$ = agree, ≥ 4.00 = strongly agree practices and very low and low considered as low level of agreement practices whereas high and very high considered as high on practices

As it is shown in Table 6, as respondents' replied concerning, the extent of practices of monitoring and evaluation in URAP projects low results were found through item 1 to 5 with mean and standard deviation 2.79(.934), 2.80(.889), 2.69(.959), 2.96(1.235), & 2.77(1.094) respectively. The overall average also found to be 2.80(1.022). Therefore, as it is seen, in table 6, respondents clearly indicated that low or disagreed on practices of monitoring and evaluation in URAP projects.

Generally, one can conclude that: lack of clarity of the accountability and transparency of Oromia BOFED are reflecting in each *Woreda* on URAP projects finance office the opinions suggested by the office of Oromia auditor are considered thoroughly, the financial statement of finance of each *woredas* didn't audited regularly by an internal auditor in each *Woreda* finance all expenditures lack of monitored and evaluated by regional auditors properly in fiscal period (by independent auditors) and lack of adequate capacity to evaluate budget utilized with its main activities.

Table 7. The extent Commitment of experts of receivable management in URAP projects

	N	M	SD
1. Your finance office keeps complete budgetary records in accordance with the country's financial administration proclamation and regulations.	160	2.59	.992
2. Your finance managements are committed to reduce the receivable.	160	2.67	0.767
3. your finance managements are committed in budget control from misappropriation, corruption, fraud etc.	160	2.76	0.981
4. In your finance commitment of managements are better for well collecting each receivable.	160	2.79	.877
5. In your finance top managements are committed because payment is executed always based on full documents and evidences	160	2.92	1.003
6. In your finance commitment of top management is better for budget utilization and reduces receivables.	160	2.95	0.963
Overall Average	160	2.78	0.935

Source: (Questionnaire February, 2017) and SPSS results

Note: N=Frequency, M=Mean, SD=Standard Deviation. Mean value (M) $\geq 1.00-2.50$ = strongly disagree, 2.51-2.99 = disagree, 3.00-3.50 = neutral, 3.51-3.99 = agree, ≥ 4.00 = strongly agree practices and very low and low considered as low level of agreement practices whereas high and very high considered as high on practices

As depicted in Table 7, item 1 through 5, found to be the low extent Commitment of experts of receivable management in URAP projects with mean and standard deviation scores of

(2.59(.992),2.67(0.767),2.76(0.981),2.79(.877),2.92(1.003)&2.95(0.963)repectivelyi.e,low practices of (the finance office keeps complete budgetary records in accordance with the country’s financial administration proclamation and regulations, the finance managements are committed to reduce the receivable, the finance managements are committed in budget control from misappropriation, corruption, fraud etc., the finance commitment of managements are better for well collecting each receivable, the finance top managements are committed because payment is executed always based on full documents and evidences& the finance commitment of top management is better for budget utilization and reduces receivables).Generally, the Overall Average also indicated low with mean and standard deviations2.78(0.935).

Generally, Low practices of the finance office keeps complete budgetary records in accordance with the country’s financial administration proclamation and regulations, the finance managements didn’t committed to reduce the poor receivablemanagements, the finance managements are also poor committed in budget control from misappropriation, corruption, fraud etc., the finance commitment of managements didn’t better for well collecting each receivable observed in each woreds on URAP projects.

Table 8. The extent Budget practices implemented (Budget Allocation and control)

	Items	N	M	SD
1	Each woredas was take allocated budget on time to utilize it for URAP projects	160	2.88	1.090
2	Your finance office has practice of regular follow up on budget utilization.	160	2.78	1.075
3	Your finance office always presents timely, explanatory, and complete budget utilized report.	160	2.74	.998
4	In Your finance office the executive’s budget proposal or any supports budget documentation present expenditures for individual programs for the budget year.	160	2.64	1.025
5	There is strong supervision and control by the budget holder leaders and their successive subordinates; on budget utilization in order to correct the observed problems.	160	2.41	.857
Overall Average		160	2.69	1.009

Source: (Questionnaire February, 2017) and SPSS results

Note: N=Frequency, M=Mean, SD=Standard Deviation. Mean value (M) $\geq 1.00-2.50$ = strongly disagree, 2.51-2.99 = disagree, 3.00-3.50 = neutral, 3.51-3.99 = agree, ≥ 4.00 = strongly agree practices and very low and low considered as low level of agreement practices whereas high and very high considered as high on practices

As it shown in Table 8, as respondents’ replied concerning, the extent of practices of budget allocation and control in URAP projects low results were found item1 through5 with mean and standard deviation, 2.88(1.090), 2.78(1.075), 2.74(.998), 2.64(1.025), & 2.41(.857) respectively. The overall average also found to be 2.29(1.09). Generally, in table9, respondents clearly indicated that low or less expectation results were found; budget allocation and control in URAP projects.

Table 9 Awareness of budget for users

<i>Items</i>	<i>N</i>	<i>M</i>	<i>SD</i>
1 Your finance office makes aware of the public how and why budget is prepared and utilized.	160	2.64	.796
2 Lack of awareness affects budget allocation and utilization in your finance.	160	2.54	.983
3 Your finance has the responsibility of aware the budget users about budget utilization.	160	2.99	.997
4 In your finance, if the budget users are aware about budget allocation and utilization no problem on the performance of the budget.	160	2.68	.974
5 Your finance office can minimize the problem of lack of budget by aware the budget users.	160	2.92	.997
Overall Average	160	2.75	0.189

Source: (Questionnaire February, 2017) and SPSS results

Note: N=Frequency, M=Mean, SD=Standard Deviation. Mean value (M) $\geq 1.00-2.50$ = strongly disagree, 2.51-2.99 = disagree, 3.00-3.50 = neutral, 3.51-3.99 = agree, ≥ 4.00 = strongly agree practices and very low and low considered as low level of agreement practices whereas high and very high considered as high on practices

As depicted in Table 9, the majority of the respondents didn’t agree the practices of awareness of budget users in URAP projects, through item1 to 5 (the finance office makes aware of the public how and why budget is prepared and utilized, lack of awareness affects budget allocation and utilization in your finance, the finance has the responsibility of aware the budget users about budget utilization, the finance, if the budget users are aware about budget allocation and utilization no problem on the performance of the budget, & the finance office can minimize the problem of lack of budget by aware the budget users.) with mean and standard deviation, 2.64(.796), 2.54(.983), 2.99(.997), 2.68(.974), 2.92(.997), respectively.

Generally, the overall Average was found to be low regarding awareness of budget users in URAP projects, 2.75(0.189).

Table 10. The experience of employees about budget

<i>Items</i>	<i>N</i>	<i>M</i>	<i>SD</i>
1 In your finance there is expected of experience of employees about budget allocation and utilization.	160	2.94	.856
2 Your finance all times hired adequate and experienced employees.	160	2.55	1.063
3 In your finance office because of lack of experience of employees on budget utilization sometimes budget may be over/under utilized	160	3.01	.945
4 In your finance there is experience sharing with other equivalent finance offices and adopt it according to the nature of the institution.	160	2.75	.883
5 There is an effort to retain experienced employees in budgeting department. Promotion and different be benefit takes in to account experience of employees in budgeting department.	160	2.59	1.006
Overall Average	160	2.78	0.086

Source: (Questionnaire February, 2017) and SPSS results

Note: N=Frequency, M=Mean, SD=Standard Deviation. Mean value (M) $\geq 1.00-2.50$ = strongly disagree, $2.51-2.99$ = disagree, $3.00-3.50$ = neutral, $3.51-3.99$ = agree, ≥ 4.00 = strongly agree practices and very low and low considered as low level of agreement practices whereas high and very high considered as high on practices

As shown in table10, item1,2,4 & 5, found to be low : experience of employees about , the finance all times hired adequate and experienced employees, in the finance there is experience sharing with other equivalent finance offices and adopt it according to the nature of the institution, an effort to retain experienced employees in budgeting department. Promotion and different be benefit takes in to account experience of employees in budgeting department in URAP with mean and standard deviation 2.949(.856), 2.55(1.063), 2.75(.883), &2.59(1.006) respectively however respondents were agreed on item of the finance office because of lack of experience of employees on budget utilization sometimes budget may be over/under utilized(3.01,0.945) . Generally, the overall average also indicated low experience of employees about budget with mean and standard deviation 2.78(0.086).

Generally, as results shown in Table 10, revealed that; low extent of practices of budget allocation and control in URAP projects, poor practices of awareness of budget users, lack of the finance office makes aware of the public how and why budget is prepared and utilized, lack of awareness affects budget allocation and utilization in your finance, poor finance experts has the responsibility of aware the budget users about budget utilization, low experience of employees about , lack of the finance all times hired adequate and experienced employees, in the finance there is experience sharing with other equivalent finance offices and adopt it according to the nature of the institution, lack of an effort to retain experienced employees in budgeting department and poor promotion and different benefit takes in to account experience of employees in budgeting department in URAP of Jimma zone.

Table 11. Training of Employees how budgets are allocated and utilized

	<i>Items</i>	<i>N</i>	<i>M</i>	<i>SD</i>
1	Your finance office all times prepares training for employees how budgets are allocated and utilized	160	2.48	.931
2	In your finance office budget expertise are well trained about ibex software and basic computer.	160	2.85	1.150
3	Your finance prepares training for employees' about budget utilization by identifying their skill gap.	160	2.48	.931
4	Short-term trainings are arranged periodically to develop uniform skill among budget workers.	160	2.78	1.052
Overall Average		160	2.65	0.002

Source: own computation or SPSS results

Note: N=Frequency, M=Mean, SD=Standard Deviation. Mean value (M) $\geq 1.00-2.50$ = strongly disagree, $2.51-2.99$ = disagree, $3.00-3.50$ = neutral, $3.51-3.99$ = agree, ≥ 4.00 = strongly agree practices and very low and low considered as low level of agreement practices whereas high and very high considered as high on practices

As it is revealed in Table 11, training of employees how budgets are allocated and utilized in URAP projects, as respondents' replied low results were found in all item1 through5 with mean and standard deviation 2.48(.931), 2.85(1.150), 2.48(.931), 2.78(1.052), respectively. The overall average also found to be 2.65(0.002). Generally, in table 106, respondents clearly indicated that low or disagreed on items: finance office all times prepares training for employees how budgets are allocated and utilized, finance office budget expertise are well trained about ibex software

and basic computer, finance prepares training for employees' about budget utilization by identifying their skill gap, and short-term trainings are arranged periodically to develop uniform skill among budget workers in URAP projects.

Table 12 Summary descriptive statistics of receivable management and budget practices variables

Items	N	Mean	SD
1. Budget practices	160	2.912	.281
2. Receivable management	160	2.778	.531
3. Awareness of budget users	160	2.755	.492
4. Experience of employees	160	2.768	.464
5. Training of employees	160	2.859	.638
6. Accountability and Transparency	160	2.972	.663
7. Monitoring and Evaluation	160	2.878	.684
8. Commitment of management	160	2.990	.629
9. The key challenges to ensure advance	160	3.89	.785
Overall Average	160	2.863	0.049

Source: (Questionnaire February, 2017) and SPSS results

Note: N=Frequency, M=Mean, SD=Standard Deviation. Mean value (M) ≥ 1.00 -2.50= strongly disagree, 2.51-2.99 = disagree, 3.00-3.50 = neutral, 3.51-3.99 = agree, ≥ 4.00 = strongly agree practices and very low and low considered as low level of agreement practices whereas high and very high considered as high on practices.

As it is shown in table12, the results of summary statistics of all the taken variables are low except item 9 that almost all the respondents replied at high level of the challenges to implement advance payment and the others items are low performance practices in sample wordas i.e. lack of budget practices, low practices of advance payment, lack of awareness of budget users, low experience of employees, lack of training of employees, lack of accountability and transparency, monitoring and evaluation and commitment of management(receivable management & budget practices) with mean and standard deviation 2.912(.281), 2.778(.531), 2.755(.492), 2.768(.464), 2.859(.638), 2.972(.663), 2.878(.684), & 2.990(.629), respectively. Generally, overall average found to be with mean and standard deviation 2.863(0.049).

Table13. The key challenges ensure advance payment practices in URAP projects

Items	N	Mean	SD
1. Lack of clear objectives and project brief agreed with client	160	4.27	.663
2. Lack of competent project management	160	3.59	.779
3. Lack of Close financial Control	160	4.01	.846
4. Low comprehensive quality control procedure	160	3.89	.696
5. Lack of well-coordinated and motivated team	160	3.98	.316
6. Poor contractual documentation	160	3.65	1.410
Overall Average	160	3.89	0.785

Source: Questionnaire February, 2017 and SPSS results

Note: N=Frequency, M=Mean, SD=Standard Deviation. Mean value (M) $\geq 1.00-2.50$ = strongly disagree, 2.51-2.99 = disagree, 3.00-3.50 = neutral, 3.51-3.99 = agree, ≥ 4.00 = strongly agree practices and very low and low considered as low level of agreement practices whereas high and very high considered as high on practices

As it shown in table 13, it can be analyzed as follows. The response was categorized agree to strongly agree cause as major project failure indicators. Accordingly, the factors for the failure of construction projects in Jimma zone URAP projects are top ranked as follows: lack of clear objectives and project brief agreed with client has high score mean and standard deviation 4.27 (.663), lack of close financial control 4.01 (.846), lack of well-coordinated and motivated team 3.98 (.316) ranked third, and Low comprehensive quality control procedure 3.89 (.696) ranked fourth, Lack of well-coordinated and motivated team 3.98 (.316) ranked as fifth and (77.7% and lack of competent project management 3.59 (.779) as ranked six as the least major cause. Therefore, from the table 13, the researcher concludes that for the failure of the project as the parameter reflected highest cause for failure, through the Jimma zone URAP projects should embrace and work out a clear objective, project definition, time control and feedback system, competent project management, finance control, quality control plan, motivation of teams, competent design, good relationship, effective communication, and documentation.

4.3. Qualitative findings

The researcher supposed to conduct qualitative observation to support the major findings in quantitative study.

The previous last five conducted auditor's findings were observed side by side with quantitative survey, a total of 60 documents were observed entirely during data collection. The major ones are stated as follows; as to the evaluated contract value and submitted document for payment by contractors the auditors suggested that the output of the contract and the value requested by the contractor for payments were paradoxical in most of the time. In the same fashion with quantitative findings, the following types of receivables were documented namely; advance re-payment, machinery lease, both advance & machinery lease and others. Similarly majority of the documents indicated that both VAT & non VAT were the techniques used by Jimma Zone Finance for receivable management, with regard to this it was indicated the non VAT value system was not the appropriate techniques to be used by the office, as commented provided by auditors. In general the non VAT system imposed a pressure on the budget utilization and its advance re-payment values. We also penetrative identified the proportion of payment for lease machine was not clear and it also alters budget utilization.

As far as payment certificate preparation was concerned most documents indicated that the payment on payment certificate is prepared by Engineer, similarly most documents showed that receivable collection was made based on payment certificate and it was also found that most receivables were collected in percent. It was observed from majority of the documents that VAT is a part of receivables and almost around 75% of the documents observed showed that, there was inclusion of VAT value.

4.4. Discussions

The current study showed that majority of the study participants reported that they have lack knowledge on the theoretical and practical aspects of receivable management. Pertaining to the types of receivables from URAP project the following were reported advance, machinery lease, both advance & machinery lease and others. The receivable management practice in each *Woredas*' of Jimma Zone finance and economic development majority respondents didn't agree the existence of adequate understanding on receivable management, while large proportion of the study participants disagree the existence of calculating and measuring receivable activities at finance office.

The study results are concurred with study of Mian and Smith (1992, 1994), provide a systematic exploration of the determinants of accounts receivables policy, but they provided only tangible determinants due to a lack of clarification. The whole system of receivables management should be directed to timely payment of as large part of receivables as possible, and to keeping the costs related with receivables management (i.e. costs of prevention, monitoring and collecting of receivables) to the minimum. If the company has underestimated these issues, even beyond the recession, it could be for it the issue of its survival. When secondary inability to pay occurs, the company is only a small step to insolvency and the related consequences leading up to bankruptcy, resp. to court settlement.

Regarding awareness of budget users, the current study indicated that respondents didn't agree that the finance office makes aware of the public how and why budget is prepared and utilized.. Similarly, respondents did agree on the lack of creating awareness on budget users minimizes the problem on performance of the budget. In the same way different studies indicated that the first step in implementing receivable policy will be to gather credit information about the customers. This information should be adequate enough so that proper analysis about the financial position of the customers is possible. This type of investigation can be undertaken only up to a certain limit because it will involve cost.

Concerning, experience of employees, the current study showed that less than half of the respondents have no opinion on lack of experience of employees about budget and utilization. A majority of the study participants agreed that due to lack of experience of employees' budget

may be over or underutilized. However, the study participants were agreed on the importance of experience sharing with other equivalent finance offices and there were effort to retain experienced employees in budget department. Similar study conducted in Addis Ababa by Muluneh showed that there is low experience among employees in receivable management and budget.

Regarding, training of employees, as results revealed that, the respondents didn't agree that the budget expertise is well trained on IBEX software and basic computer skills. Majority of respondents didn't agree on the activities Jimma Zone finance and economic office identifies employee's knowledge gap and gave training accordingly.

Similarly advances in information technology have allowed firms to structure information sharing process with varying degree of customized reporting, real time access, data access frequency, access levels and software integration.

As far as accountability and transparency is concerned five questions were administered to all study subjects. In all variables the respondents didn't agree that all employees are accountable and transparent to budget receivable management and also didn't agree that Jimma Zone finance and economic development office announces budget utilized on time for budget users.

Regarding, monitoring, evaluation and commitments of management of receivable management related with budget auditing, respondents didn't agree on the financial statement is/are audited regularly by an internal auditor. Majority of respondents didn't agree that Jimma zone Finance and economic development office have capacity to evaluate budget with receivable as the main activity.

Similarly, the majority of respondents didn't agree that Finance office keeps complete budget records in the accordance with the country financial administration, proclamation and regulations. With similar fashion the study conducted by Tommasi (2007) showed that there should be distribution of responsibilities for budget, budget appropriation management rules and budget revisions, various special issues related to budget, and the monitoring of budget execution. At the same time budget execution covers both activities related to the implementation of policies and tasks related to the administration of the budget. Both the central

agencies (the ministry of finance, the ministry of planning in a dual budgeting system, and the prime minister's office) and the spending agencies are involved in these tasks. The distribution of responsibilities in budget management should be organized according to the agencies' respective areas of responsibility and accountability.

As far as a commitment of management is concerned, majority of respondents did agree on lack of finance management is committed to reduce receivables. However, the current a study didn't found on theoretical base done the commitment of management body is highly linked with the reduction of receivables.

As results shown a moderate positive significant relationship between accounts receivables management and Budget practices ($r= 0.39, 0.32, 0.49, 0.52, 0.61, \&0.44, 0.50$), respectively and highly significant of variables in the study ($p =0.000$) and this results concurred with Most study reviewed point out to a positive relation between accounts receivables management out the extent to which poor receivable management practices impairs the receivables in the small , medium and large and deficiency of receivables; for example (Lazaridis, &Dimitrios, 2009).

CHAPTER FIVE

MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary of the findings, the conclusions drawn from the findings and the recommendations remade.

5.1. Summary of Findings

The objective of this study was to assess the *challenges of advancement payment practices on universal road access: the case in Jimma Zone Finance and Economic Development*

. In order to meet the objective, the study was guided by the following basic questions.

1. What are the project control mechanisms that employed in the process of project initiation to implement in some selected Woreds of Jimma Zone?
2. What are the key challenges that affect all actors to cope up with the rapid growth and fast changing project environment with knowledge and experience to ensure advance payment practices in URAP projects?
3. To what extent the practices of advance payment practices such as: accountability, transparency, monitoring, evaluation carried outdone in URAP project in some selected Woreds of Jimma Zone?

a. Concerning, the project control mechanisms that employed in in URAP project

As results revealed that; lack of adequate understanding to receivable management, lack of finance offices circulate and measure the receivable report, finance office didn't summarizes all project cost, major sources of receivable of URAP project is didn't advance payment. However, majority of respondents did agree on the receivable management of URAP project increases from year to year.

b. Regarding, the extent of practices of accountability and transparency done on URAP project

As results it is shown lack of appropriate training was delivering to develop uniform skills among budget workers, inability of finance office to continuously announces the budget utilized on time for the budget users and lac of accountability and transparency of finance officers in managing receivable in URAP project.

c. Concerning, the extent of Practices of Monitoring and Evaluation in URAP project:

Lack of clarity of the accountability and transparency of oromia BOFED are reflecting in each woreda on URAP projects finance office that the opinions suggested by the office of oromia auditor are considered thoroughly, the financial statement of finance of each woreda didn't audited regularly by an internal auditor, in each woreda finance offices in all expenditures, lack of monitored and evaluated by regional auditors properly in fiscal period (by independent auditors) and lack of adequate capacity to evaluate budget utilized with its main activities.

d. Regarding, the extent commitment of experts of receivable management in URAP projects

Low practices of the finance officers to keep complete budgetary records in accordance with the country's financial administration proclamation and regulations, and the finance managements didn't committed to reduce the poor receivable managements. The finance managements in URAP projects are also poor committed in budget control from misappropriation, corruption, fraud etc., the finance commitment of managements didn't better for well collecting each receivable,

e. Concerning, budget Allocation and control, Awareness of budget users and Experience of employees about budget

As results shown low extent of practices of budget allocation and control in URAP projects, poor practices of awareness of budget users, lack of the finance office makes aware of the public how and why budget is prepared and utilized, lack of awareness affects budget allocation and utilization in your finance, poor finance experts has the responsibility of aware the budget users about budget utilization, lack of the finance all times hired adequate and experienced employees, in the finance there is experience sharing with other equivalent finance offices and adopt it according to the nature of the institution, lack of an effort to retain experienced employees in

budgeting department and poor Promotion and different benefit takes in to account experience of employees in budgeting department in URAP

f. Regarding, training Of Employees how budgets are allocated and utilized

Lack of finance office regularly prepares training for employees how budgets are allocated and utilized, lack of well-trained about ibex software and basic computer, lack of finance prepares training for employees' about budget utilization by identifying their skill gap, and short-term trainings are arranged periodically to develop uniform skill among budget workers in URAP projects.

g. The key challenges ensure advance payment practices in URAP projects

Lack of clear objectives and project brief agreed with client, lack of competent project management, lack of close financial control, low comprehensive quality control procedure, lack of well-coordinated and motivated team and poor contractual documentation were the major challenges of the study.

5.2. Conclusions

The study examined how Receivable Management on Universal Road Access Project and Budget Practices in Jimma Zone Finance and Economic Corporation Jimma Zone. The current study showed that there were poor practice in budget & utilization on time for URAP projects. There were also poor regular follow-up on budget, presenting timely, explanatory, and complete budget utilized report, executive's budget proposal or any supporting budget documentation present expenditures for individual programs for the budget year & strong supervision and control by the budget holder leaders and their successive subordinates; on budget in order to correct the observed problems.

With regard to advance payment practice of Jimma Zone finance and economic development, there lack of was adequate understanding on receivable management. There was lack of fair practice in creating awareness among the public how and why budget is prepared and utilized. There was less responsibility to aware budget users about budget. There was also poor concept regarding the importance of recruiting adequate and experienced employees & the importance of experience sharing with other equivalent finance offices and there were effort to retain experienced employees in budget department. Lacks of the expertise were well trained on IBEX software and basic computer skills. There was poor practice in gap identification and giving training.

As far as accountability and transparency is concerned there were lack of fair accountability and transparency to budget receivable management. There were no cultures of announcing budget utilized on time for budget users. There was a poor of an issue of giving accountability and responsibility to each level unit for effective receivable management.

As to monitoring and evaluation of receivable management related with budget auditing, there was good practice in considering the considered thoroughly. There were fair practices in receivables. A good capacity exists at JZFEO to evaluate budget with receivable as the main activity. There was good complete budget record keeping in the accordance with the country financial administration, proclamation and regulations. The management of finance and economic development office had poor committed to reduce receivables. There was poor commitment from top managements in receivable managements.

Lack of finance office regularly prepares training for employees how budgets are allocated and utilized, lack of well-trained about ibex software and basic computer, lack of finance prepares training for employees' about budget utilization by identifying their skill gap, and short-term trainings are arranged periodically to develop uniform skill among budget workers of finance officer in Jimma URAP projects.

Generally, lack of clear objectives and project brief agreed with client, lack of competent project management, lack of close financial control, low comprehensive quality control procedure, lack of well-coordinated and motivated team and poor contractual documentation were the major challenges of the study.

5.3. Recommendations

- ✚ The Jimma Zone Finance and Economic Corporation experts would be better to fill gaps or inability the knowledge, skill and attitude of finance officers through training to use and allocate budget timely and evaluate budget and generally to ensure receivable management and budget practices in some selected woreda of URAP projects of Jimma zone.
- ✚ The Jimma Zone Finance and Economic development with collaboration woreda Finance and economic development are better to create strong regular follow-up to reduce the gaps of receivables management and budget practices in URAP
- ✚ It is advisable to Jimma Zone Finance and Economic development office to recruit adequate and experienced employees and giving training by identifying the gaps through systematic methods.
- ✚ The Jimma zone finance and economic development with collaboration woreda Finance and economic development are better to create commitment among employees to control in budget from misappropriation, corruption, fraud and etc.
- ✚ The study recommends the Jimma zone finance and economic development of top management to ensure that the finance experts of selected woreda is upgraded with the technological changes taking place in the whole world
- ✚ It is recommended to the Jimma zone finance and economic development of top management that they ensure the staff offers of sampling woreda high quality of service so as to attract and retain their customers
- ✚ It is better to create environments of intra-zonal and inter-Zonal experience sharing with other equivalent finance offices.
- ✚ the Jimma zone URAP projects better to embrace and work out a clear objective, project definition, time control and feedback system, competent project management, finance control, quality control plan, motivation of teams, competent design, good relationship, effective communication, and documentation

Finally, the researcher believes that this study could be taken as good start in the area of reorganizing and restructuring receivable management and budget practices on universal road access projects and it will be also used as references for further studies.

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Appendix
Jimma University
College of Business and Economics
Department of Accounting and Finance
MSC Program
Questionnaire

Dear Respondent;

The purpose of this questionnaire is to collect information from your organization related to Challenges of advancement payment practices on URAP Project for research purpose only. Please indicate your choice by putting the tick mark (√) where you think is appropriate in the boxes provided to each preference and comment where necessary. Don't write your name. for anything you have responded on the confidentiality is strongly kept. Thank you in advance for your time and cooperation!

N.B

No need of writing your name, if you understand the question write the response as you desire in English,
Your Woreda/Zone/Town Administration _____

Part I: Demographic Information

1. Sex: () male () Female
2. level of Education () High School and Below () certificate () Diploma () first Degree () Master Degree () PhD
3. field of Education: () Accounting () Economics () Management () Marketing () public Administration () Banking and Insurance other _____
4. Experience in: () ≤5years () 6to 10 years () 11to 15 years () 16 to 20 years () ≥20 years
5. Monthly income: () < 2,000 () 2,000to 3,000 () 3,001 to 5,000 () 5,001to 10,000 () > 10,000
6. your position in your organization: () Finance head () planin officer () Accountant () Internal Auditer () purchaser Other _____

Part II Questions about receivables and its management.

1. Does the theoretical aspect of advance payment management?
Yes no
2. The advance payment certificate prepared by the engineer.
Yes no

3. Does the zofec (MMD) receivables collect based on payment certificate?

Yes no

4. If your answer for question number 5 is “yes” how of ?

In percent all in one times

5. Does VAT is a part of receivables?

Yes No

6. How to consider the VAT values?

Its included not included

Part III THE extent of receivable management and budget practices

Hint: 1 strongly disagree, 2 =disagree, 3=Neutral, 4=Agree, and 5=strongly Agree

No	Question	Measurement				
		1	2	3	4	5
√	Budget Practices					
1	Each woredas will take allocated budget on time to utilize it for URAP projects.					
2	Your finance office has practice of regular follow up on budget.					
3	Your finance office always presents timely, explanatory, and complete budget utilized report.					
4	In Your finance office the executive’s budget proposal or any supporting budget documentation present expenditures for individual programs for the budget year.					
5	There is strong supervision and control by the budget holder leaders and their successive subordinates; on budget in order to correct the observed problems.					
	√ Advance Payment Managements					
1	You have adequate understanding to receivable management.					
2	Your finance office circulates and measures the receivable report.					
3	Finance office summarizes all project cost.					
4	Major sources of receivable of URAP project is Advance Payment					
5	The receivable management of URAP project increases from year to year?					
	√ Awareness of budget users					
1	Your finance office makes aware of the public how and why budget is prepared and utilized.					

2	Lack of awareness affect budget and utilization in your finance.					
3	Your finance has the responsibility of aware the budget users about budget.					
4	In your finance, if the budget users are aware about budget and utilization no problem on the performance of the budget.					
5	Your finance office can minimize the problem of lack of budget by aware the budget users.					
	✓ Experience Of Employees					
1	In your finance there is lack of experience of employees about budget allocation and utilization.					
2	Your finance all times recruit adequate and experience employees on budget.					
3	In your finance office because of lack of experience of employees on budget sometimes budget may be over/under utilized.					
4	In your finance there is experience sharing with other equivalent finance offices and adopt it according to the nature of the institution.					
5	There is an effort to retain experienced employees in budgeting department. Promotion and different benefit takes in to account experience of employees in budgeting department.					
	✓ Training Of Employees					
1	your finance office all times prepares training for employees how budgets are allocated and utilized in your finance office					
2	In your finance prepares training for employees' about budget preparation and utilization by identifying their skill gap.					
3	Short-term trainings are arranged periodically to develop uniform skill among budget workers.					
4	In your finance training should be delivered to develop uniform skills among budget workers.					
	✓ Accountability and Transparency					
1	In your finance all employees are accountable and transparent about budget receivable management.					
2	Your finance always continuously announces the budget utilized on time for the budget users.					
3	Your finance management really accountable and transparent in managing receivable.					

4	In your finance responsibility and accountability should be given to each level unit's for affective management of receivable.					
5	The accountability and transparency of oromia BOFED are reflecting in your finance office elearly.					
	✓ Monitoring and Evaluation					
1	The opinions suggested by the office of oromia Auditor are considered thoroughly.					
2	The financial statement of your finance is/are audited regularly by an internal Auditor.					
3	In your finance all expenditures are monitored and evaluated by regional Auditors properly in fiscal period (by independent Auditors).					
4	In your finance office has adequate capacity to evaluate budget utilized with its main activities.					
5	In your finance office keeps complete budgetary records in accordance with the country's financial administration proclamation and regulations.					
	✓ Commitment of management					
1	In Your finance managements are committed to reduce the receivable. .					
2	your finance managements are committed in budget control from misappropriation, corruption, fraud etc.					
3	In your finance commitment of managements are better for well collecting each receivable.					
4	In your finance top managements are committed because payment is executed always based on full documents and evidences.					
5	In your finance commitment of top management is better for budget and reduce recivables.					

Part III the extent of advance payment management and budget practices

Hint: 1 strongly disagree, 2 =disagree, 3=Neutral, 4=Agree, and 5=strongly Agree

No	Question	Measurement				
		1	2	3	4	5
Regarding Receivable Managements						
I	✓ receivable managements					
1	You have adequate understanding to receivable management.					
2	Your finance office circulates and measures the receivable report on time					
3	Finance office summarizes all project cost.					
4	Major sources of receivable of URAP project is Advance Payment					
5	The receivable management of URAP project increases from year to year?					
II	✓ Accountability and Transparency					
1	In your finance all employees are accountable and transparent about budget receivable management.					
2	Your finance always continuously announces the budget utilized on time for the budget users.					
3	Your finance management really accountable and transparent in managing receivable.					
4	In your finance responsibility and accountability should be given to each level unit's for affective management of receivable.					
5	The accountability and transparency of oromia BOFED are reflecting in your finance office clearly.					
II	✓ Monitoring and Evaluation					
I						
1	The opinions suggested by the office of oromia Auditor are considered thoroughly.					
2	The financial statement of your finance is/are audited regularly by an					

	internal Auditor.					
3	In your finance all expenditures are monitored and evaluated by regional Auditors properly in fiscal period (by independent Auditors).					
4	your finance office has adequate capacity to evaluate budget utilized with its main activities.					
5	your finance office keeps complete budgetary records in accordance with the country's financial administration proclamation and regulations.					
I V	✓ Commitment of management					
1	Your finance managements are committed to reduce the receivable. .					
2	your finance managements are committed in budget control from misappropriation, corruption, fraud etc.					
3	In your finance commitment of managements are better for well collecting each receivable.					
4	In your finance top managements are committed because payment is executed always based on full documents and evidences.					
5	In your finance commitment of top management is better for budget and reduces receivables.					
	Regarding Budget Practices					
I	Budget					
1	Each woredas will take allocated budget on time to utilize it for URAP projects.					
2	Your finance office has practice of regular follow up on budget.					
3	Your finance office always presents timely, explanatory, and complete budget utilized report.					
4	In Your finance office the executive's budget proposal or any supporting budget documentation present expenditures for individual programs for the budget year.					

5	There is strong supervision and control by the budget holder leaders and their successive subordinates; on budget in order to correct the observed problems.					
II	Awareness of budget users					
1	Your finance office makes aware of the public how and why budget is prepared and utilized.					
2	Lack of awareness affect budget and utilization in your finance.					
3	Your finance has the responsibility of aware the budget users about budget.					
4	In your finance, if the budget users are aware about budget and utilization no problem on the performance of the budget.					
5	Your finance office can minimize the problem of lack of budget by aware the budget users.					
III	✓ experience of employees					
	In your finance there is lack of experience of employees about budget allocation and utilization.					
	Your finance all times recruit adequate and experience employees on budget .					
	In your finance office because of lack of experience of employees on budget sometimes budget may be over/under utilized.					
	In your finance there is experience sharing with other equivalent finance offices and adopt it according to the nature of the institution.					
	There is an effort to retain experienced employees in budgeting department. Promotion and different benefit takes in to account experience of employees in budgeting department.					
IV	✓ Training Of Employees					
	your finance office all times prepares training for employees how budgets are allocated and utilized in your finance office					

	In your finance prepares training for employees' about budget preparation and utilization by identifying their skill gap.					
	Short-term trainings are arranged periodically to develop uniform skill among budget workers.					
	In your finance training should be delivered to develop uniform skills among budget workers.					
	Key Challenges Of Advance Payment Practices					
	Lack of clear objectives and project brief agreed with client					
	Lack of competent project management					
	Lack of Close financial Control					
	Low comprehensive quality control procedure					
	Lack of well-coordinated and motivated team					
	Poor contractual documentation					
	Lack of clear objectives and project brief agreed with client					