

“Does Universities Resource Utilization and Generation are Well Controlled” The Case of Assosa University

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In today's, the country is tremendously expanding higher education system despite of the persistent underfunding, the universities must carefully consider all aspects of universities operations to minimize fund misuse or waste and enable to meet its mission.. This paper used qualitative approach to understand the controlling systems of Universities Resource Utilization and Generation. Unstructured interview was used to collect data from the interviewees to achieve the research objectives. Particularly, this study tried to investigate whether the university has a well controlling systems that enable the university to Utilization and Generation Resource in well manner that help the university pursuit it mission shortly. The findings indicated that the university has serious problems in resource utilization and controlling. For instance, lack of planned and transparent procurement and poor monitoring and evaluation systems as a result of sources of resource wastage, wasteful procurements, high administrative poor management of services, and underutilization of resource accompanied by inefficient use of the available resources. This misallocation of public funds could imply the fact that the institution has not been established proper managing mechanism or controlling system. Universities highly depend on the adequate and timely availability of all the necessary resources and materials. This is because universities are service providers not producers. So, they need materials and all the necessary facilities to provide the service. However, if no material on time, the service will be hampered. For this, they need, among others, strong controlling systems, a well-planned and organized procurement system to minimize fund misuse or waste and enable to meet its mission.

Keywords: Resource Utilization and Generation, Controlling System, Assosa University

1. INTRODUCTION

The financial distress that resulted from the declining public expenditure and the persistent underfunding that failed to keep pace with the continuously expanding higher education system has placed great pressures on universities to seek for alternative funding sources (Wood hall, 2007). Over the last three decades or so, however, governments and universities throughout the world are struggling to obtain the necessary funds in order to satisfy the ever-growing demand of continuously expanding higher education systems (Woodhall, 2007). The magnitude of the financial challenges has been even greater in most African countries than those faced in developed countries (Meek, Teichler and Kearney, 2009; Tefera and Altbach, 2004). Universities currently generating revenue from common income sources such as distance, continuing and summer programs, short-term and tailored training programs as well as agricultural productions, this all helps universities to create strong link between universities and industries and hence integrates universities into their local social and economic environment (Albrecht and Ziderman, 1995). *However*, like most African countries, Ethiopian higher education institutions was generally characterized as being limited in access, inequitable, poor in quality, weak in its research output, regimented in its management, inflexible, and also underfunded (Teshome, 2007; Tesfaye, 2006; Saint, 2004; World bank, 2003). Moreover, resources mobilized from donors and partners in most institutions are usually neither well planned nor well managed or controlled (Teshome, 2007; HESO, 2004). Even more, revenue generated are not properly handled and which possibly create better environment for misappropriation and corruption by those put in charge (Kennenisa and Matewos, 2014; OFAG, 2014). In this regard , as (OFAG, 2014) audit report indicate that resource utilization and internal revenue generation activities of public university revealed that most university procurement process, rent contract administration were problematic and universities often not collect revenue timely that accounted for losses of revenue. Despite of that, over the last years, there have been significant increases in the number of universities. As a result, the system has been drastically grown and expanded to embrace above 40 public universities in the country. *Among those universities*, Assosa University is one of the third generation educational institution to the country education sector, and also a recent phenomenon to the worlds too. The university is currently struggling with the objective to achieve their general strategic plan through satisfying the ever-growing demand of the public for higher education, by undertaking different research activities while also providing communities service using the resource provided by the government. Besides, the fund provided to the university from the government, the university is currently undertake others revenue activities to generate additional finance since last four years. On the contrary, Assosa University would never did to retained talented employees which probably enable the

university to reduce avoid spiraling costs that are usually associated with turnover (Shamble. F and Molly. M, 2015; Tizazu, 2015). Even more, on meeting held in Assosa university for seven day several issues raised by the participants especially the issue that have got high attention during the meeting was the high numbers of , above 30, lecturers that has been requested the university to transfer to other university although the university want to remain silent on the issues. In fact in the study, the university also identified and well known for its misuse of fund, inflexibility of management, mismanagement of properties, fund and cash collected and surprisingly the universities properties are Vulnerable for misuse, certain items not get purchased through independent and objective competitive bidding, in other way even the items are purchased through competitive bids but the competitors are illegally forced to offers money to those in charge as they have no other opportunity, simply the rest competitors has no opportunity to win the bids if not willing to do so. Even more, the purchased items also below the quality specification while such thing obviously which is lessen the service provided by the purchased items, such circumstance without doubt it could increase the expenditure of the university and consequently such misconduct or illegal fund utilization is totally be a bottleneck to the university to meet its mission in a short time given it's available fund on the other side forced the university to wait for long period of time to meet its mission this even could be happen if only additional resource obtain. *Together with financial inadequacy, therefore, inefficient utilization of resources is found to be another institutional challenge for the country.* Therefore, for economically challenged countries like Ethiopia, the government but also the universities need to have proper controlling systems that allow the government to take steps to avoid these problems or use the advantages wisely while also enable to control and utilize the meager resources (internal resource and external resource) wisely, in so doing necessitate the public university to have an essential systems that capable of detecting any inappropriate utilization of all university resource so as to only use for persuading its institution mission. Among those systems a proper control systems is indispensable (Okwoli, 1983; Cited in Edogbanya et al., 2013; Kennenisa and Matewos, 2014). Despite there has a dearth of adequate information on internal control in developing country like Ethiopia, no determined effort has been made to investigate the problem of control systems over university resource that generated internally and obtained externally, though currently the country engaged in a highly ambitious effort to expand and re-align its higher education system in more direct support of its national strategy for economic growth and poverty reduction from the diversified revenue generation activities (Yizengaw, 2003). Due to this background the researcher was tried to fill the research gap by identifying the trend of control system on public university resource utilization and generation. The paper contributes to the understanding of the nature and characteristics of control systems used by universities in using it's available resource wisely by empirically exploring these aspects of the function in the Ethiopia University context. Thus, the research seek to redress the universities to have effective controlling system to assure that the proper handling of resource continues and achieve its objective. Therefore, the main purpose of the study is providing or finding out answer for "Does Universities Resource Utilization and Generation are well controlled", the case of Assosa University, Ethiopia.

2. Definitions of Internal Control

Internal control has different meanings. That is, it is difficult to give only one optimal definition to the internal control. This is because it can be explained and seen from different perspectives (Cristina et al., 2010). Accordingly, Administrative Code of 1987 describe internal control as a plan of organization and all the coordinated methods and measures adopted within an organization or agency to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies. This legal definition is supplemented by the policy that "[a]ll resources of the government shall be managed, expended or utilized in accordance with law and regulations and safeguarded against loss or wastage through illegal or improper disposition to ensure efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to, rests directly with the chief or head of the government agency concerned".

In 1936 the American Institute of Certified Public Accountants (AICPA) states that "internal control comprises the plan of organization and all the methods and measures adopted within an agency to ensure that resources are used consistent with laws, regulations and policies; resources are safeguarded against loss, wastage and misuse; financial and non-financial information are reliable, accurate and timely; and operations are economical, efficient and effective.

As is explained by the INTOSAI Guidance on Internal Control.i.e. Internal control defined as "an integral process that is effected by an entity's management and personnel, and is designed to address risks..." It provides reasonable assurance that in pursuit of the entity's mission, the following general objectives are achieved: executing orderly, ethical, economical, efficient and effective operations; fulfilling accountability obligations; complying with applicable laws and regulations; safeguarding resources against loss, misuse and damage.

COSO (1992; 2013), also defines internal control as "an integral component of an organization's

management that provides reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations". Along this definition, different audit report revealed and recommended the organization to have effective controlling system over revenue organization to assure that the proper handling of revenue continues by applying all necessary procedure such as: a transmittal of revenue, separation of employee duties, preparation of bank reconciliations, and accountability over and safeguarding of revenue, encourage adherence to prescribed managerial policies, safeguard its assets, check the adequacy and reliability of its accounting data (H.Carl McCall, 2000). The internal control system appear as groups of processes that are parallel to each other and supplement each other, which ensure the efficient operation of the control system as a whole.

2.1. Objectives of Internal Control

Internal control is a complex process both with regard to the public and private sectors, realized by the management and staff of an organization, and established for the definition of risks and for obtaining reasonable certainty. Hence, in fulfilling its mandates and mission, an agency must consider and achieve as well the separate but interrelated general objectives of internal control. That public office is a public trust demands that a higher set of general objectives be established, a step beyond the internal control practices that prevail in private sector organizations. (AICPA, 1936; 1949 and COSO,1994; 2013) defined internal control as the plan of organization and all of the coordinate methods and measures adopted by a business to carry all activity effectively and efficient manner, ensure adherence to management policies, safe guard assets and secure as far as possible the completeness and accuracy of records". The INTOSAI Guidelines on Internal Control Standards states that an entity's objective sets out in broad terms what the entity aspires to achieve. Despite the diversity of objectives across entities, there are certain broad categories that can be applied to lessen risk of losing public resource.i.e.operations objectives- These pertain to the effectiveness and efficiency of the entity's operations, including performance goals and safeguarding resources against loss. When used in conjunction with public reporting, an expanded definition of "safeguarding of resources/assets" can be used: dealing with preventing or detecting and correcting the misappropriation of public funds. The operations objectives need to reflect the particular environment in which the entity functions. As operations objectives are the focal point for directing allocated resources if they are not clear or not well conceived, resources may be misdirected. Hence, internal control in the public sector must conform to five (5) general objectives: Safeguard assets; Check accuracy and reliability of accounting data; Ensure economical, efficient and effective operations; Comply with laws and regulations; and Adhere to managerial policies.

2.2. Concept of Internal Control

Internal Control as an Integral Process and a series of actions that occur throughout an entity's operations on an ongoing basis. It is best intertwined with an entity's activities and built into its infrastructure as an integral part of the essence of an organization. As explained in INTOSAI Guidelines for Internal Control Standards for the Public Sector Internal control is built in rather than built on. By building in internal control, it is embedded with the management processes of planning, organizing, budgeting, staffing, implementing and monitoring. This way, an organization avoids unnecessary procedures and costs by not adding separate controls, but integrating controls instead into the management and operating activities. Internal controls are not stand alone or separate specialized systems within an agency. They consist of control features interwoven into and made an integral part of each system that management uses to regulate and guide its operations. This built-in characteristic of internal control minimizes bureaucratic red tape and avoids duplication of functions, thereby creating conditions that promote economy and efficiency in the delivery of government services. A strong internal control structure is one of the most significant components in the prevention of fraud. Having a weak internal control process facilitates the occurrence of fraud in operations (Bozkurt 2009). Control activities; being one of the five main functions of management, is a process of monitoring operations so as to detect whether the operations fulfill their functions as planned or not, and if there is a deviation, the control process determines the reasons of this deviation and takes the necessary steps to eliminate it (Ozten et al. 2012). Similarly, control activities occur at all levels and functions of the entity supported by policies and procedures that help assure management directives to address risks are carried out properly and closely (Walker, 1999; SAS, 2002). Control activities are procedures that an organization establishes to treat risks are called internal control activities (INTOSAI Guidelines for Internal Control Standards for the Public Sector). The main purpose of control is to raise concern over errors, and detect the points of failure in order to prevent their re-emergence. Apparently, control activities can be categorized as authorization, segregation of duties, Asset safeguarding and reconciliations, review of performance and these controls depend greatly on the activity under consideration (Frazier et al. 1996 ; Walker, 1999; Jajo ,2005; Amudo and Inanga , 2009). The internal control system appear as groups of processes that are parallel to each other and supplement each other, which ensure the efficient operation of the control system as a whole. Besides groups processes that are parallel to each other and supplement each other, the internal control process has been

integrated into the operational processes on level of controlling activity and fulfills the goal of “effective and efficient operation” (through the regular, ethical, economic, efficient and effective execution of the operational processes) János and József (n.d).

2.3. Accountability and Control Issues in Decentralized the Universities Fund Spending

Understanding decentralisation as the process where spending powers along with managing own fund authority and competences are given to the colleges, a number of issues appear in terms of accountability for the use of public funds, transferred by the university based on different factors. Delegated authority to the colleges their proportion of fund spending is directly performed by entities or University other than the central government, with varied degrees of management and legal restriction on spend and whose creation and organization respond to the needs of their specific activity of academic activities, generally different from the administrative activity of the top management of the university. These entities are responsible for their management, including organizing an adequate internal control system, and are subject to administrative control and also to external control by auditing entities (Joaquín S, 2005). In general terms, delegated authority to the colleges their proportion of fund spending can facilitate more specialized public fund management, provide a faster answer to social demands in each colleges, improve the resource misuse capacity in each colleges to identify the entities in charge of public service delivery, and facilitate a more performance-oriented approach. In doing so, at least two main issues arise from the funding system: sufficiency of financial resources and quality of spending. The former applies to the comparison between the expenses needed to accomplish the college’s objective and the available financial resources; the latter concerns respecting legality and grant conditions and ensuring efficiency by the college’s and university at the whole. But also there is problems related to weak co-ordination, lack of clarity regarding roles and accountability, lack of top governance capacity, lack of transparency in management appointment, among others (Laking, 2005), are considered some of the risks assumed by the creation of agencies in charge of public service delivery.

2.4. Resource Utilizations and Generation Trend in Higher Education.

Over the past decades, the higher education system in Ethiopia has been undergoing rapid transformation and huge expansion both in public and private domains (Damtew, 2005). The system is, thus, hugely expanding and massively increasing both in terms of student number as well as institutions. In fact, Ethiopian higher education system is dependent on public budget. Since inception, the public universities in Ethiopia have depended heavily on government funding for both recurrent and development expenditures. But also, Ethiopian higher education is also very dependent on donor-led financing (HESO, 2004). Although higher education institutions and enrolments in Ethiopia expanded rapidly and the institution are funded by the government, resources allocated to institutions did not keep pace (World Bank, 2004). Consequently, this form of financing higher education was found to be inadequate and inefficient. This is mainly because, according to (Albrecht & Ziderman, 1995), such funding allocations fail to provide incentives for institutions to operate efficiently, and indeed may create a general climate that is not conducive to efficiency. On the other hand, despite the financial constraints faced so far, a large proportion of this budget has been moved to maintain student welfare rather than supporting educational and research activities. The enormous support for the provision of nonacademic activities and facilities such as allowances, free accommodation, and catering is now facing scrutiny in many of the public universities. Such support not only consumes major portions of university budgets which directly affects the missions and activities of the institutions in the country. Furthermore, there is the impression that the underfunding of universities in Ethiopia is accompanied by misallocation (Tefera & Altbach, 2004), inefficient utilization and generally poor financial management of the scarcely available resources (Teshome, 2007, Kibrom, 2010). Similarly, (Kibrom, 2014) stated that the problems with regard to financial use and adequacy appear to mainly revolve around: lack of efficient utilization of the funds, poor financial planning and management system, poor procurement or purchasing system, lengthy and delayed procurement as well as decision making problems of administrative staff. In fact, not only the amount of money distributed (financial adequacy) but also, and most importantly, how that money is allocated and utilized (efficient allocation and utilization) is crucial in any higher education system. Therefore, attaining an effective higher education system requires the right combination of sufficient funding, good financial planning and management system, trained and talented employees, adequate facilities, state-of-the-art equipment and motivated students ready to learn. Such combination enables universities to adequately undertake all its activities, achieve its missions, maintain educational quality and realize its vision (World Bank, 2000; HESO, 2004; Kibrom, 2014)

3. Research Methodology

Research method is selected by researcher(s) based on the research purpose, the nature of the research, the problem area, and research questions. Hence, the study adopted qualitative research because qualitative research is a holistic approach that involves discovery. Much also it enables the researcher to develop a level of detail

from high involvement in the actual experiences (Creswell, 2003). One identifier of a qualitative research is the social phenomenon being investigated from the participant's viewpoint. More importantly, Case Study type of qualitative research method was used to explore in depth a program, an event, an activity, a process, or one or more individual as stated by (Creswell, 2003). Assosa University was selected as a case university because it could be considered as one of a third generation university or new institution in terms of institutional age and size, student numbers, budget allocated and mode of expansion in the country but highly known for misuse of fund. Thus, the institution could highlight the way other new public universities in the country are dealing with the resource utilization and generation context and related challenges. The researcher purposefully selected key informants those directly responsible for and involved in the entire operations of the university in general and their respective academic units in particular.

4. DISCUSSION

4.1. How Budget allocated and Controlled Generally in Ethiopia at all, in Assosa University Specifically.

Higher education in Ethiopia was and is funded by the Federal government, formerly allocated in a line item basis. In general, the current funding model of Ethiopian higher education can be characterized by what economists call a 'Centrally Planned' or 'Command system', a funding model, which has been the preferred mode of public funding for higher education across much of the world (Higher Education System Overhaul or HESO, 2004).

Regarding the financial source and allocation method, Article 62 of the Proclamation clearly indicated that: 'Public institutions shall be funded by the Federal government or states through block-grant system based on strategic plan agreement'. Therefore, development of a fair, effective and efficient funding formula for deciding on the individual block grants was an inevitable prerequisite for this to happen.

Despite the fact that the Ethiopian Higher Education Proclamation states the use of block grant in the form of formula funding as of 2005, this was not implemented until 2009. Hence, the resource allocation mechanism employed during the study was line-item budgeting together with some form of negotiation between the government and individual universities. However, this form of financing higher education was found to be inadequate and inefficient. This is mainly because, according to (Albrecht and Ziderman, 1995), such funding allocations fail to provide incentives for institutions to operate efficiently, and indeed may create a general climate that is not conducive to efficiency.

The annual budget utilization report sourced from Ministry of Finance and Economic Development (MoFED) indicated that all public universities in Ethiopia were required by Ministry of Education (MOE) to prepare comprehensive financial plans, indicating net assets, sources of revenue, expenditure and how they intend to service their debts. The budget plan is prepared in such a detailed manner that it indicated each aspect of the budget request with specific budget title and the amount needed for each activity.

It was, however, understood from the participants that the way institutions prepare annual budget plans appears to be not well thought and well organized. This is because academic programs often do not prepare their financial plan beforehand; thus, they usually tend to copy the previous year's financial documents with a very few amendments. Participants of the study also confirmed that when institutions prepare budget request, it is usually prepared in an exaggerated manner simply because the government or the concerned Ministry will not give them what they request. An exception here is only salary. When requesting salaries, it is not associated with activities and institutional operations, rather only with the total number of staff. Moreover, institutional allocation of recurrent budgets is observed to be largely skewed to administrative costs, salaries getting the highest share (Teshome, 2007)

Unlike other public universities in Ethiopia, even though the source of income of the Assosa University consists of an annual block grant budget allocated by the state, subsidies made by government in cash or kind, undertake a small income generated services activities such as continuing and distance education, and Post graduate only.

In relation to the annual institutional public budget, all interview participants confirm the presence of serious financial constraint in the case university. In their statements, the university did not often get the total amount of budget it requested nor utilized it granted budget fully rather due to lack of good management or other unknown reason the university preferred to return unused budget to federal government; and this consequently impacted many aspects of the teaching learning, research, quality of education and all other activities in the university. Supporting this, Teshome (2007) particularly indicated that universities are facing problems associated with resource constraints and inefficient resource utilization. Insufficiency of state budget and unstable funding are, therefore, becoming challenges to most of the core activities and operations of the institution.

On the other hand, despite the financial constraints faced so far, a large proportion of this budget has been moved to maintain student welfare rather than supporting educational and research activities. The enormous support for the provision of nonacademic activities and facilities such as allowances, free accommodation, and

catering is now facing scrutiny in many of the public universities. Such support not only consumes major portions of university budgets, which consequently undermines the raison of a higher learning institution, but it may also serve as an incentive for students to take longer to complete their studies (Tefera and Altbach, 2004).

In general, the case university's experience seemed to illustrate well the problem common to many public universities of rapidly growing student numbers, unmatched by expanded university instructional budgets leading, in turn, to increasingly inadequate facilities, overcrowding, low quality education and high repetition rates.

4.2. How Allocated Resources Utilized and Controlled Generally in Ethiopia at all, in Assosa University Specifically.

Most financial challenges in Ethiopian universities are generally the result of the rapid expansion of the system without equal expansion of government budget. However, results of the study specifically indicated that the institutional financial constraint is compounded with and worsened by other problems of the financial aspects in the university. On top of the institutional financial constraints observed, institutions are also suffering from poor financial management systems and most importantly from inefficient use of the available funds at hand.

The study has shown that Assosa University has serious problems of financial efficiency and management. Based on data obtained from the interviewees as well as analyzed documents, there appear to be a weak financial management system, misallocation, delay and underutilizing of the allocated resources in the university. This is manifested by the inappropriate budget plan and request, inappropriate use of funds, poor financial management, problems of quick decision-making, poor and delayed procurement or purchasing system of the university, in the process of creating efficiency in utilizing the available resources and in the budget flow backs in general. Supporting this, HESO (2004) report has confirmed that currently many private higher education institutions have developed better financial and resource management systems than public higher education institutions.

According to all interview participants, the problems of *financial management and poor procurement or purchasing system* of the available resources were consequently affecting all schools, faculties and colleges in the university. However, the problem is regarded to be more serious in College of Business and Economics and College and Institute of Technology for they have students and strongly require larger quantities of more expensive materials and instruments than others do. In line with this, departments have been indicated to suffer much because of the university purchasing system.

Especially as one of the interview participants put it: The purchasing system is our biggest headache. The purchasing items are not decided at committee college level since they have no finance autonomy that used by the colleges in small proportion of university budget. Rather the university desire to control by centralizing the finance decision the very problems of the university despite it centralization the material requested by the different colleges usually are not purchased on time because of the lengthy and delayed purchasing process. This problem is highly exaggerated in colleges that requires extensive lab work and colleges that have large numbers of students. Even though we request for immediate purchase of any material, we do not often get the materials we request to be purchased on time.

Obviously, if a university is not purchasing the required teaching learning materials on time, then it is not appropriately using its budget; this directly affects the teaching learning and other related activities of the university and even its service quality.

This was supported by another top administrative staff who explained that: We have budget shortage every time that could be used for teacher's development. However, the problem in our university is not this one. Rather, we are not even appropriately utilizing the already allocated budgets mainly because of rigid bureaucracy, poor management system and the purchasing mechanism. This has a very serious impact on the quality of education, performance of the institution and other related issues.

As it has been indicated above, the financial scarcity is not the only obstacle. The financial constraint was coupled with other problems related with financial inefficiency. The problems with regard to financial use and adequacy, therefore, appear to mainly revolve around: lack of efficient utilization of the funds, poor financial planning and management system, lengthy and delayed procurement as well as decision making problems of administrative staff.

Overall, this study has indicated that underutilization of resources, wasteful procurements, high administrative and non-instructional costs (such as cafeteria and dormitory services, large administrative staff) and poor management of services such as transport and procurement as the major sources of inefficiency. In support of this, Teshome (2007) and Tefera and Altbach (2004) indicated that lack of planned and transparent procurement and poor monitoring and evaluation systems as sources of resource wastage in many Ethiopian universities. However, according to Mautz and Winjum (1981) internal control system guarantees some reasonable assurance: thus accepting the existence of a certain degree of uncertainty that cannot be completely controlled or absorbed by the undertaking. Accepting the idea that internal control systems have to be linked

with the cost of carrying out control procedures, yet they have to guarantee a reasonable degree of confidence according to the nature and extent of risks taken (Van Der Nest, 2000; Mautz and Winjum, 1981; Angelovska, 2010). From the forgoing analysis of importance of internal control, it could be concluded that, the overall purpose of the concept is to help an organization achieve its mission, internal control also helps an organization to: promote orderly, economical, efficient and effective operations, and produce quality products services consistent with the organization's mission, safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud.

4.3. Financial Autonomy in Ethiopian Universities at all, in Assosa University Specifically.

The Ethiopian higher education proclamation clearly states that in pursuit of its mission, every public institution is granted all the necessary autonomy in the utilization of allocated budget with equivalent accountability. The Proclamation has now expanded institutional autonomy since universities are given freedom to manage their budget and decide on resource allocation without government approval.

Public institutions are autonomous to manage their funds and property. Hence, without prejudice to other applicable laws and procedures, a public institution is free to use its income as it sees fit, in accordance with its approved business plan (Article 64.2). Accordingly, the study found out that all the university administrators are aware that they are granted financial autonomy and hence they have the autonomy to decide on their allocated finance. Data obtained from the case study, however, indicated that most of the colleges concerned academic have not been exercising their financial autonomy in ways that could ensure effectiveness, efficiency and fairness. Participants of the study confirmed that they couldn't get financial autonomy by mainly related with lack of managerial experience, fear of decision-making as well as fear of taking necessary financial risks. In this regard (*Joaquin S, 2005*) noted that decentralization or financial autonomy is delegated authority to the colleges or different universities units to use proportion of universities fund which probably facilitate more specialized public fund management, provide a faster answer to social demands in each colleges, improve the resource usage capacity in each colleges to identify the entities in charge of public service delivery, and facilitate a more performance-oriented approach.

4.4. Outcomes of The absences of Proper Control Systems on Institutions Resource Utilization and Generation.

Internal control is an integral part of the management process by which an organization governs its activities and operations to effectively and efficiently accomplish its mission. The purpose of control processes therefore is to support the organization in the management of risks and the achievement of its established and communicated objectives. If the control system is ineffective, then the management system will also be ineffective. The people factor is critical to an effective control system – their honesty, integrity, competence, experience, and loyalty. If these “soft” control qualities are lacking, then the quality of internal controls becomes highly unreliable because people are critical –they being the ones who develop, implement, maintain and monitor compliance with controls. In internal control or management control there are a number of responsibilities (committing funds, recruiting staff, contracting for supplies and services, approving actions, registering transactions and events, deploying resources and controlling, supervising and reporting on implementation of policies). If these responsibilities are fulfilled properly, the result will be effective control over resources, decisions and activities and the achievement of ministry objectives. If not, abuses will proliferate and efficiency decline. So, in short internal controls which are synonymous with management control help government managers achieve desired results through effective stewardship of public resources.

In fact, Universities highly depend on the adequate and timely availability of all the necessary resources and materials. For this, they need, among others, strong controlling systems, a well-planned and organized procurement system. This is because universities are service providers not producers. So, they need materials and all the necessary facilities to provide the service. However, if no material on time, the service will be hampered.

Many of the problems revolving in higher education in developing countries, such as Ethiopia, have been reported to be rooted in the inadequacy of funds, accompanied by inefficient use of the available resources. Such financial inadequacy and/or inefficient utilization of it have dire institutional consequences. Institutional financial constraints as well as inefficiency could generally impact the proper functioning of the system. In this regard, Johnstone (2002) illustrates some of the consequences of financial austerity a higher education institution could face. These basically include loss of institutional capacity to respond to change; loss of best academic and research staffs, lower staff morale (due to declining salaries); erosion of equipment, including computers, laboratory equipment and library materials; and deterioration of physical plant, and inability to expand physical capacity to keep up with increasing enrolment.

Data gathered from the case study university indicated that the institutional financial constraint has different manifestations in the university; this can be seen in the lack of computers and Internet access, lack of

free access to journals, insufficiency of research budget, shortage of buildings (for classrooms, laboratories, for staff offices), limited practical oriented learning (few or no practical attachment) and so on. Toward this point, Tefera and Altbach (2004) summarized some of the common problems faced by African universities, such as Ethiopia, as a result of financial inadequacy. These basically include shortages of published materials of books and journals, lack of basic resources for teaching, absence of simple laboratory equipment and supplies to do research and teaching, and, in some countries, delays of salaries for months. It seems that, because of the inappropriate utilization of the scarce budget and poor procurement, faculties and colleges in the university have been highly affected. This misallocation of public funds could imply the fact that the institution has not been equipped with the necessary teaching learning facilities. It may not also receive adequate maintenance and infrastructure, which are vital to achieve the missions of the institution.

Having the above finding, no doubt that lacks of controlling systems in university has been one key factor for inefficient utilization of the available resources in the university and consequently create problem to achieve the missions of the institution. To support this, studies shows that weak internal control process facilitates the occurrence of fraud in operations, inappropriate utilization of the scarce budget and poor procurement, financial planning and management systems are among the most listed by different researchers (Edogbanya, 2013; Kenenisa and Mawos , 2014).

5. Conclusion

This study has attempted to provide a brief overview regarding the public higher education funding controlling mechanism aspects by taking Assosa University as case study. Thus, based on the raised research questions of the study, it was concluded that the current resource utilization and generation controlling mechanism are highly inefficient and affecting almost all aspects of the institutional activities. The limited capacity of the government, it was important that available resources be efficiently used and well managed. The case university was, however, not able to efficiently make use of the existing financial resources due to absence of proper management systems. In addition, there has been significant misallocation of resource in Assosa University, which was found to be congruent with the financial pressures of the nation's public higher education institutions. This misallocation of resource is affecting all the institutional activities and their related infrastructures seriously. The phenomena of misallocation of resource can generally be explained at government and at university levels. At central level, it was observed that ones the budget allocated by the government the government has not been taking corrective action against such misuse of budget by the institutions, which could be due to lacks government controlling systems or other factors. At university level, the institution in focus had been found to be allegedly weak in effectively and efficiently utilizing the allocated budgets for the right purpose at the right time. Finally, despite the autonomy granted to the concerned administrators or different university units, these personnel have not been appropriately utilizing the awarded financial autonomy because of diverse factors. For economically challenged countries like Ethiopia, there is a great need to utilize the meager resources very wisely and strategically while at the same time exploring and tapping external resources vigorously. Therefore, resource utilization in the case university in particular needed a complete Overhaul or strong controlling mechanism, to increase efficiency of operation and achieve the mission of the university at available resource.

Limitations of the Study

The study is only followed a qualitative research approach to explore current situation of the university. This study is a case study done alone in a single public university in Ethiopia, namely; Assosa University. Thus, results of this study cannot be taken for granted to understand the feature of public higher education in the country in general; that is the study is not generalizable as it is difficult to generalize from single case study. Rather, it can provide a portrait of the way public universities in Ethiopia are dealing with those problems that accounted for the familiarity of the university objective due to inefficiently utilization of the allocated budgets for the right purpose at the right time. Once again, the study is also restricted in terms of administrative times. That is, all the data obtained through the interview describe the current situation under the current administrative personnel. It does not go beyond.

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