



BUDGETING AT EKONA

This case was written by Marie de Lattre, with the supervision of Hunt Hobbs. This case has been developed by the International Service for National Agricultural Research (ISNAR).

Support for research and writing has come from the Cooperative Development for Africa (CDA) group, with funds from :

The United States Agency for International Development (USAID) ; and the Overseas Development Administration (ODA), United Kingdom.

The case is to serve as a basis for seminar discussion, rather than to illustrate either effective or ineffective management practice. It is not a comprehensive documentation of an actual situation. Information has been drawn from a variety of sources and compiled into one situation to ease the presentation. The case may be cited and/or reproduced only with the written permission of ISNAR.

(c) 1983

INTERNATIONAL SERVICE FOR NATIONAL AGRICULTURAL RESEARCH

Headquarters
Bevrijdendijkweg 52
2544 AW, The Hague
Netherlands

Correspondence
P.O. Box 93375
2509 AJ, The Hague
Netherlands

Communications
Telephone: 070-472991
Telex: 33746
Cable: ISNAR

INTRODUCTION

Dr. Ekebil, the Director of the Institute of Agricultural Research (IRA) in Cameroon, was extremely concerned about the growing discontent between the research staff and the administrative staff in the research centres. On the one hand, the researchers were complaining that the administration was interfering instead of helping research. On the other hand, the administrative staff were saying that whatever they do, the researchers complain; that it was the administration's role, and not the researchers' role, to handle financial matters.

Dr. Ekebil had been very much disturbed by the differences between research and administration. He considered that the two had to walk in harmony if research was going to be carried out to any effect.

The Director of IRA decided to send one of his subordinates to Ekona, one of the six agricultural research centres in Cameroon, to study the situation. That person, Mr. Bibani, was asked to analyze the present difficulties, to find out and understand the origin of the problems, and to propose solutions that could be applied within the legal system.

On a misty and rainy morning of July 1983, Mr. Bibani arrived at Ekona and began his task.

THE PROBLEM

During his first days at Ekona Mr. Bibani had visited researchers and administrators to get a feeling of the situation. He had let the people talk about their difficulties.

"In this place, research is a service to the administration, instead of the contrary" had contended one of the researchers. "It is very difficult for us to work. Every year, in May, we prepare the operation data sheets for each of our operations. These sheets (exhibit 1) are used for two purposes: first of all for the technical definition of the programmes, then for the financing and sharing of costs. As researchers, we prepare the budget of our operations, but we have no control over the disbursements. For example, sometimes we believe there are available funds for travel but when we ask for funds to go to the North for the execution of one operation, we are told there is no money left for internal traveling allowances. Financial management is a mess."

"The researchers always complain" had said Mr. Jiomeneck, Chief of the Administration and Finance at Ekona. "They want to know everything, they want to control the funds and use the budget as they wish. But this is not possible. We try our best to satisfy them within the rules set by the government, but they are never pleased. They must take care of research, and let us take care of financial management."

"Administration is too slow," had complained a researcher. "Between the time you order something, and the time you get it, two months can pass. There is no purchasing department, and the Chief of Centre must process a huge pile of documents every day; it is very likely that it will take him several days, if not weeks, to get to your request"

"I do not think the researchers' complaints are normal," had said Mr. Djomo, the Accountant Delegate. "If they planned in advance, these delays would not affect them. Often they give us incomplete information, and that also slows down the process."

At the end of the day Mr. Bibani was extremely confused. He did not know what to believe. Everyone - the researchers, Mr. Jiomeneck and Mr. Djomo - had good arguments. All seemed to be sincere. The Chief of

Administration and Finance and the Accountant Delegate also had explained their activities and they had seemed committed to supporting research and maintaining the financial integrity of the institution. The system sounded extremely complicated, yet the accountant had said that the budgeting and finance of research was very simple. So Mr. Bibani decided to study in detail the financial organization of Ekona.

THE EKONA RESEARCH CENTRE

The Ekona Research Centre was one of the six research centres that functioned under the Institute of Agricultural Research (IRA). IRA was one of five research institutes administered under the General Delegation for Scientific and Technical Research (DGRST) (exhibit 2). Ekona was located on the slopes of the Cameroon Mountain (exhibit 3).

Six research programmes, were carried out at Ekona among the 20 programmes defined by IRA. The programmes at Ekona concerned root and tuber crops, fruit crops, plantains, oil crops, latex crops, and soil science. A Chief of Section and his staff were responsible for each of the programmes (exhibit 4).

Nearly 90% of the resources of Ekona came from the Cameroonian government, and the remaining 10% came from the sales of crops and from payments for services provided to outside organisations.

Every year the researchers and the administrative staff, at Ekona (and the five other agricultural research centres), had to prepare budgets for IRA. Every researcher prepared one operation data sheet for each of the operations he was responsible for. Then the Chief of Section prepared the budget of the section's programme by combining the operation data sheets into a single budget. Then all six programmes were combined into one budget for the centre. Later the programmes' committee of IRA controlled the technical and financial sections of the programmes. Then the management board took the final decision, and the parliament voted on the budget for the whole institute.

The budgets and financial processing were carried out at Ekona. The researchers and the centre's administration had little influence on decisions by officials in IRA or the DGRST. Nevertheless, by comparing their previous year's and this year's budgets, the researchers had the possibility of making a case for themselves.

THE PREPARATION OF THE BUDGET BY THE LATEX SECTION

To understand the financial system of Ekona and the difficulties facing both the researchers and the administration, Mr. Bibani decided to concentrate on one section. Lots were drawn and the latex section was chosen.

The Chief of Section, Mr. Gobina, a tall Cameroonian, described how the researchers were involved in budget preparation.

"As a researcher, each of us is responsible for a few operations, that are part of a theme and a programme. There are several operations in a theme, and several themes in a programme. Then, as Chief of Section, I coordinate all the work done by the latex section. My task is mainly technical, but when we fill up the operation data sheets we deal with financial matters. On the operation data sheets, we are asked to estimate

the yearly costs of each operation we are involved in. These costs are separated into two main categories: the recurrent charges (otherwise known as the operational budget) and the funds for logistic equipment (otherwise known as capital equipment). The recurrent charges are themselves divided into nine lines (exhibit 5). Then I add the total of each operation data sheet and obtain the estimated total cost of our programme. When we prepare these budgets, we have a tendency to increase the costs to make sure we get sufficient funds."

"Getting enough money is not the central problem," said Dr. Lyonga, the Chief of the Centre. "The problem is the use of the funds and the timing. We usually get enough money for the recurrent charges, but we lack funds for equipment. The houses are in bad shape, we cannot build new ones nor fulfill our plans. The fiscal year begins on July 1, but we will not receive a centime before August. When we get money all will have to be spent on wages. The researchers who sent their operation data sheets in May will get them back in October or November. We get funds every three months, but they often come late. We can carry funds over from one year to the other for use on capital equipment but not for recurrent costs. We have the means to do research, but we cannot find researchers to do it because of lack of proper accommodation."

For each programme, the Chief of Administration and Finance prepared one budget of recurrent charges and one budget for logistic equipment (exhibit 6). "I am not really interested in the operation data sheets," said Mr. Jiomeneck, "they contain purely technical information."

Mr Jiomeneck prepared the budget of the centre. A whole set of budgets was then sent to IRA for approval. It included :

- A. total budget for the centre
 - 1. recurrent costs for the centre itself
 - 2. logistical equipment for the centre
 - 3. total budget for each programme (recurrent costs + equipment)
- B. all the operation data sheets

The budgets for all the programmes and the centres were approved by higher authorities and then went back to the centres (exhibit 7).

Once the amount available for the year was known, the Chief of Administration and Finance and the researchers adjusted their budgets to the new total.

"As researchers we work three times on the budget, and then the administration tells us it is none of our business," exclaimed one of the researchers. "First of all, we are asked to fill up these operation data sheets, then IRA comes back with the amount they allocated to our programme, and we adapt our budgets to this new total; later the programmes' committee gives us the exact amount allocated to each of our operation. This process takes time away from research."

Mr. Bibani thought he had understood the budgeting process. He was still not clear as to the use of the operation data sheets nor where the fundamental problem was. So he decided to examine the matter of expenditures.

THE EXPENDITURES

Mr. Bibani visited several researchers in the latex section, and asked them in which occasions they dealt with the administration.

Mr. Langlois gave an example: "At the beginning of April, the rubber trees in the nursery were attacked by Gloeosporium. So I needed some fungicides to fight the disease. During our Saturday meeting, I told the Chief of Section that 10 kg of fungicides should be bought. During the same meeting, Mr. Nkouonkam said he needed a book on rubber technology. The Chief of Section brought these two requests to the attention of the Chief of Centre. Then the problems began. At our level, asking for something is easy; but as soon as it goes up, it is lost."

The disbursement of funds in Cameroon was organized to avoid stealing. The "ordonnateur" was the Chief of Centre, who had been nominated by the Prime Minister. The Chief of Centre decided when funds were to be spent. The "liquidateur" was the Accountant Delegate, who had been nominated by the Minister of Finance. He was under the authority of the Chief of Centre for discipline matters, but under the authority of the IKA accountant for his work.

The following week, Mr. Gobina, the Chief of the Latex Section, prepared a written request to the Chief of Centre for 10 kg of fungicides and a book. The demand was put on the huge stack of paper in the "in" box of the Chief of Centre. Other papers piled up quickly during the day, and the request was buried. As nothing had been done, after several days, the Chief of Section went to the office, and put his request in front of Dr. Lyonga, the Chief of Centre.

"The Chief of Centre examined the paper, and told me that the information on the fungicides was too vague. By the time I got more precise information, one week had passed."

Then the Chief of Centre approved the purchase in principle, and the request went to the Chief of Administration and Finance. Mr. Jiomeneck had to check on his data sheets (exhibit 8) to determine if there were funds available for these items.

"When your paper enters Mr. Jiomeneck's office, you know it is going to take a long time," continued the Chief of Section. "Mr. Jiomeneck has to check if funds are available for the expenditure, but his data sheets are never up-to-date: it is impossible to know the categories he is using. For example, Mr. Nkouonkam had asked for a book; it was the first time he asked for scientific documentation, and he was told there was no money left for his book. You can understand that he was upset."

"So after a week our request was examined. The conclusions were that pesticides could be bought, but that there was no money for the book. Having been approved by the Chief of Centre and the Chief of Administration and Finance, the request was then passed to the accountant. Considering the urgency of the situation, and the lack of proper purchasing department, Mr. Djono gave some money to Mr. Langlois, who purchased the goods himself. Mr. Langlois obtained the fungicides, but it was then too late: the disease had already seriously damaged the trees."

"And this is not the only sad story we had in April," continued Mr. Gobina. "I needed to travel to the Southern part of the country to check on some trees. I asked for a six-day travel authorization, and obtained one for four days. This meant that as soon as I arrived at my destination I had to turn around and head straight back again."

"The main problems with the administrators is the amount of time and energy we have to spend to obtain anything. It is a waste of resources. They should ease our work, not make it more difficult."

Having heard these disturbing stories, Mr. Bibani decided to question the administration on these problems.

"The problem with the researchers," Dr. Lyonga had said, "is that they want their demands to be processed quickly, but they do not prepare them properly. They say that my office is full of papers, and that is true. But they come every five minutes to talk to me. They do not understand that if I see 40 people per day I cannot handle administrative matters."

"It is true that Mr. Jiomeneck is a little bit slow, but that is how he is, and we have to work with him. The researchers also make the situation more difficult. They get easily upset if their wishes are not satisfied. They often ask for travel authorizations that are too long, so I have to reduce the amount of time they are away from the centre."

"The researchers do not understand that they deal by operation on a technical matter, but on a financial matter, we deal by programme," said Mr. Jiomeneck. "We cannot distinguish the expenditures made for each operation. Regarding the book, Mr. Nkouonkam did not understand that another researcher had bought scientific documents earlier in the year ; there was no money left in this category."

"The researchers also said that they do not know the categories I use. First of all, I have the official texts to tell me which category to use ; then, as Chief of Administration and Finance, I deal with finance, and the researchers deal with research."

Mr. Djomo, the accountant, explained the problem with the fungicides. "The researchers should plan more in advance what they will need. If they filled up their request properly and early in the year, they would get their goods on time. We are here to help them, so we handle the financial matters, and they handle the research side. We want to satisfy the researchers' needs, but we do not want to tell them too much about the money. Theoretically, the researchers are not allowed to handle money. We sometimes allow them to purchase the goods themselves, to ease their work, but that is not a correct procedure. We have to deal with an extremely centralized government, which gives the advantage of control over the funds, but it also means delays."

To obtain the fungicides more rapidly, Mr. Langlois had been given money. He went to the shop, bought some and brought them back to Ekona. One accountant checked the goods with the invoice. As everything was in order, the purchase was approved.

"At the end of the year, we sometimes have to buy goods on behalf of the researchers because the money for recurrent costs cannot be carried over from one year to the other one," explained Mr. Djomo.

Mr. Bibani was beginning to see where the problems lay. But he decided to examine the accounting procedures more thoroughly, and to try to gain a better understanding of the administrators' perspectives.

THE BOOK ENTRIES

Mr. Jiomeneck, the Chief of Administration and Finance, was the first administrator Mr. Bibani visited. Mr. Jiomeneck had begun his career as a clerk, and had gone up the administrative ladder to become the Chief of Administration and Finance of Ekona. He was responsible for personnel (recruitment, management, salaries), general administration (maintenance, liaison with outside services) and finance (preparation of the budgets, financial accounting).

For each programme, the Chief of Administration and Finance had a set of data sheets where he kept records of the monetary movements. For example, in the latex programme file, there were nine data sheets. Each sheet represented one of the recurrent costs (material and equipment used for research, fuels and carburants, scientific documentation, material transport, personnel transport, internal traveling allowances, chemical analysis and other services charges, material maintenance, temporary labor). The amount available at the beginning of the year was recorded, and information was added each time an expenditure was made in the category, it was recorded, and the new amount was calculated (exhibit 8). With up-dated sheets, at any time the Chief of Administration and Finance should have been able to tell the researchers how much was available in any category.

"Mr. Jiomoneck says that he can always tell us how much is available for our programmes, but it is not true ; when we ask him, he cannot answer our question. " said one of the researcher. "We would like to know regularly how much money is left. It would help us to plan. Otherwise, sometimes we want to buy, and Mr. Jiomoneck tells us we cannot because of lack of funds."

"We do not want to tell the researchers the amount they have left, because they would misuse it. We want the researchers to spend when it is necessary," said Mr Djomo, the accountant.

"It is my role to manage the money, not the researchers'role. They do not need to know how much is left. They order, and if there is enough money, we pay." explained Mr. Jiomoneck.

Once the goods had arrived and been paid, the Chief of Center received the bill, and the Chief of Administration and Finance prepared the "Ordre de Paiement" (exhibit 9). He indicated the code of the data sheet he had used. The "Ordonnateur Délégué" (the Chief of Centre) signed the form. The Accountant entered the debit in his books (exhibit 10). The Chief of Administration and Finance and the Accountant used the same account number. They both wrote the code of the data sheet they had used. The only difference was that the accountant was concerned with the amounts that were disbursed. The Chief of Administration and Finance was concerned with the amounts still available.

When the goods were ordered with a payment voucher, the processing was the same (exhibit 11). The Chief of Centre signed the check after receiving the "ordre de paiement", the bill and the check prepared by the accountant.

The accountant had two sets of data sheets. On the first one, he kept records of estimated expenditures ; on the second set, he kept records of the amount that had been paid (liquidations). He decided the categories that had to be used.

"As an accountant," said Mr. Djomo, "I know best which expenditure should be allotted to which category. When the Chief of Administration and Finance and I disagree, I make a note on the "ordre de paiement", and he is supposed to change his books. Therefore, it would be easier if Mr. Jiomoneck were also an accountant."

GOING BACK TO YAOUNDE

Reflecting on all he had heard and observed, Mr. Bibani thought he had the necessary elements to prepare his report.

He realized that research and administration were moving further and further apart. Resentments were accumulating which could seriously impair the functioning of the organisation. The dynamism and the quality of the researchers were restrained by the tensions with the administration. Human energy should be spent at working rather than at complaining.

Mr. Bibani felt an enormous weight on his shoulders. He asked himself: How to explain to the administrative staff the need to communicate with the researchers? How to make the researchers understand the administrative requirements? How to speed the process? What are the main problems?

Mr. Bibani sat down to work, conscious of the effect his report could have on the management of agricultural research in his country.

FICHE - OPERATION

Année 198 - 198

OPERATION DATA SHEET

I - TITRE DE L'OPERATION
Operation title

.....
.....
.....

II - INSTITUT
Institute

Centre
Centre

Station, Département, Laboratoire (1)
Station, Department, Laboratory

III - RAPPEL

2.1. Programme :
Programme

2.2. Sous programme :
Sub-programme

2.3. Thème :
Theme

IV - MODALITES D'EXECUTION DE L'OPERATION

Date de début de l'opération :
Starting date of operation

Durée de l'opération :
Time needed

Opération en cours :
Current operation

Opération nouvelle :
New operation

(1) rayer la mention inutile
delete where inapplicable

8

V - 2 TECHNICIENS

Technicians

| Nom et prénom <i>Name and Surname</i> | Organisme d'appartenance <i>Parent body</i> | Durée de l'intervention en 198 /198 / <i>time needed in</i> 198 /198 / |
|--|--|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

VI - POSTES NOUVEAUX DEMANDÉS POUR 198 /198

New personnel needed for

Profil :

- 1
- 2
- 3

VII - FINANCEMENT, RÉPARTITION DES CHARGES

Financing and sharing of costs

VII - 1 Budget de fonctionnement de l'opération

Budget of the operation

Nomenclature

Nomenclature

Montant
DGRST

| | |
|---|---|
| Matières et fournitures consommées pour la recherche <i>Material and equipment used for research</i> | : |
| Carburant, lubrifiant <i>Fuels and lubricant</i> | : |
| Documentation scientifique <i>Scientific documentation</i> | : |
| Transport des matériels <i>Material transport</i> | : |
| Transport du personnel <i>Personnel transport</i> | : |
| Frais de déplacement à l'intérieur du Cameroun <i>Internal travelling allowances</i> | : |
| Frais d'analyses et prestations <i>Chemical analysis and other services charges</i> | : |
| Entretien du matériel, y compris les véhicules <i>Material maintenance</i> | : |
| Personnel temporaire <i>Temporary labour</i> | : |
| Total fonctionnement <i>Total recurrent charges</i> | : |
| Total général | : |

VII - 2 Autres moyens nécessaires : équipement logistique
Other needed means : logistic equipment

Nomenclature
Nomenclature

.....
.....
.....
.....
.....

VII - 3 Observation concernant les moyens matériels
Observation on material execution

.....
.....
.....

VIII - EXÉCUTION DU PROGRAMME ET DE L'OPÉRATION
Programme and operation execution

Nom, prénom, grade du coordinateur de programme :
Name, surname, grade of programme head

.....
.....

Nom, prénom, grade du responsable de l'opération :
Name, surname, grade of operation head

.....
.....

Exhibit 2

Organigram of the Institute of Agricultural Research

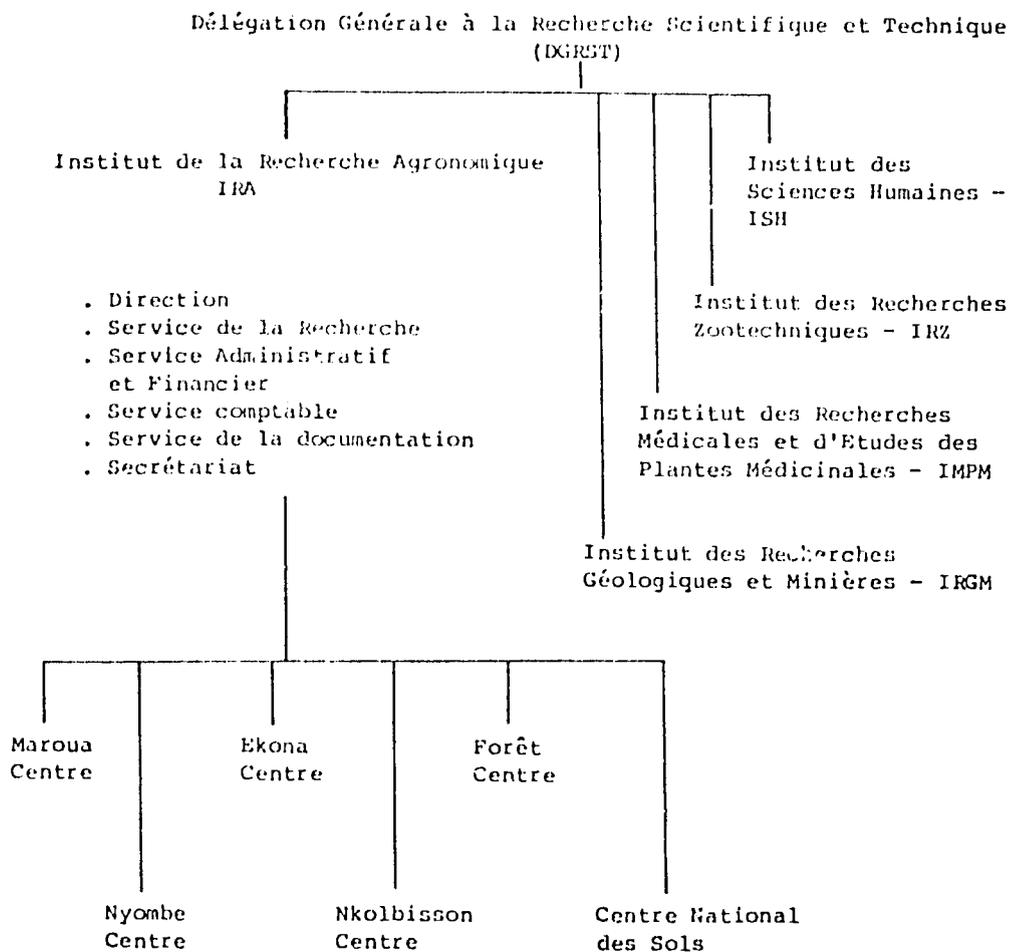


Exhibit 3

Location of Agricultural Research Centres

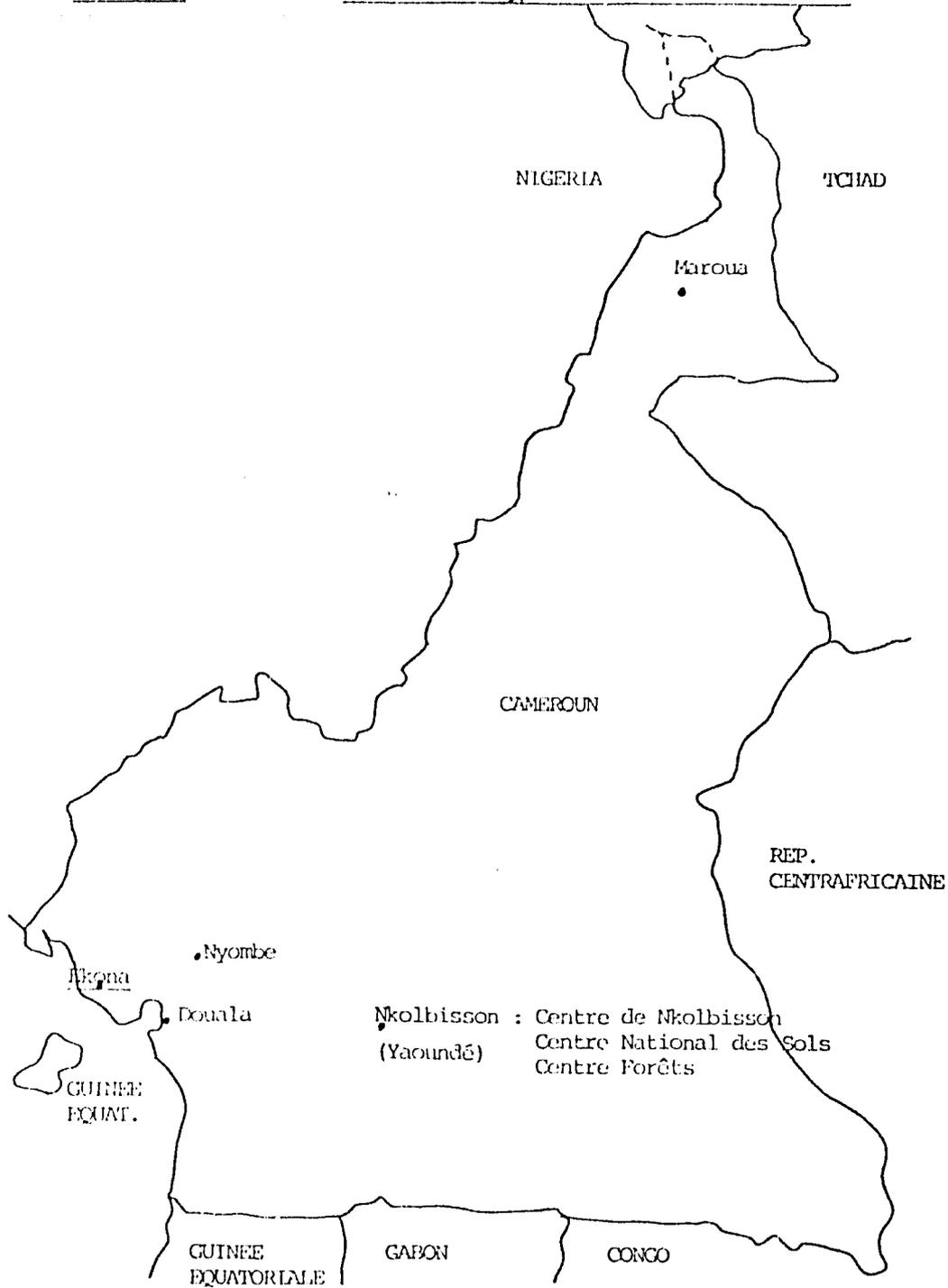


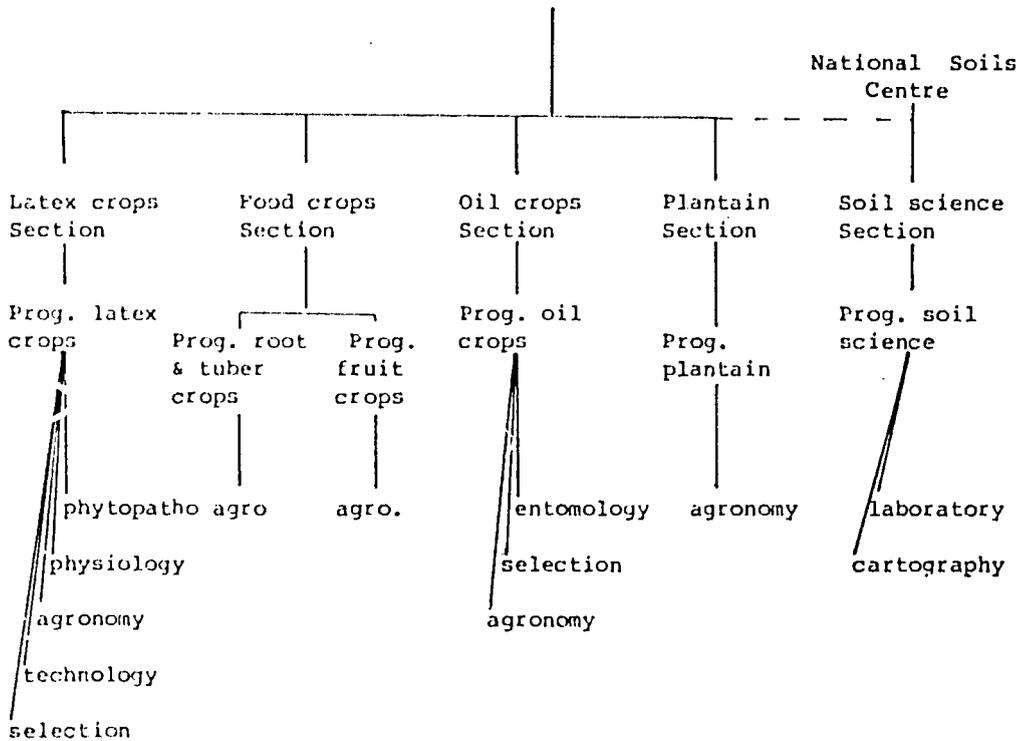
Exhibit 4

The sections at Ekona.

Ekona Research Centre

Administration :

- . Chief of Centre : Dr. Lyonga
- . Chief of Ekona Station : Dr. Lyonga
- . Chief of Administration and finance : Mr. Jiomeneck
- . Accountant Delegate : Mr. Djomo
- . Statistician
- . Librarian
- . Documentation



- Chief of
Section : Mr. Gobina
Researchers :
- . Mr. Langlois
 - . Mr. Nkouonkam

Exhibit 5

Compilation of operation data sheets
by the Chief of Section

| | Op.A | Op.B | Op.C | Op.D | Total for Programme |
|--|-------|-------|-------|-------|------------------------|
| <u>Budget of the operation</u> | | | | | |
| Nomenclature | | | | | |
| . Material and equip. used for research | | | | | |
| . Fuels and lubricant | | | | | |
| . Scientific doc. | | | | | |
| . Material transport | | | | | |
| . Personnel transport | | | | | |
| . Internal travelling allowances | | | | | |
| . Chemical analysis & other services charges | | | | | |
| . Material maintenance | | | | | |
| . Temporary labour | | | | | |
| | ----- | ----- | ----- | ----- | ----- |
| Total recurrent charges | + | + | + | = | xxx |
| <u>Other needed means :</u> <u>logistic equipment</u> | | | | | |
| Nomenclature | | | | | |
| | ----- | ----- | ----- | ----- | ----- |
| Total logistic equipment | + | + | + | = | xxx |
| | ----- | ----- | ----- | ----- | ----- |
| <u>Total budget</u> <u>fonctionnement</u> | + | + | + | = | <u>xxx</u> |

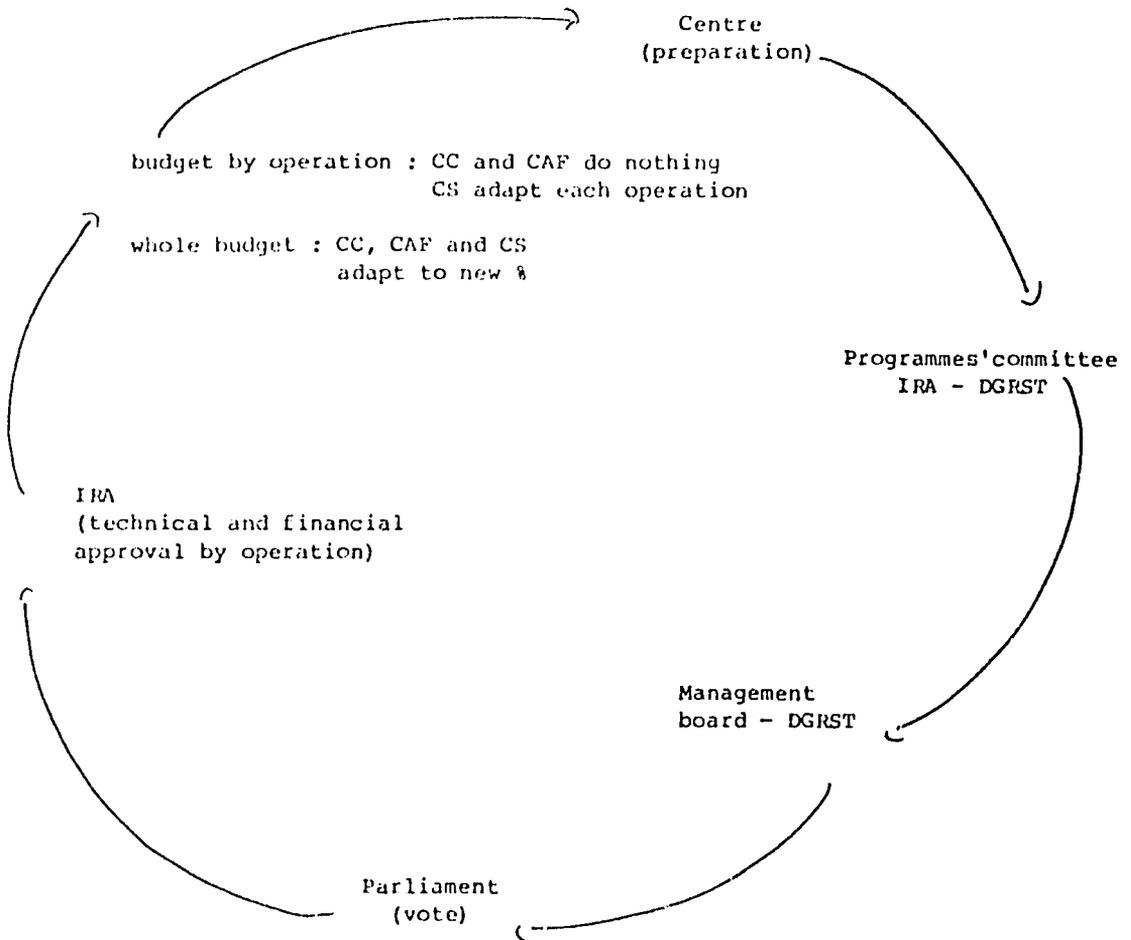
Exhibit 6

Compilation of operation data sheets
by the Chief of Administration and Finance

| | Op.A | Op.B | Op.C | Op.D | Total for Programme | | | | |
|--|-------|------|-------|------|---------------------|---|-------|---|-------|
| <u>Budget of the operation</u> | | | | | | | | | |
| Nomenclature | | | | | | | | | |
| . Material and equip. used for research | - | + | - | + | - | + | - | = | - |
| . Fuels and lubricant | - | + | - | + | - | + | - | = | - |
| . Scientific doc. | - | + | - | + | - | + | - | = | - |
| . Material transport | - | + | - | + | - | + | - | = | - |
| . Personnel transport | - | + | - | + | - | + | - | = | - |
| . Internal travelling allowances | - | + | - | + | - | + | - | = | - |
| . Chemical analysis & other services charges | - | + | - | + | - | + | - | = | - |
| . Material maintenance | - | + | - | + | - | + | - | = | - |
| . Temporary labour | - | + | - | + | - | + | - | = | - |
| | ----- | | ----- | | ----- | | ----- | | ----- |
| Total recurrent charges | | + | | + | | + | | = | |
| <u>Other needed means :</u> <u>logistic equipment</u> | | | | | | | | | |
| Nomenclature | | | | | | | | | |
| | ----- | | ----- | | ----- | | ----- | | ----- |
| Total logistic equipment | | + | | + | | + | | = | |
| | ----- | | ----- | | ----- | | ----- | | ----- |
| <u>Total budget fonctionnement</u> | | + | | + | | + | | = | ----- |

Exhibit 7

Processing of the budget



- CC : Chief of Centre
- CAF : Chief of Administration and Finance
- CS : Chief of Section
- IRA : Institut de la Recherche Agronomique
- DGRST : Délégation Générale à la Recherche Scientifique et Technique

Exhibit 8

Budget : Data sheet
used by the Chief of Administration and Finance

Institut : IRA
Centre : Ekona
Station : Ekona

Chapitre : Root and Tuber Crops

Article : material and equipment

Paragraphe : 01 02 24

| date | Suppliers | Funds committed | Total committed | Available |
|------|-----------|-----------------|-----------------|-----------|
| 1.7 | | | | 500 000 |
| 15.7 | | 2 500 | 2 500 | 497 500 |
| 25.7 | | 20 000 | 22 500 | 477 500 |
| 4.8 | | 47 500 | 70 000 | 430 000 |

DELEGATION GENERALE A LA
RECHERCHE SCIENTIFIQUE
ET TECHNIQUE
D. G. R. S. T.

Téléphone
B.P.

INSTITUT
CENTRE
STATION

CADRE ADMINISTRATIF ET FINANCIER

Exercice 19..../
19....

Les responsables mandataires

Vins

Date

C o d e
d'imputation

Ordre de
Paiement N°

Compte à
Débiter

L'Ordonnateur Délégué _____

Mode de paiement _____

M _____

Veuillez payer ou virer la somme de _____

au profit de _____

Compte à créditer _____

Objet du paiement : _____

A _____, le _____

L'Ordonnateur Délégué

CADRE COMPTABLE

Compte à
débiter

Compte à
créditer

N°

N°

A _____, le _____

Le Comptable Délégué

Exhibit 10

Data sheets for control of disbursements
Used by Accountant Delegate

Institute : IRA
Centre : Ekona
Station : Ekona

Chapitre : Latex

Article : material and equipment

Paragraphe : 241 300 05

| | | |
|-------------------------|-----------------|--------------|
| Date | 15.8.83 | 23.8.83 |
| No ordre de paiement | 643 | 666 |
| mode de règlement | cash | voucher |
| fournisseur | Fertilizers ltd | Karthala Ltd |
| situation de crédits | | |
| . débit | 324 000 | 120 000 |
| . crédit | | |
| Solde | 66 000 | 50 000 |

Observations

Exhibit 11

The processing of expenditures

