

**THE EFFECT OF APPLYING FINANCIAL CONTROLS AND ACCOUNTABILITY ON THE
PUBLICSECTOR IN TANZANIA**

CASE STUDY: DAR ES SALAAM PROVINCE.

**BY
EMANUEL ARON.**

BBA/43905/101/DF.

**A RESEARCH PROPOSAL SUBMITTED TO SCHOOL OF BUSINESS AND MANAGEMENT
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE AWARD OF BACHELOR'S DEGREE IN BUSINESS
MANAGEMENT AND ADMINISTRATION
KAMPALA INTERNATIONAL
UNIVERSITY.**

2012

COPY RIGHT

This dissertation is copyright material protected under Benne Convention the copyright Act 1999 and other international and National enactments, in that behalf on intellectual property. It may not be reproduced by any means in full or part, except for short extracts in fair dealings for research or private study.

© Emanuel Aron 2012

BBA/43905/101/DF

DECLARATION

Emanuel Aron hereby declare that this research is my own work and has not submitted for a degree at any other university and higher learning institution

Signature.....

Date ..12/03/2013.....

(Emanuel Aron)

Supervisor: MR: BARASA HENRY

Signature.....

Date.....12/3/2013.....

ACKNOWLEDGEMENT

My utmost gratitude goes to God almighty, which has made this academic feat possible. My beloved parent Mr. and Mrs. Aron Ole Meing'arai deserve every commendation for their efforts in giving me proper orientation; for their understanding, encouragement, and for that most valuable financial support and unending prayers. My beloved siblings, Judith, Diana and Shadrack, they were always encouraging and praying for me. I also extend my unalloyed gratitude to all who have in one way or the other contributed towards the actualization of this dream. Worthy of mention include: My Dearest friends Marylynne, Josiah Elieza, Adolf Moshy, Adam J. Babu, Shadrack Maina, Emmanuel T. Mkinga for their contribution and love shown to me during the course of this work and also has been one of the brain behind my achievement. I am equally grateful to my project supervisor Mr. Barasa Henry for his patience, prompt attention, suggestion, strict and careful scrutiny of this work. I shall not fail to acknowledge the role of all the lecturers in department of accounting.

TABLE OF CONTENT

DECLARATION	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENT	iv
LIST OF TABLES	viii
LIST OF FIGURES	x
ABSTRACT	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the study	1
1.2 Problem statement	2
1.3 Research objectives	3
1.4 Research Questions	3
1.5 Scope of the study	3
1.6 Significance of the study	3
1.7 Conceptual Frame Work	4
CHAPTER TWO	6
LITERATURE REVIEW	6
2.0 Introduction	6
2.2. Financial controls	7
2.3 Financial indicators	8
2.3.1 Segregation of duties	8
2.3.2 Authorization of duties	8
2.3.3 Authorization of expenditure	8
2.3.4 Bank reconciliation	9
2.3.5 Budgets	9
2.3.6 Supervision	10
2.3.7 Review of records	10
2.4 Indicators of Accountability	11
2.4.1 Production of documentary evidence	11
2.4.2 Book of accounts	11
2.4.3 Financial reports	11
2.4.4 Output/results	12
2.5 Accountability	12
2.6 Relationship between indicators of financial controls and accountability	15
2.6.1 Authorization and accountability	15
2.6.2 Reconciliation and accountability	15
2.6.3 Segregation and accountability	16
2.6.4 Budget and accountability	16
CHAPTER THREE	17
METHODOLOGY	17
3.1 Introduction	17
3.2 Research design	17
3.3 Survey population	17

3.5 Sample size	17
3.6 Sampling procedure	18
3.7 Source of data	18
3.7.1 Primary data.....	18
3.7.2Secondary data.....	18
3.8 Data collection methods	18
3.9 Tools of data collection	19
3.9.1Questionnaires	19
3.9.2Interview guide	19
3.10 Data analysis and presentation	19
3.11 Limitations of the study.....	19
CHAPTER FOUR	20
PRESENTATION, ANALYSIS AND DISCUSION OF FINDINGS	20
4.1. INTRODUCTION	20
4.2. Findings on the background information.....	20
4.2.1 Distribution of respondents by position held.....	20
4.2.2 Distribution of respondents by sex	21
4.2.3 Finding on distribution of the respondents by age.....	21
4.2.4 Finding on time spent on job	22
4.2.5 Findings on the highest level of education attained.....	22
4.3 Finding on objectives.....	23
4.3.1 assessment of financial control in Dar es Salaam province.....	23
4.3.1.0 Findings on segregation of duties	23
4.3.1.2 Findings on whether a single employees can carry out all transactions of a transaction.....	24
4.3.1.3 Finding on division of duties among different people.....	24
4.3.1.4 Findings on authorization of duties	25
4.3.1.5 Findings on whether all sub-county activities are approved	25
4.3.1.6 Response on whether the province chief approves activities	26
4.3.1.7 Finding on authorization of expenditures	27
4.3.1.8 Findings on whether all payments are authorized by the provinc-accountant	27
4.3.1.9 Findings on expenditure above 1,000,000 being authorized by the province-commissioner	28
4.3.1.10 Response on whether all procurement are authorized by the procurement committee before procurement	28
4.3.1.11 Finding on bank reconciliation	29
4.3.1.12 Finding on whether bank statements are collected monthly and recorded with the cash book	29
4.3.1.13 Findings on whether reconciliation is done by an independent person other than those involved in banking activities and cashbook preparation.	30
4.3.1.14 Response on whether reconciliation variation is investigated and corrective action taken	31
4.3.1.15 Finding on budgets	32
4.3.5.1 Finding on whether only items budgeted for are bought	33
4.3.1.16 Finding on whether budgets are passed by the budget committee	33

4.3.1.17 Finding on whether management accepts activities that are not budgeted for to be implemented.....	34
4.3.1.18 Finding on review of records.....	35
4.3.1.19 Finding on whether the work of every employee is reviewed by someone higher in authority.....	35
4.3.1.20 Findings on whether review of records is done monthly by an independent person.....	36
4.3.1.21 Response on if the review of records is not done, forgery and squandering of government funds would occur.....	37
4.3.1.22 FINDINGS ON SUPERVISION.....	38
4.3.1.23 Findings on whether supervision is an important requirement.....	38
4.3.1.24 Findings on whether employees are adequately supervised.....	38
4.3.1.25 Response on whether efficiency and proper utilization of resources is achieved through supervision.....	39
4.3.2. TO ESTABLISH THE LEVEL OF ACCOUNTABILITY IN DAR ES SALAAM PROVINCE.....	40
4.3.2.0 Finding on production of documentary evidence.....	40
4.3.2.1 Finding on whether for every transaction a receipt is issued or received.....	40
4.3.2.2 Findings on whether financial documents are pre-numbered and in different colors.....	41
4.3.2.3 Finding on books of accounts.....	41
4.3.2.4 Finding on whether the province maintains books of accounts.....	42
4.3.2.5 Findings on whether books of accounts maintained.....	42
4.3.2.6 Findings on whether transactions in the books of accounts are usually checked for arithmetic errors.....	43
4.3.2.7 Findings on financial reports.....	43
4.3.2.8 Findings on whether the province prepares financial reports at the end of every financial year.....	44
4.3.2.9 Findings on whether financial reports prepared include; balance sheet, cash flow statements, income statements and trial balance.....	44
4.3.2.10 Findings on whether financial reports prepared are timely, accurate and portray a true and fair view of the status and operations of the province.....	45
4.3.2.11 Findings on output/ Results.....	46
4.3.2.12 Findings on whether items like class rooms, health units and roads constructed verify the proper utilizations of funds.....	46
4.3.2.13 Findings on whether physical items verify paper accountability.....	47
4.3.2.14 Findings on the level of accountability.....	47
4.3.2.15 Findings on the results for the level of accountability in Dar es Salaam province.....	47
4.3.2.16 Findings on whether people were satisfied with the way funds are handled in the province.....	49
4.3.2.17 Findings on the reason why people are not satisfied with the way funds are handled in the province.....	49
4.3.2.18 Findings on reasons why people are satisfied with the way funds are handled in the province.....	50
4.3.2.19 Ways in which the sub-county can do to improve fund management.....	51

4.3.3 TO ESTABLISH THE RELATIONSHIP BETWEEN FINANCIAL CONTROLS AND ACCOUNTABILITY IN REVENUE MOBILIZATION AND UTILIZATION IN DAR ES SALAAM PROVINCE.....	52
CHAPTER FIVE	56
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION OF THE STUDY	56
5.1 Introduction.....	56
5.2 Summary of findings.....	56
5.3 Recommendations.....	56
5.4 Conclusions.....	57
5.5 Suggested areas for further research.....	57
REFERENCES:	58
APPENDICES	61
APPENDIX I:	61
QUESTIONNAIRES	61
APPENDEX 2	69
INTERVIEW GUIDE.....	69

LIST OF TABLES

Table 1 Respondents	17
Table 2: Response on position held.	20
Table 3: Response on age	21
Table 4: response on the time spent on the job.....	22
Table 5: Response on the highest level of education attained	22
Table 6: Response on carrying out a transaction	24
Table 7: Response on approval of activities before they are done	25
Table 8: response on authorization by the province-accountant	27
Table 9: Response on reconciliation by an independent person.....	30
Table 10: Response on investigation of variations	32
Table 11: Response on items budgeted for being bought.....	33
Table 12: Response on review of every employee work by some one higher in authority	36
Table 13: Response on forgery and squandering of government funds if review of records is not done.....	37
Table 14: Response on importance of supervision	38
Table 15: response on adequate supervision of employees	38
Table 16: Response on efficiency and proper utilization of resources through supervision	39
Table 17: Response on for every transaction a receipt is issued or received.	40
Table 18: Response on financial documents being pre-numbered and in different colors	41
Table 19: Response on maintenance of books of accounts	42
Table 20: Response on books of accounts maintained	42
Table 21: Response on checking of books of accounts for accounts of errors.....	43
Table 22: Response on preparation of financial reports	44
Table 23: response on financial reports prepared	44
Table 24: response on timeliness and accuracy of financial reports	45
Table 25: Response on physical items verifying paper accountabilities	47
Table 26: Un Satisfaction with the way funds are handled	49

Table 27: Satisfaction with the way funds are handled50

Table 28: Response on improvement of fund management51

Table 29: Response on the relationship between financial controls and accountability ...52

Table 30: Pearson measure53

LIST OF FIGURES

Figure 1: Conceptual Framework	4
Figure 2: Sex distribution of respondents	21
Figure 3: Findings on whether the roles and responsibilities of employees are clearly defined	23
Figure 4: Division of duties among different people.....	25
Figure 5: Response on approval by the province commisioner.....	26
Figure 6: Response on authorization of procurement by the procurement committee.....	29
Figure 7: Response on reconciliation of bank statements with the cash book	30
Figure 8: Budget committee passing budgets	34
Figure 9: Implementation of activities not budgeted for	35
Figure 10: Reviews of records by an independent person	36
Figure 11: response on physical items verifying proper utilization of funds	46
Figure 12: Response on the level of accountability.....	48
Figure 13: Response on satisfaction with the way funds are handled	49

ABSTRACT

The researcher set out to find out why financial controls in revenue mobilization and utilization have failed to ensure accountability in the public sector of Tanzania. The case study is Dar es Salaam province. It establishes the relationship between financial controls and accountability in public sector.

The objectives of the study were; to assess the financial controls in Dar es Salaam, establishing the level of accountability and the relationship between financial controls and accountability in revenue mobilization in Dar es Salaam.

The research was carried out at Dar es Salaam using correlation and descriptive research design to easily and clearly establish the relationship between the variables. Data was collected through stratified random sampling and purposive sampling methods using self administered questionnaires and interviews to 40 respondents from Dar es Salaam. These included; province chief, province accountant, district chairperson, auditor, councilors, other employees of the province and local residents. The data was later analyzed using Pearson's correlation coefficient where frequency tables, percentages, pie charts and bar graphs were constructed.

From the findings; the researcher found out that there exist financial controls in Dar es Salaam province; these controls are being used haphazardly. Thus accountability is still poor. The researcher also found out that there exist a strong relationship between financial controls and accountability with correlation coefficient of 0.9466.

The study concluded with recommendations towards strengthening the existing financial controls in order to improve the accountability level. These among others included employing qualified staff, sensitizing the masses on the sub-county activities, putting in place the planning committee and emphasizing external auditing.

Finally the study suggested some areas for further research, which included; the cost of financial controls in contrast to benefits, political interference in the province financial activities, and effects of financial controls on embezzlement and mismanagement of the government funds.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Muhakanizi (2003), Says that proper management and accountability for public funds is one of the greatest problems that many governments all over the world continue to battle with from time to time more so in developing countries like Tanzania.

The public sector is the largest consumer and single supplier of public goods and services. The government through its departments has played a very important role in a number of areas such as providing social goods and services that is health care, education and security.

The Auditor General's Report (2001), says there is difficulty in assessing results in the public sector and huge amounts of public funds are being used plus large scale operations which does not bring any benefits to the local government , government has identified a crucial need for effective financial controls so as to ensure the optimal use of resources. Government has therefore, established both internal and external financial controls. Internal financial controls comprise primarily the plan of the organization and the methods and procedures that are concerned with the safeguarding of assets, the prevention and detection of fraud and error, orderly and efficient conduct of its business. External financial controls include legislative approval, external auditing, public accounts committee review, budget and treasury departments, expenditure control, monitoring and corrective action by the Inspector General of Government and Ministry of Ethics and integrity.

Transparency International Report 2001 indicates to a great extent that Tanzania is facing the problem of mismanagement of public funds. In this report, Tanzania was ranked the 3rd most corrupt country in the world. The press and other anticorruption crusaders have voiced concerns about cases of embezzlement, fraud and mismanagement of public funds in ministries, departments, district councils and other public offices.

In trying to ensure accountability through financial controls, Dar es Salaam province has faced a number of problems. These include, Forgery, overriding of controls, collusion of workers to embezzle and defraud the province resources, untimely and inaccurate reports, reports submitted to suit particular occasion, procurement of substandard goods, mismanagement and misappropriation of financial recourse.

The government of Tanzania has generally tried to solve the above problems by instituting the office of the Inspector General of Government (IGG) and Internal Audit function at every district. Financial regulations such as Treasury Accounting Instructions I & II 2003, additional reforms such as the Public Finance and accounting Act, 2003 and the Public Procurement and Disposal of Public Assets Act 2003, provide the legal frame work and prescribe the control and administrative frame work for the management and accountability for public finance.

In particular Dar es Salaam province has tried to solve the problem by demoting the officials involved in such acts and or commanding them to repay the recourses embezzled, mismanaged or misappropriated.

Despite the province's efforts, the situation has persisted and if it goes on, this will leave the rural area underdeveloped.

1.2 Problem statement

Dar es Salaam province has experienced untimely and inaccurate reports, reports submitted to suit particular occasion, mismanagement and misappropriation of financial resources, and the procurement of substandard goods which have called for the attention of the province authorities to demote and in some cases command the individuals involved to repay the resources mismanaged.

Despite these efforts to solve the problems, they have continued to exist. If these evils go on unchecked, government resources will continue to be squandered and spent on substandard goods and services, an act that will leave rural areas as well as their residents

underdeveloped hence sabotaging district's development whose activities depend largely on the implementation of province activities

1.3 Research objectives

- i. To establish the financial controls in Dar es Salaam province
- ii. To establish the level of accountability in Dar es Salaam province
- iii. To determine the relationship between financial controls and accountability in revenue mobilization and utilization in Dar es Salaam province.

1.4 Research Questions

What financial controls exist in Dar es Salaam province?

What is the level of accountability at Dar es Salaam province?

What is the relationship between Financial and accountability in revenue mobilization and utilization in Dar es Salaam province?

1.5 Scope of the study

The scope of financial controls is independent variable and accountability as the dependent variable. The study was conducted in Dar es Salaam province headquarters located in Ilala municipal of central Dar es Salaam and is divided into three municipals which are Temeke, Kinondoni and Ilala municipal it's self. The study will cover a period of five years from 2011 to 2012.

1.6 Significance of the study

The study will help the Local Government of Tanzania to assess its ability to ensure accountability through clear working financial controls.

The study will help policy makers to have updated information on finance controls and accountability.

The study will help the province to know its challenges in ensuring accountability through financial controls.

The study will also guide the province to provide quality services to its people hence improving their standards of living.

The study will help the researcher to fulfill the requirements of the degree study.

1.7 Conceptual Frame Work

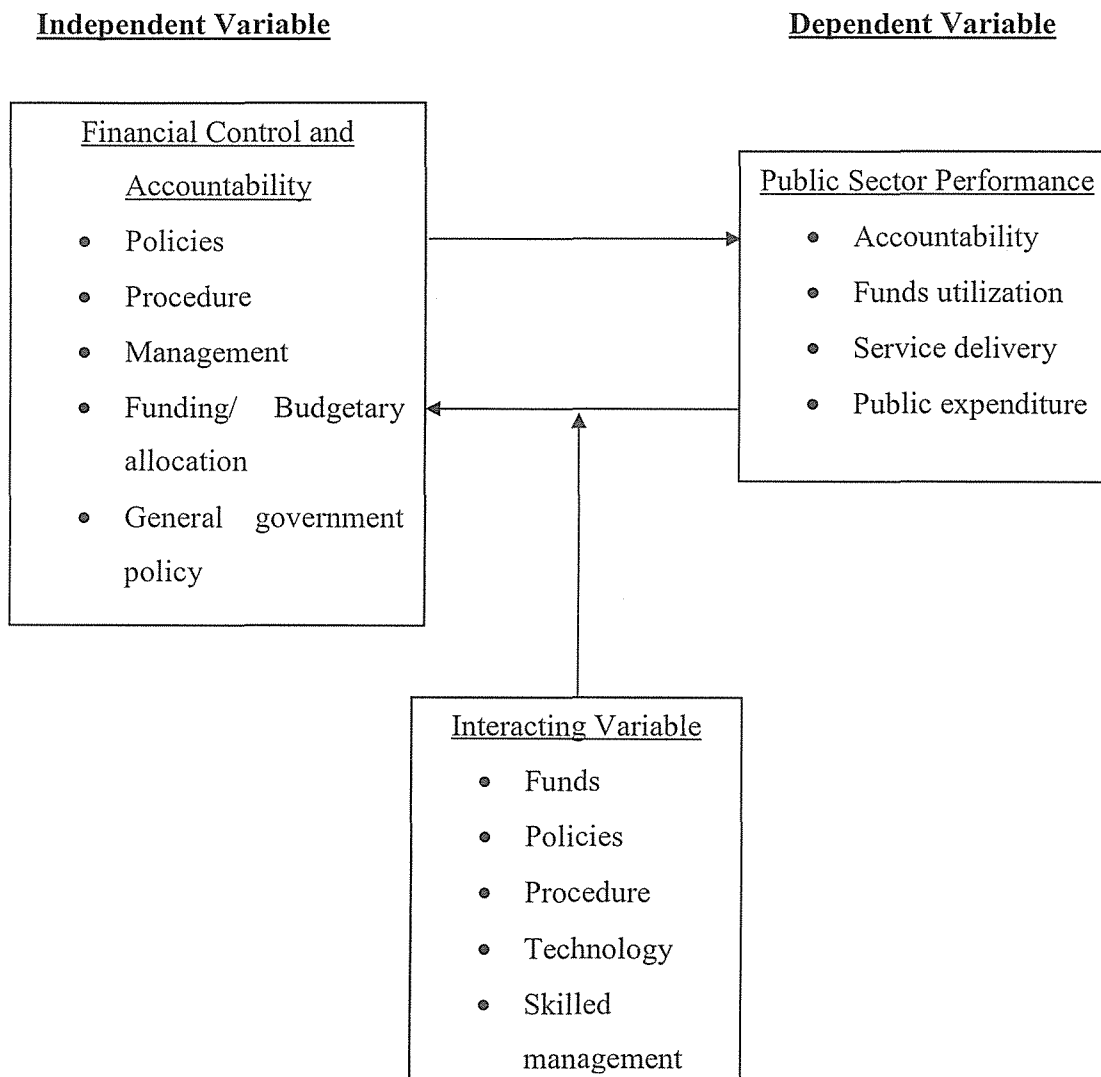


Figure 1: Conceptual Framework

The conceptual framework (Figure 1), is used to examine the effect of financial controls and accountability by establishing the relationship between financial controls and public

sector performance. The framework has financial control and accountability as an independent variable and public sector performance as a dependent variable.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Public sector organizations are the ones, which are not owned privately. Also a simple definition of public sector is given as “all organizations which are not privately owned and operated”

The primary aim or objective of public sector organization is not to make profits, as is the case with private entities. Controls in public organizations lies in the hands of the public as opposed to private owner's and whose objective involves the provision of services where profit is not a primary objective.

The public sector is made up of ministries/Departments of government, its agencies, and public corporations. Therefore the term public sector means that part of the national economy for which government has some direct responsibility. It includes the central and local government, public corporations and other public enterprise activities (John Longmead et al, 1999)

With the era of decentralization which refers to transfer of power, roles and responsibilities to Local Government, and whose objectives are; to improve administration, performance transparency and accountability, the Local Government constituted financial controls as a measure of managing their financial activities. These controls are aimed at inducing accountability of public funds (Ruzindana, 1996).

Despite the many constraints hindering the proper implementation of financial controls, it is believed by many that financial relations between the Central Government and the Local Government play an important role in establishing the trend and direction of implementation and development processes (Mubiru, 2001).

Nsibanbi (1998) adds that whereas the literature insists that revenue sharing between the Central Government and the Local Government is problematic, nothing is talked about how such situation affects financial management and operations of financial controls.

What is disappointing and worthy nothing is that the available literature on financial control and accountability concentrate more on national and international levels. However, this should not undermine the findings of the study because the principle basically remains the same. Whatever is available will be scrutinized to see how it should be applied at the sub-county level.

Therefore, as a matter of fact, reconciliation, authorization of expenditure, budgets and the review of records kept. While Accountability involves, production of documentary evidence, books of accounts, financial statements, and show results.

2.2. Financial controls

Financial control refers to a series of steps intended to ensure that actual performance conforms to expected performance (Muribu, 2003) while Gilhooley (1991), defined financial controls as all the established in order to provide reasonable assurance of the safeguarding of assets against unauthorized use, disposition, the maintenance of proper accounting records and reliability of financial information used with the business or publication. If sub-county activities are to be a success, hence district development funds have to be regulated. According to Bauer (1925), funds are regulated in order to bring in financial stability and financial manipulation.

Sacco, 1997, contends that financial controls are largely an effort to assess the financial performance, that is to say, how well or poorly is the staff using the money entrusted to them. Proper fund management is critical for the survival of an organization. Therefore, participants involved in financial management may be motivated to expose or hide poor financial performance (Birakwate, 2001).

Province activities are mainly funded by Government funds. Thus, once these funds are received, they should be properly utilized to benefit the Province residents as well as their

communities thus enhancing the other government development activities. Proper financial management can be enhanced through indicators of financial controls which include: Budgets, Financial documents, proper books of accounts, segregation of duties, authorization of duties, Bank reconciliation and authority to spend (ACCA, 2004). These can be discussed in detail as below:-

2.3 Financial indicators

2.3.1 Segregation of duties

This involves separation of responsibilities, especially in the authorization, custody, recording and execution of transaction. For instance, one to write a payment voucher, effect payment for it and eventually post it in the books of accounts. This could lead to manipulation and thus accompanying fraud (Audit Manual, 1995).

2.3.2 Authorization of duties

However, many activities may be segregated; they need to be authorized by higher authorities in order to ensure that all activities carried out are for the good and benefit of an organization, in this case a province (ACCA 2004). Therefore, transactions should be authorized by appropriate responsible personnel who should be held accountable in case of misoccurrence, that is, the accounting and in this case of province, the province chief (Kizza, 2002).

2.3.3 Authorization of expenditure

Mubiru in his dissertation argues that not everyone in the organization should have access to hold or spend public funds. He adds that whoever is responsible for public funds should be authorized and accountable to avoid mismanagement of government money. Therefore, the authority to spend is based on the expenditure controls in place.

Worth noting, is that, the approaches to controls are really dependent upon the attitude of both the legislature and public opinion to public spending. However, it should be noted that, although the views of the legislature and public opinion are always unanimous, the

expression of concern and broad range of interests have substantial impact on the effectiveness of controls, that is why small units like a sub-county has to be investigated to know whether financial controls are really applied and what are their effects (Diamond, 1993).

2.3.4 Bank reconciliation

Bank reconciliation is the process of bringing in to agreement the balance as per cash book and the balance as per bank statement (Omumuk, 1990). He adds that reconciliation is of great importance as it strengthens an organization's internal control through detection and prevention of fraud, and thus leading to accuracy in records.

This reconciliation basically compares the cashbook with the bank statements and vote books with monthly statements (Kizza, 2002), for better accurate results in an organization. ACCA auditing text requires that:

Bank reconciliation should be prepared at least monthly and bank statement should be received promptly.

The person responsible for preparation should be independent to receipts and payments functions or, alternative, an independent person should check the reconciliation.

If the reconciliation is prepared by an independent person he/she should obtain statement directly from the bank and hold them until reconciliation is completed.

The preparation should preferably include a check of at least a sample of receipts and payments against the items on the bank statement.

Compare the cash book and the bank statement in detail and check items outstanding at the reconciliation concerned and obtain satisfactory explanations for the items in the cash book for which there are no corresponding entries in the bank statement and vice versa.

2.3.5 Budgets

A budget variously defined by different people: Lucey (1996) define a budget as a plan expressed in money. He went on to say that it is prepared and approved prior to the budget period and that; it may show incomes and expenditures.

Pandy, (1995) went further to explain a budget as a comprehensive and coordinated plan expressed in financial terms showing operations and resources of an enterprise for some specific period in the future.

Pandy also cited basic elements of a budget to include: a comprehensive and coordinated program, expressed in financial terms, a plan for the firms operation and resources, and a future plan for a specific period.

For Brench, (1993), he defined a budget as a reflection of management's intentions while it is referred to as a quantified plan by Horrigen (1994).

Therefore, a budget is a management technique used to control income and expenditures and indicates the performance expected for employees which may therefore be used to serve as an index for measuring employee's utilization of funds.

It has been that budgeting (which is process of making budget) in the public sector, mainly involves two steps. That is; formulation and implementation. However, after implementation, there should be evaluation, which involves the comparison of actual results with the agreed budget to identify deviations, establish and take corrective actions (Mwebaza, 2001).

2.3.6 Supervision

This a control tool where people running the business direct workers and activities to ensure that policies and procedures are complied with so as to achieve organizational objectives (Tumwine, 2001).

According to Audit Manual (1995), supervision involves checking for arithmetic accuracy of records and this should be done by competent person.

2.3.7 Review of records.

ACCA, 2004 requires that records be reviewed for arithmetic errors, whether the transactions are carried out in the right time and at the right amount or whether they were properly authorized.

2.4 Indicators of Accountability

2.4.1 Production of documentary evidence

According to Omunuk (1999), financial documents are documents produced as evidence of money received and well spent.

Financial documents commonly referred to are receipts, voucher paying in slips and sometimes invoices. They should be received or issued after any financial transaction, for any sector to have accurate financial reports and account for its financial resources. These documents should be pre-numbered and in different colors to differentiate originals and duplicates (Mali, 1999). These documents must be carefully controlled in order to avoid abuse (Omunuk 1999).

2.4.2 Book of accounts

Having documented the transactions, the accounting officer (or book keeper), records those transactions into the books of accounts. Those books includes: cash book and ledgers, which are the key in preparation financial statements. In order to account properly, transactions must be accurately recorded in the book of accounts (Omunuk, 1999).

The Audit Manual (1995) also requires that in order to have proper books of accounts, there should be controls underlying the recording function of transactions. This to say, before transactions are recorded in any system, they should be first checked for arithmetic totals, authorized by responsible officer and whether they have all been accurately recorded.

2.4.3 Financial reports

At the end of every financial year, organizations are expected to prepare financial reports showing the operations for the year. Accounting officers should be prepared to defend the results shown by the statements to shareholders as part of accountability process. The statements to be prepared include: balance sheet, income statements, trial balance among others (Omunuk, 1999).

Sserebe, (1996) realized that, to be relied upon as a basis for decision making, financial reports should be both accurate and timely. To guide the decision maker effectively, the financial report must portray a true and fair view of the status and operations of the organization, they must be accurate (Ishungisha, 2001).

2.4.4 Output/results

Omunuk contends that paper accountability are not enough, there is need for tangible outputs and concrete results show evidence of money well utilized. If it was budgeted to buy to construct a road, it should be seed first and then paper accountabilities later to verify the physical output.

2.5 Accountability

What has been noted is that accountability has no specific definition. Different people have defined accountability in different ways depending on different situations.

Okello in his book public accountability in Tanzania today and the role of its citizens in its enforcement (1998) considered accountability to be an organized system of reporting on and providing information by those who hold public trust.

The Public Finance and Accountability Act (2003) look at accountability as a way of regulating financial management in Government, states enterprises and other authorities of state. It is therefore both an economic and fiscal policy frame work for regulating financial management, prescribed responsibilities of persons entrusted with financial management in Government.

Cadian (2003) define accountability as “to answer for one’s responsibilities, to report, to explain, to give reasons, to respond, to assume obligations, to render a reckoning and submit to an outside or external judgment” while Edward and Hulme, (2003) generally define it as “a means by which individual and organizations report to a recognized authority or authorities, and are responsible for their actions.

ISEA (1999), which focuses on the quality of these processes, define accountability as having three main components.

Transparency, this concerns the duty to account to those legitimate interests (shareholders) in the organization.

Responsibilities, this concerns the responsibility of the organization for its acts and missions, including the processes of decision making and the results of these decisions.

Compliance, this concerns the duty to comply with, agreed standards regarding both organization policies and practices, and the reporting of policies and performance.

Therefore, the process of accountability is seen as cycle with four main stages of the organization; taking an action, for which the organization is responsible, reporting and accounting for those actions, and responding and complying with the agreed standards of performance and the views and needs of their stakeholders (WHR net).

With Gray (1996), Accounting simply means “the duty to provide an account (by no means a financial account) or reckoning of those action for which one is held responsible. Thus, accountability involves two responsibilities/duties. That is, the responsibility to undertake certain actions and the responsibility to provide an account of those actions.

Confectionary, accountability refers to array of procedures that ensures a desired level of performance (Munene, 1995). Its effectiveness depends on monitoring performance and incentive system. However, in the public service, accountability means holding an individual or unit responsible for performance measured as objectively as possible (Fulton, 1998). Its achievements depends upon identifying and establishing accountable units within the Government departments- units where output can be measured as objectively as possible and where individuals can be held personally responsible for their performances. Such a broad range of definitions indicate that there is no standard definition of the concept of accountability although there is a wide spread of what it means. A point of interest noted from all definitions, is bias towards one party – the service providers, or civil servants and when accountability is perceived to be poor, the tendency is to look for ways of strengthening the checking mechanism (Mubiru, 2003). However, this rarely helps, unless responsibilities are properly assigned at the outset and appropriate actions are taken if responsibilities are not fulfilled (Goldsworthy, unknown).

At the same time, since the public enterprises use public funds, there ought to be adequate checks and balances to ensure that wastage and impropriety are avoided. Factually, it is achieve an optimum of the two, moreover, whatever the form of accountability, the final results depend upon the way a system operates and the human beings operating it (Bhatia, 1986).

Accountability has been an issue to many people in and outside Tanzania as a necessary mean to the public sector if it is to work to its expectations (Mubiru, 2003). The cry for accountability in Tanzania has as well attracted the attention of foreigners. For instance during the international Conference held at Collin hotel; donors called for accountability and transparency as a pre-condition for more donor funds (Jeremy 1994).

The need for accountability arises because government has a great power, which if not checked, there is a possibility that it will be misused. Therefore, accountability of public funds is important for economic development and so public funds have to be properly managed otherwise their social and economic impact not be significantly noticed (Birakwate, 2001).

Accountability is multi- direction and it stretches back in to the past, moves into the present and projects forward into the future, and it is manifested through a wide range of legal political and economic processes and taken on a wide variety of formal and informal expressions (WHR net) however, Omunuk 1999, argues that accountability of finances is what people are interest in most. Therefore, managers and accountants are required provide evidence of good financial management by submitting an accountability of money receive and spent.

At the national level, the needs and interest necessary to wellbeing of individual residents and the communities in which they live. A broad function of accountability is needed to respond to the full range of those values and needs. Thus, the functions of accountability in

its various forms include; punishment of Acts considered violates collectively held core values, deference of future violation by society at large.

Promoting compliance by inter-governmental institutions with their responsibilities and commitments, support for the creation or restoration of just social, political and economic order, justice as a truth- telling by establishing or eliciting the truth through fact finding and justice as redress that is, by ensuring reparation for victims, which may include restitution and compensation (WHR net).

2.6 Relationship between indicators of financial controls and accountability

2.6.1 Authorization and accountability

For accountability to be realized, every activity / duty carried out in the organization should be authorized and should be for the benefit of the organization. This will help to eliminate the squandering of government money into unnecessary activities (Kizza, 2002).

According to Fuhrman (1996), there should be balance between responsibility and authority. That is to say, employees must be accountable for the duties and resources entrusted to them. Employees should not behold responsible for the performance of duties unless they have been given authority to take necessary actions. Therefore, once resources are clearly assigned and authority to act is granted, no doubt accountability will be achieved.

Anderson (1996) added that approval of transaction means that the approval has reviewed the supporting documentation is satisfied that the transaction is appropriate, accurate and complies with the applicable laws, regulations policies and procedures. Approver should review documentation, question unusual items, and make sure that information is present to justify the transaction before they sign it. Signing blank forms should not be done (Chambers, 1995).

2.6.2 Reconciliation and accountability

Coopers and Lybrand (1993) define reconciliation as a comparison of different sets of data to one another, identifying and investigating differences and taking corrective actions when

necessary to resolve differences. It does not do good to note differences and do nothing about it. Thus Ernst and Young (1995) see resolution of differences as critical element or reconciliation process. Reconciliation should be due to intentional and unintentional errors. Without reconciliation, losses through pilferage and in appropriation write off would occur (Woolf, 1997).

2.6.3 Segregation and accountability

No one person should initiate, approve, record transactions, and reconcile balances handle assets review reports (Arens and Loebecke, 1994). Segregation is important because it reduces the risk of both erroneous and inappropriate actions (Institute of Internal Auditors, 1995).

According to Woolf 1997 segregation of duties is deterrent to fraud because it requires collusion with another person to perpetrate fraudulent act.

2.6.4 Budget and accountability

Accountability being seen to demonstrate achievement and stewardship is an integral and is the part of establishing effective relationship for getting things done and taking responsibility including when assigning authority and resources (Mayne and Ulrich, 1996). Therefore, an organization, in this case a sub-county, assigns authority and resources according to the requirements of the budget. Thus, once, a budget has been clearly drawn and evaluations carried out, that is comparing the budgeted expenditure with the actual expenditure, this will ensure authorized levels of spending. Hence ensuring accountability

Conclusion

In conclusion despite all literature on Financial Controls and Accountability, and relation presumed to exist between them, finances have not up this time been managed well. A reason to why they research is carried out.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter involves; the research design, survey population, sampling design, sample size, sampling procedures, source of data, data collection methods, tools of data collection and data analysis.

3.2 Research design

The study used both relational and descriptive research design, which easily and clearly established the relationship between the independent and dependent variables. The study also used a case study research design due to limited time and resources that could not cover the whole Province.

3.3 Survey population

The study population consisted of the Province commissioner, Province accountants, Auditors, Municipal Mayor, other employees at the Headquarter, Divisions chiefs, councilors and Local residents.

3.4 Sampling design

The researcher used both stratified random sampling and purposive sampling methods. Stratified random sampling involved dividing the population in strata while purposive sampling was used to get information from staff members Dar es Salaam province and municipal council.

3.5 Sample size

The study covered a sample of 40 respondents as a representative of the whole Province. These included:

Table 1 Respondents

Group of people	Number
Province commissioner	1
Province-Accountant	1

Auditor	1
Municipal Mayor	1
Province employees	15
Division chiefs	5
Councilors	5
Local residents	11
Total	40

Source: Primary data

3.6 Sampling procedure

The population was divided in 8 strata. These were, the Province Commissioner, Province-Accountants, and Auditors, Municipal Mayor, Province employees, councilors, Division chiefs and Local Residents. Respondents will be selected as one (1), one (1), one (1), One (1), six (6), five (5), five (5) and ten (10) respectively.

3.7 Source of data

3.7.1 Primary data

Under this, data was obtained from the field through questionnaires and interview. This was to ensure reliable, accurate and firsthand information from respondents.

3.7.2Secondary data

With this, data was gathered by other persons for different purposes but related to this one was used. This was assessed by using the records available at the local government offices and circulars or policy available from the central Government or Ministry.

3.8 Data collection methods

The researcher used self-designed questionnaires with both open and closed questions together with an interview guide.

3.9 Tools of data collection

In data collection, the researcher used two tools, self-designed questionnaires and an interview guide. Questionnaires were designed for the Province staffs, councilors, local residents and Division chiefs, while the interview guides were also used in interviewing the senior staff of the Province.

3.9.1 Questionnaires

Questionnaires were self-designed in order to save time and avoid inconveniences

3.9.2 Interview guide

This method involved a face to face conversation between the researcher and the respondents. Information on sensitive issues was discussed this supplement the information from questionnaires.

3.10 Data analysis and presentation

After the data being collected, was complied, sorted and edited. The data was then entered in to the computer for analysis. Form the quantitative data got from the questionnaires, frequency table, percentages, pie charts, and bar graphs were generated using spearman's so as to clearly establish the relationship between the study variable.

3.11 Limitations of the study

The researcher faced hardships during the research. These included;

- a) Respondents were rigid in releasing the data especially financial data for fear of confidentiality.
- b) Lack of enough funds to transport, communication and processing the work.
- c) Lack of enough time as the study was carried out along other course units, test and examinations.
- d) Nevertheless, the above notwithstanding the researcher is confident that the results of the study were not significantly affected by these limitations.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1. INTRODUCTION

This chapter covers the findings, presentation and analysis of data collected from the field. These findings were obtained using questionnaires and interview which were specifically designed to evaluate the effectiveness of financial controls in ensuring accountability in the public sector in Tanzania, the case study of Dar es Salaam. Findings were classified into four sections, Background information, Assessment of financial controls, Establishment of the accountability level and Establishment of the relationship between Financial Controls and Accountability in revenue generation and utilization.

4.2. Findings on the background information

The study was carried out on background information of the respondents. This included, position held, sex, age, time spent on the job, and the highest level of education attained as discussed below.

4.2.1 Distribution of respondents by position held

Findings on distribution of respondents by position held revealed the following results.

Table 2: Response on position held.

Position	Frequency	Percentages
Province commissioner	1	2.5
Province Accountant	1	2.5
Auditor	1	2.5
Municipal mayor	1	2.5
Other Province Employees	15	37.5
Division chiefs	5	12.5
Councilors	5	12.5
Local Residents	11	27.5
Totals	40	100.0

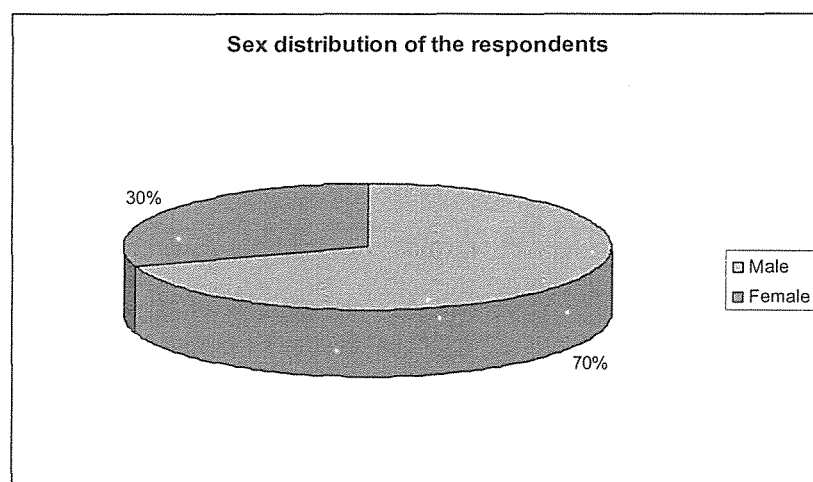
Source: Primary Data

Results from table 2 shows that 37.5% of the respondents were other sub county employees, 27.5% local residents, 12.5% Division chiefs, 12.5% councilors, 2.5% municipal chairperson, 2.5% Auditor, 2.5% Province accountant, 2.5% Province commissioner. This indicates that findings were mainly views of other Province employees.

4.2.2 Distribution of respondents by sex

Results on distribution of respondents by sex indicated the following.

Figure 2: Sex distribution of respondents



Source; primary Data

From figure 2 above 70% of the respondents were male while 30% were female. This implies that more male were employed.

4.2.3 Finding on distribution of the respondents by age

On the question of age, the respondents were required to mention the age brackets which they belonged and they responded as below.

Table 3: Response on age

Age	Frequency	Percentage
18-25	6	15

26-34	13	32.5
35-40	17	42.5
Above-40	4	10
Total	40	100.0

Source: Primary Data

Table 3 show that 42.5% of the respondents were in the age bracket of 35-40 years, while 32.5% were between 26-34 years, 15% in 18-25 bracket and 10% were above 40 years.

4.2.4 Finding on time spent on job

When responding to the question on the time spent on the job, they responded as follows.

Table 4: response on the time spent on the job

Time spent	Frequency	Percentage
Below 2 years	7	17.5
2-5 years	15	37.5
6-10 years	13	32.5
Above 10 years	5	12.5
Totals	40	100.0

Source: Primary Data

Results from table 4 indicate that 37.5% of the respondents had spent 2-5 years on the job, 32.5% 6-10 years, 17.5% had not spent 2 years, while 12.5 had spent more than 10 years.

4.2.5 Findings on the highest level of education attained

When asked the highest level of education attained the respondents responded as follows.

Table 5: Response on the highest level of education attained

Education	Frequency	Percentages
A-level	5	12.5
Certificate	9	22.5
Diploma	23	57.5

Degree	3	7.5
Totals	40	100.0

Source: Primary Data

From the table 5, above 57.5% of the respondents were diploma holders, 22.5% certificate holders, 12.5% A-level leavers and only 7.5% were degree holders. A big number of respondents are averagely educated.

4.3 Finding on objectives

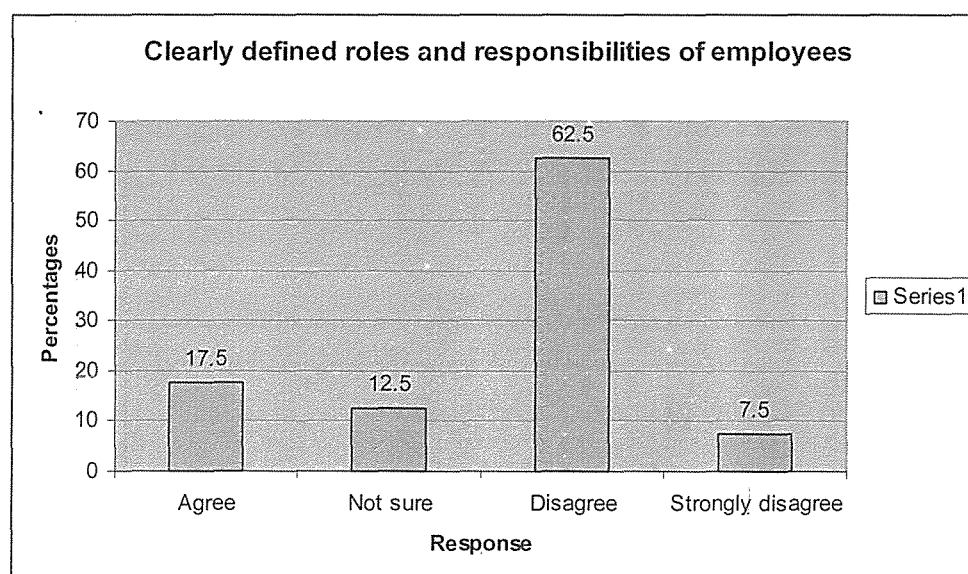
4.3.1 assessment of financial control in Dar es Salaam province.

The researcher carried out a study on financial controls which included: segregation of duties, Authorization of duties, Authorization of expenditures, bank reconciliation, budgets, review of records and supervision.

4.3.1.0 Findings on segregation of duties

Responses on segregation of duties were based on roles and responsibilities of employees, carrying out activities of a transaction, and division of duties among employees. These were discussed below.

Figure 3: Findings on whether the roles and responsibilities of employees are clearly defined



Source: Primary Data

From figure 3 above, 62.5% of the respondents disagreed, 17.5% agreed, 12.5% were not sure while 7.5% strongly disagreed that roles and responsibilities of the employees were clearly defined. In an interview with the Province chief, it was revealed that roles and responsibilities were clearly defined and communicated on duty lists. This implies that some related activities could be done by the same person.

4.3.1.2 Findings on whether a single employees can carry out all transactions of a transaction

The researcher carried out a study to find out whether a single employee can carry out all the activities of a transaction and the following were results.

Table 6: Response on carrying out a transaction

Response	Frequency	Percentage
Strongly agree	7	17.5
Agree	27	67.5
Not sure	4	10
Disagree	2	5
Total	40	100.0

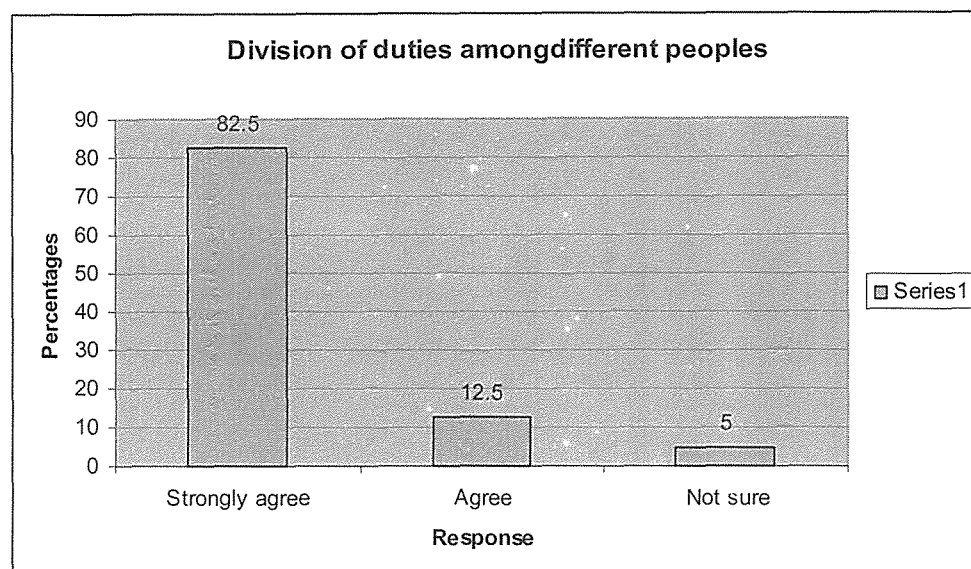
Source: Primary Data

The table 6 results show that 67.5% of the respondents agreed, while 17.5% strongly agree, 10% were not sure, and 5% strongly disagreed that an employee cannot carry out the activities of a transaction. This indicates that duties are segregated and there fore existence of financial controls.

4.3.1.3 Finding on division of duties among different people

When asked to comment on the division of duties among different people, respondents responded as below.

Figure 4: Division of duties among different people



Source: Primary Data

Figure 4 show that 82.5% of the respondents strongly agree, 12.5% agree, 5% were not sure and none disagreed or strongly disagree on the division of duties among employees. This implies that the segregation of duties and existence of financial controls.

4.3.1.4 Findings on authorization of duties

Findings on authorization of duties involved, approval of all sub-county activities before they are carried out Province chief approval of activities.

4.3.1.5 Findings on whether all sub-county activities are approved

Findings on approval of all Province activities before they are carried out are as follows.

Table 7: Response on approval of activities before they are done

Response	Frequency	Percentage
Strongly agree	7	17.5
Agree	19	47.5
Not sure	9	22.5

Disagree	5	12.5
Total	40	100.0

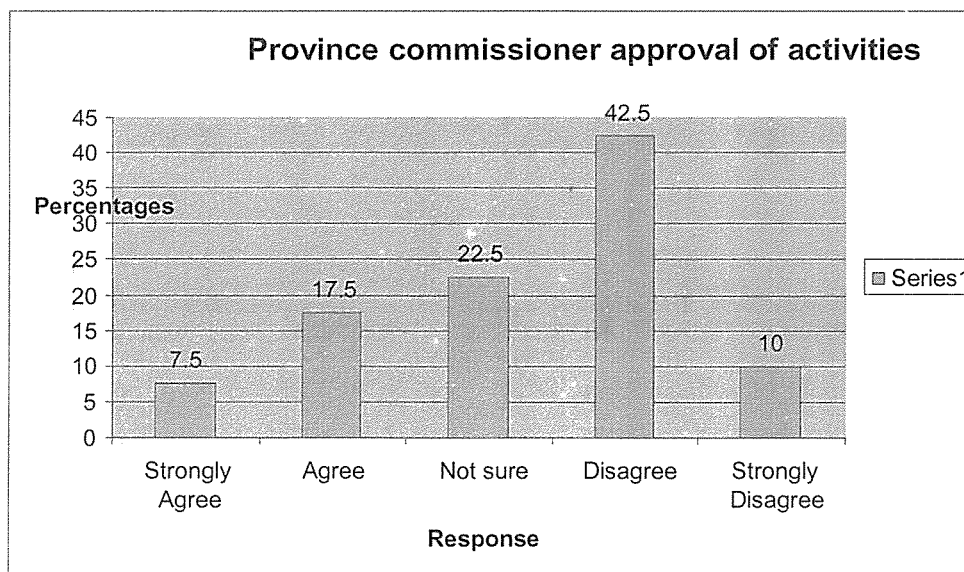
Source: Primary Data

Table 7 indicates that 47.5% of the respondents agreed, 22.5% were not sure, 17.5% strongly agreed and 12.5% disagreed. This indicates that not all province activities are approved before they are carried out but also showing a weakness in financial controls of the province.

4.3.1.6 Response on whether the province chief approves activities

The researcher carried out a study to find out whether the province chief approves the activities and the following results were got.

Figure 5: Response on approval by the province commissioner



Source: Primary Data

Figure 5 reveals that 42.5% of the respondents disagreed, 22.5% were not sure, 17.5% agreed, 10% strongly disagreed, 7.5% strongly agreed. This indicates that there are other people (authorities) who approve activities.

4.3.1.7 Finding on authorization of expenditures

The research was concerned with findings on authorization of expenditure. This involved: authorization of all payments by the province-accountant, authorization of amount above 1000,000 by the sub-county chief and authorization of all procurement by the procurement committee before procurement.

4.3.1.8 Findings on whether all payments are authorized by the province-accountant
on finding out whether all payments were being authorized by the province-accountant, the following were the response given.

Table 8: response on authorization by the province-accountant

Response	Frequency	Percentage
Agree	4	10
Not sure	9	22.5
Disagree	27	67.5
Total	40	100.0

Source: Primary Data

From table 8, above, results show that 67.5% of the respondents disagreed, 22.5% were not sure, 10% agreed while none strongly agreed or strongly disagreed. This indicates that not all payments are authorized.

4.3.1.9 Findings on expenditure above 1,000,000 being authorized by the province-commissioner

When asked whether expenditure above 1, 000, 000, were being authorized by the province commissioner, the respondents responded as follows.

Table 9: Response on authorization of amount above 1,000,000

Response	Frequency	Percentage
Strongly agree	1	2.5
Agree	25	62.5
Not sure	11	27.5
Disagree	1	7.5
Total	40	100.0

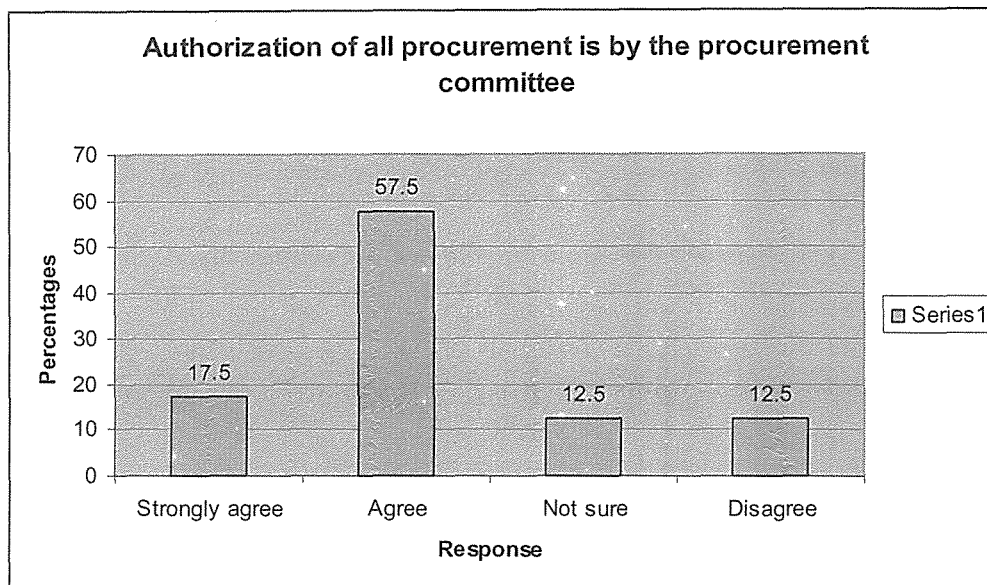
Source: Primary Data

Finding from table 4.3.3.2 indicate that 62.5%of the respondents agreed, 27.5% were not sure, 7.5% disagreed while 2.5 strongly agreed. This implies that in most cases the province commissioner authorizes expenditures above Tanzania shs 1,000,000. The discussion with the municipal mayors, province-accountant and some councilors confirmed that expenditures above 1,000,000 are authorized by the province commissioner.

4.3.1.10 Response on whether all procurement are authorized by the procurement committee before procurement

On the question whether the procurement committee authorizes all procurements, the following findings were got.

Figure 6: Response on authorization of procurement by the procurement committee



Source: Primary Data

Figure 6 show that 57.5% of the respondents agreed, 17.5% strongly agreed, 12.5% were not sure, 12.5% disagreed while none strongly disagreed. Thus an indication that not all procurement are authorized by the procurement committee before procurement. From the discussion with the sub- accountant, the researcher confirmed that Dar es Salaam province has a procurement system in place which carries out procurements.

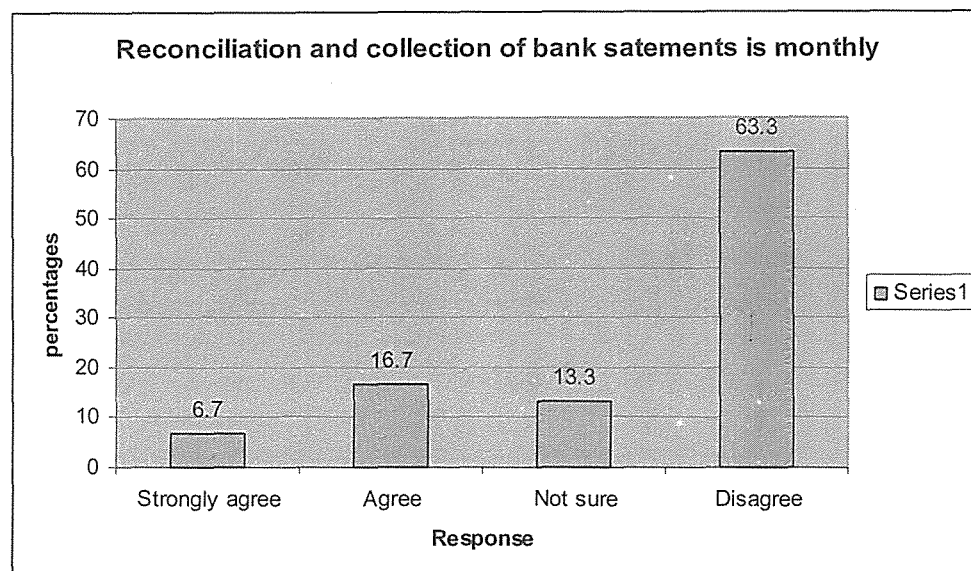
4.3.1.11 Finding on bank reconciliation

The researcher carried out a study on bank reconciliation. This included: collection of bank statements and reconciliation with the cashbook, reconciliation being done by an independent person other than those involved in banking activities and cash book preparation, and investigation of variations and taking corrective action.

4.3.1.12 Finding on whether bank statements are collected monthly and recorded with the cash book

Response on reconciliation of bank statement with the cash book was as follows.

Figure 7: Response on reconciliation of bank statements with the cash book



Source: primary data

Results from figure 7 show that 52.2% of the respondents disagreed, 20% agreed, 17.5% are strongly agreed, while 10% were not sure and none of the respondents strongly disagreed. This indicated that bank reconciliation is not done monthly thus a weakness of financial controls.

4.3.1.13 Findings on whether reconciliation is done by an independent person other than those involved in banking activities and cashbook preparation.

The researcher undertook to find out whether reconciliation was done by a person independent other than those involved in banking activities and cash book preparation.

Table 10: Response on reconciliation by an independent person

Response	Frequency	Percentage
Strongly agree	8	20
Agree	13	32.5
Not sure	16	40
Disagree	3	7.5

Total	40	100.0
--------------	-----------	--------------

Source: primary Data

Finding in table 10 above indicated that 40% of the respondents were not sure, 32.5% agreed, 20% strongly agreed, while 7.5% disagreed. This reveals that respondents were not aware of the sub county activities and therefore the same person involved in banking activities and cashbook preparation can do reconciliation.

4.3.1.14 Response on whether reconciliation variation is investigated and corrective action taken

Finding on investigation of variation and corrective actions are illustrated below.

Table 11: Response on investigation of variations

Response	Frequency	Percentage
Strongly agree	6	15
Agree	19	47.5
Not sure	10	25
Disagree	5	12.5
Total	40	100.0

Source Primary Data

Table 11 result show that 47.5% of the respondents agreed, 25% were not sure, 15% strongly agreed while 12.5% disagreed, with no one strongly disagreeing. This indicated that the sub-county authorities put in efforts to investigate the variations and take corrective actions. This implies existence of financial controls and accountability.

4.3.1.15 Finding on budgets

A study carried out on budgets was concerned with only items budgets for being bought, whether the budget committee passes budgets, and whether management accepts activities that are not budgeted for to be implemented.

4.3.5.1 Finding on whether only items budgeted for are bought

Table 12: Response on items budgeted for being bought

Response	Frequency	Percentage
Strongly agree	6	15
Agree	29	72.5
Not sure	3	7.5
Disagree	2	5
Total	40	100.0

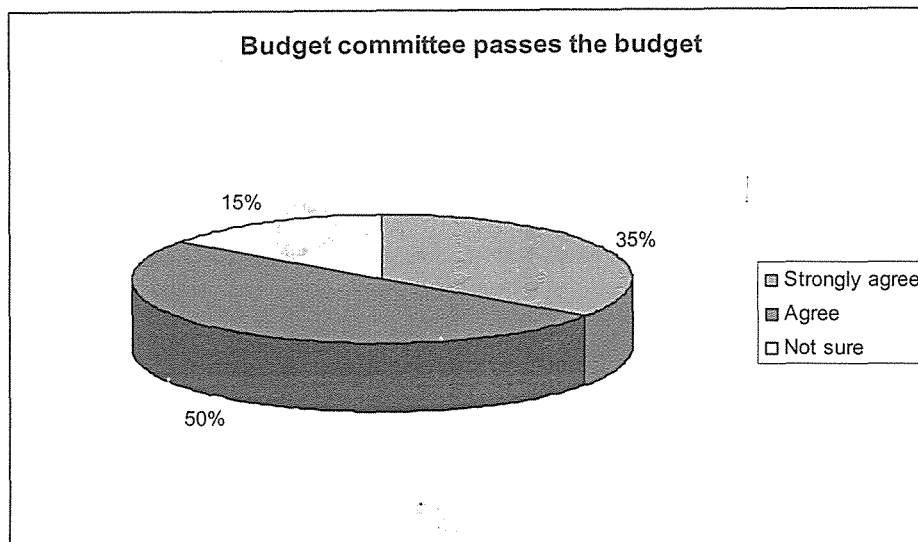
Source: Primary Data

Results from table 12 show that 72.2% of the respondents agreed, 15% were not sure, 7.5% strongly agreed, 5% disagreed and no one strongly disagreed. This implies that items bought were only those budgeted for. Findings on budgets revealed existence of financial controls.

4.3.1.16 Finding on whether budgets are passed by the budget committee

When asked on whether budgets were passed by budget committee, respondents responded as below.

Figure 8: Budget committee passing budgets



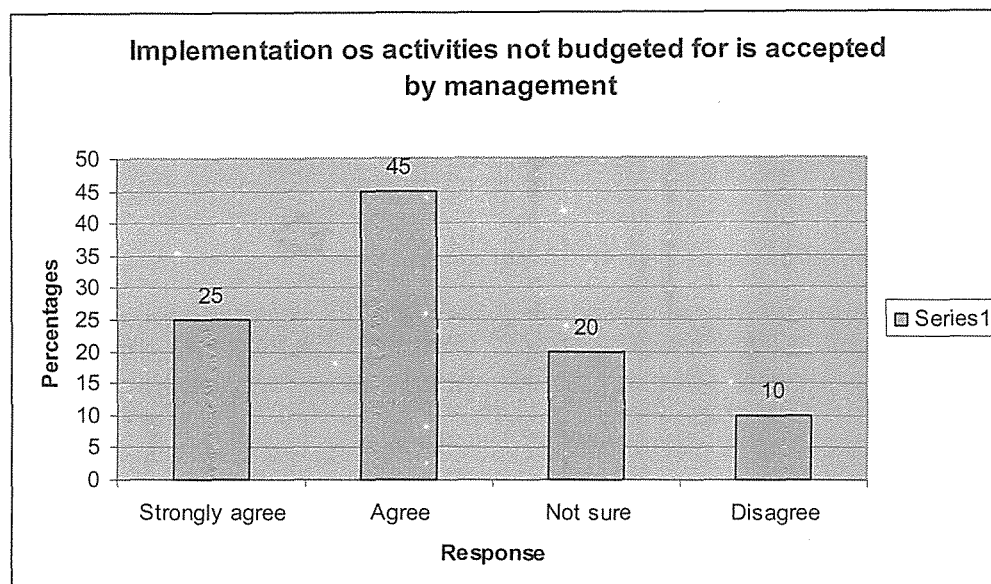
Source: Primary Data

Figure 8 results shows that 50% of the respondents agreed, 35% strongly agreed, 15% were not sure while none strongly disagreed or disagreed. This implies that the budget committee passes budgets hence existence of financial controls.

4.3.1.17 Finding on whether management accepts activities that are not budgeted for to be implemented

On finding out whether management accepts activities that are not budgeted for to be implemented, the following results were got.

Figure 9: Implementation of activities not budgeted for



Source: Primary Data

Results from figure 9 show that 45% of the respondents agreed, 25% strongly agreed, 20% were not sure, 10% disagreed with no one strongly disagreeing. This indicates that management sometimes implement activities not budgeted for. A reason as to why province funds are spent on unnecessary activities. This also implies a weakness in financial controls.

4.3.1.18 Finding on review of records

Finding on review of records involved; findings on whether the work of employees is revealed by someone higher in the authority, whether review of records is done monthly by an independent person and if the review of records is not done, forgery and squandering of government funds would occur as discussed below.

4.3.1.19 Finding on whether the work of every employee is reviewed by someone higher in authority

The following were found out whether the work of every employee is revealed by someone higher in authority.

Table 13: Response on review of every employee work by some one higher in authority

Response	Frequency	Percentage
Agree	14	35
Not sure	6	15
Disagree	20	50
Total	40	100.0

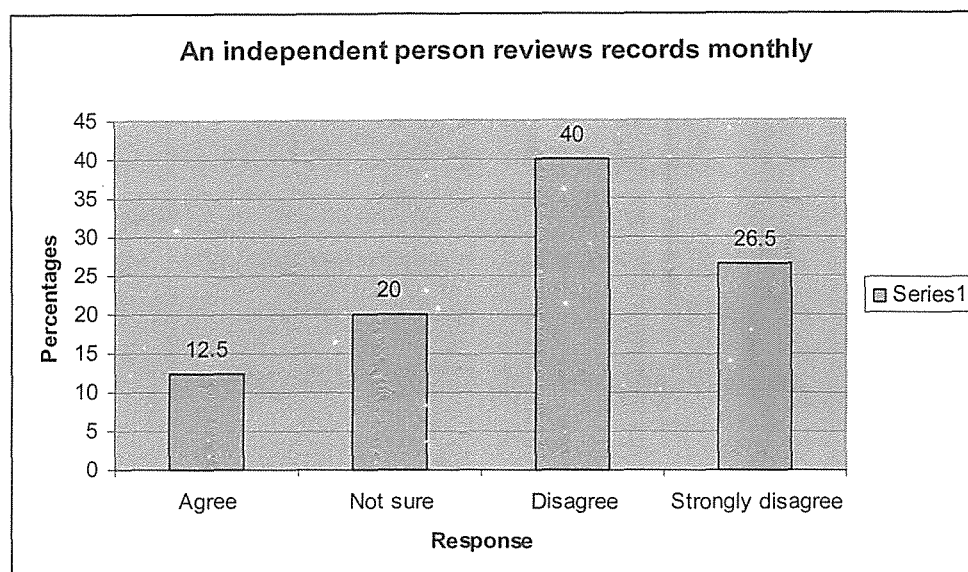
Source: Primary Data

Table 13 finding show that 50% of the respondents disagreed, 35% agreed, 15% were not sure with no one strongly agreeing or strongly disagreeing. This indicates that work of every employee is revealed by someone higher in authority. However, different people can review work of different employees.

4.3.1.20 Findings on whether review of records is done monthly by an independent person

Findings on review of records by an independent person are presented below.

Figure 10: Reviews of records by an independent person



Source:

Primary Data

Finding from figure 10 show that 40% of the respondents disagreed, 26.5% strongly disagreed, 20% were not sure and 12.5% agreed. This indicates that review of records is not done monthly by an independent person. Therefore a weakness in financial controls

4.3.1.21 Response on if the review of records is not done, forgery and squandering of government funds would occur

We asked whether forgery and squandering of government funds would occur with review of records, response were as below.

Table 14: Response on forgery and squandering of government funds if review of records is not done

Response	Frequency	Percentage
Strongly agree	35	87.5
Agree	5	12.5
Total	40	100.0

Source: Primary Data

Out of the total respondents show that 87.5% strongly agreed while 12.5% just agreed. This indicates that respondents knew the importance of review of records. This also revealed effectiveness of financial controls.

4.3.1.22 FINDINGS ON SUPERVISION

The researcher carried out a study on supervision and the following were considered; findings on whether supervision is an important requirement, whether employees are adequately supervised, and whether efficiency and proper utilization of resources is achieved through supervision.

4.3.1.23 Findings on whether supervision is an important requirement

The study on the study of the importance of supervision, the respondents gave the following response.

Table 15: Response on importance of supervision

Response	Frequency	Percentage
Strongly agree	33	82.5
Agree	7	17.5
Total	40	100.0

Source: Primary Data

Table 15 show that out of the total respondents, 82.5% strongly agreed and 17.5% agreed that supervision is an important requirement. This implies that the respondents understood the importance of supervision and thus financial controls.

4.3.1.24 Findings on whether employees are adequately supervised

Table 16: response on adequate supervision of employees

Response	Frequency	Percentage
Agree	9	22.5

Not sure	12	30
Disagree	19	47.5
Total	40	100.0

Source: Primary data

From the table 16 show that 47.5% of the respondents disagreed, 30% were not sure and only 22.5% agreed with no one strongly agreeing on whether employees are adequately supervised. Thus an indication that supervision of employees is not adequately done the reason why province funds are mismanaged.

4.3.1.25 Response on whether efficiency and proper utilization of resources is achieved through supervision

A study to find out whether efficiency proper utilization of resources is through supervision was carried out and the following were the results.

Table 17: Response on efficiency and proper utilization of resources through supervision

Response	Frequency	Percentage
Strongly agree	3	7.5
Agree	11	27.5
Not sure	2	5
Disagree	23	57.5
Strongly disagree	1	2.5
Total	40	100.0

Source: Primary Data

From the results of table 17 57.5% of the respondents disagreed, 27.5% agreed, 7.5% strongly agreed, 5% were not sure, 2.5% strongly disagreed. This indicates that efficiency

and proper utilization of funds is not achieved through supervision. Hence a awareness in financial controls.

4.3.2. TO ESTABLISH THE LEVEL OF ACCOUNTABILITY IN DAR ES SALAAM PROVINCE.

The researcher was also concerned with the establishment of the level of accountability in Dar es Salaam province. The objective considered; production of documentary evidence, books of accounts, financial reports, and outputs as discussed below.

4.3.2.0 Finding on production of documentary evidence

A study on the production of documentary evidence was concerned with whether on every transaction a receipt was issued or received and financial documents are pre-numbered and in different colors.

4.3.2.1 Finding on whether for every transaction a receipt is issued or received

The following results were on whether a receipt is issued or received for every transaction carried out

Table 18: Response on for every transaction a receipt is issued or received.

Response	Frequency	Percentage
Agree	15	37.5
Not sure	8	20
Disagree	17	42.5
Total	40	100.0

Source: Primary Data

Table 18 indicates that 42.5% of the respondents disagreed, 37.5% agreed, 20% were not sure whether for every transaction a receipt was issued or received. An interview with the internal auditor also revealed that officers did not possess all the documentary evidence for

all the transactions carried out during the year. This further reveals a weakness in financial controls.

4.3.2.2 Findings on whether financial documents are pre-numbered and in different colors

On finding out whether financial documents are pre-numbered and in different colors, the responses were received.

Table 19: Response on financial documents being pre-numbered and in different colors

Response	Frequency	Percentages
Strongly agree	9	22.5
Agree	19	47.5
Not sure	6	15
Disagree	4	10
Strongly disagree	2	5
Total	40	100.0

Source; primary Data

Out of the total respondents, 47.5% agreed, 22.5% strongly agreed, 15% were not sure, however 10% disagreed, and 5% strongly disagreed. This implies that financial documents are pre-numbered and in different colors.

4.3.2.3 Finding on books of accounts

The researcher carried out a study on the maintenance and management of books of accounts and was concerned with whether the sub-county maintains books of accounts. Books of accounts maintained included cash books, general ledgers, journals, voucher books, receipt books, asset register and income and expenditure statements and whether books of accounts are usually checked for errors. The following details were found out.

4.3.2.4 Finding on whether the province maintains books of accounts

Response on whether the province maintains books on accounts were as below.

Table 20: Response on maintenance of books of accounts

Response	Frequency	Percentages
Strongly agree	12	30
Agree	28	70
Totals	40	100.0

Source: Primary Data

When respondents were asked whether the province maintains the books of accounts, 70% agreed, 30% strongly agreed. This shows the existence of financial controls and compliance with the accounting regulations.

4.3.2.5 Findings on whether books of accounts maintained

Include cash books, general ledgers, journals, voucher books, asset register and income and expenditure statements

The following are the findings on books of accounts maintained

Table 21: Response on books of accounts maintained

Response	Frequency	Percentages
Strongly	9	22.5
Agree	25	62.5
Not sure	6	15
Totals	40	100.0

Source: Primary data

Findings from table 21 reveals that 62.5% agreed, 22.5% strongly agreed, while 15% were not sure whether maintained books of accounts include cash books, general ledgers, journals, voucher books, receipt books, and income and expenditure statements. The researcher also found out through the interview with the accountant that books of accounts were being audited by the internal auditor and the district auditors. This shows the existence of financial controls and compliance with the auditing requirements.

4.3.2.6 Findings on whether transactions in the books of accounts are usually checked for arithmetic errors

When asked whether transactions in the books of accounts were usually checked for arithmetic errors, respondents responded as follows.

Table 22: Response on checking of books of accounts for accounts of errors

Response	Frequency	Percentages
Agree	5	12.5
Not sure	11	27.5
Disagree	22	55
Strongly disagree	2	5
Totals	40	100.0

Source Primary Data

Table 22 shows that 55% of the respondents disagreed, 27.5% were not sure, 12.55 agreed and 5% strongly disagreed with none strongly agreeing that transactions in the books of accounts are usually checked for arithmetic errors. Therefore, errors, intentional and unintentional go undetected. Thus giving employees a chance to embezzle and misuse the province funds.

4.3.2.7 Findings on financial reports

Findings on financial reports included findings on whether the sub-county prepares financial reports at the end of every financial year, financial reports prepared include;

balance sheet, cash flow statement, income statement and trial balance and whether financial report prepared are timely, accurate and portray a true and affair view of the status and operations of the sub-county as discussed in details below.

4.3.2.8 Findings on whether the province prepares financial reports at the end of every financial year.

On the question whether financial reports were prepared at the end of every financial year, the following were the response.

Table 23: Response on preparation of financial reports

Response	Frequency	Percentages
Strongly agree	10	25
Agree	25	62.5
Not sure	5	12.5
Totals	40	100.0

Source; Primary Data

When respondents were asked whether the province prepared financial reports at the end of every financial year, 62.5% agreed, 25% strongly agreed, however 12.5% were not sure. This shows existence of financial controls. However, it also indicates that the respondents were not aware of the province's activities.

4.3.2.9 Findings on whether financial reports prepared include; balance sheet, cash flow statements, income statements and trial balance.

A study of financial reports prepared was carried out and the following were the responses.

Table 24: response on financial reports prepared

Response	Frequency	Percentages
Strongly agree	7	17.5

Agree	24	60
Not sure	8	20
Disagree	1	2.5
Totals	40	100.0

Source; primary Data

Out of the total respondents, 60% agreed, 20% were not sure, 17.5% strongly agreed and 2.5% disagreed that financial reports prepared included; balance sheet, cash flow statement and trial balance. This indicates existence of financial controls; employees have to defend their actions to stake holders.

4.3.2.10 Findings on whether financial reports prepared are timely, accurate and portray a true and fair view of the status and operations of the province.

Respondents were also asked whether financial reports are timely, accurate and portray a true and fair view status and operations of the province and they responded as below

Table 25: response on timeliness and accuracy of financial reports

Response	Frequency	Percentages
Agree	11	27.5
Not sure	7	17.5
Disagree	19	47.5
Strongly disagree	3	7.5
Totals	40	100.0

Source; Primary Data

In responding to the statement whether financial reports prepared are timely, accurate and portray a true and fair view of the status and operations of the sub-county, 47.5% of the respondents disagreed, 27.55 agreed, 17.5% were not sure and 7.5% strongly disagreed. A

discussion with the auditor revealed that financial reports are usually untimely and inaccurate.

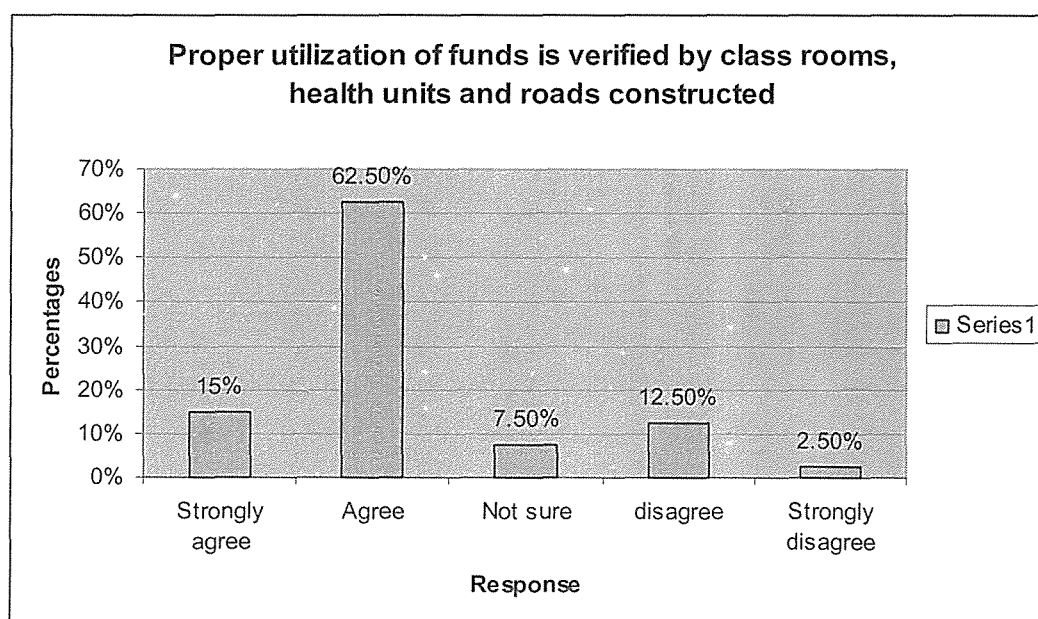
4.3.2.11 Findings on output/ Results

A study on out puts was also carried out and was concerned with whether, items like class rooms, health units and roads constructed verifies the proper utilization of funds and physical items verify paper accountabilities. Findings were as below.

4.3.2.12 Findings on whether items like class rooms, health units and roads constructed verify the proper utilizations of funds.

Respondents responded as follows, when asked whether physical items verify the proper utilization of funds

Figure 11: response on physical items verifying proper utilization of funds



Source: Primary Data

Figure 11 results indicated that, 62.5% of the respondents agreed, 15% strongly agreed, 12.5% disagreed, 7.5% were not sure while 2.5% strongly disagreed with the statement that items like class rooms, health units and roads constructed verifies the proper utilization of funds. This means that it is not only through these items that proper utilization of resources can be judged.

4.3.2.13 Findings on whether physical items verify paper accountability

When responding to the question whether physical items verify paper accountabilities, respondents responded as below.

Table 26: Response on physical items verifying paper accountabilities

Response	Frequency	Percentages
Strongly agree	2	5
Agree	15	37.5
Disagree	22	55
Strongly disagree	1	2.5
Totals	40	100.0

Source: Primary Data

Results from the table 26 show that 55% of the respondents disagree, 37.5% agreed, 5% strongly agreed and 2.5% strongly disagreed. This implies that there can be forgery of paper accountabilities or even weak items like classes that collapse.

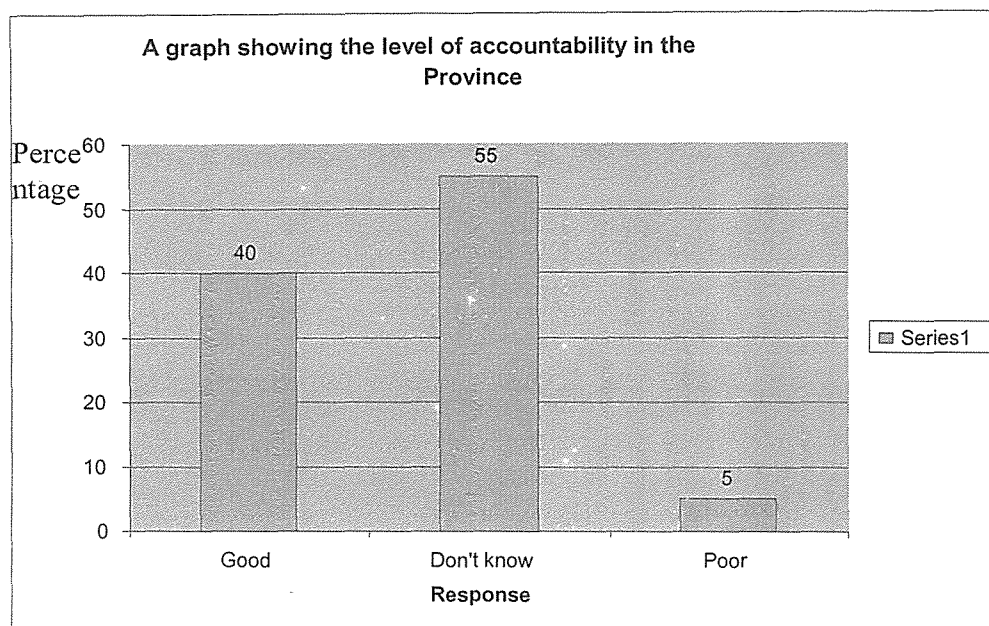
4.3.2.14 Findings on the level of accountability

The researcher carried out a study on the level of accountability and respondents were required to rate accountability, comment on the way funds were being handled in the sub-county and suggest ways in which funds management can be improved.

4.3.2.15 Findings on the results for the level of accountability in Dar es Salaam province

The respondents rated the accountability as below.

Figure 12: Response on the level of accountability

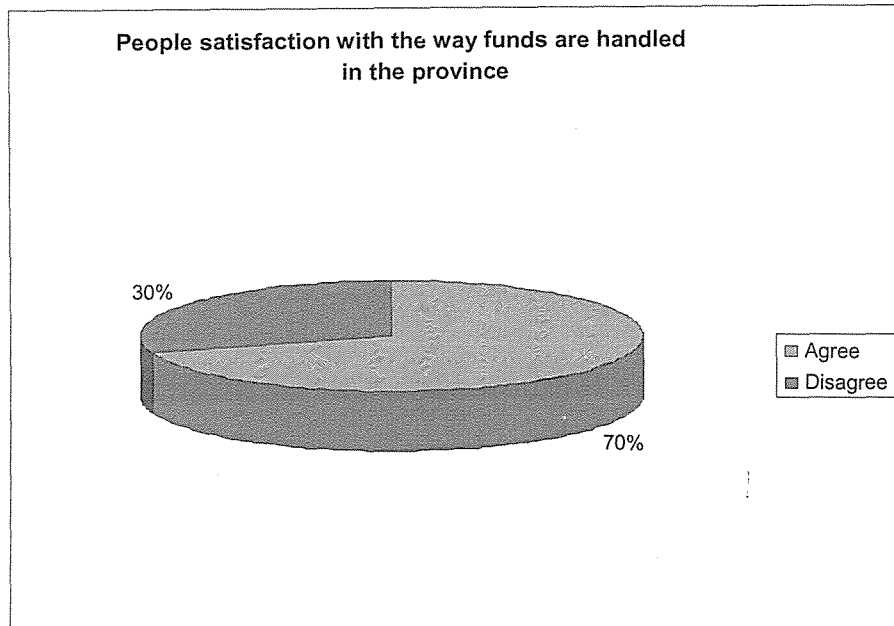


Source; Primary Data

When responding to the statement on the rate of accountability in the province, 55% said that they don't know, 40% said it's good, while 5% said the level of accountability is poor. This implies that resources in the sub-county are well managed.

4.3.2.16 Findings on whether people were satisfied with the way funds are handled in the province

Figure 13: Response on satisfaction with the way funds are handled



Source: Primary Data

Figure 13 reveals that 70% of the respondents were satisfied with the way funds are handled in the province, while 30% were unsatisfied. This indicates that there are financial controls in place.

4.3.2.17 Findings on the reason why people are not satisfied with the way funds are handled in the province

Respondents unsatisfied with the way funds are handled gave the following reasons.

Table 27: Satisfaction with the way funds are handled

Reason	Percentage mentioned
Province money benefit top officials only	50%
Not clear transparency on the incomes and expenditure	53.5%
Funds embezzled	18.5%
Employees pursue personal interests	21.5%
Funds spent on unnecessary activities	15.5%

There is a lot of corruption	53.5%
Funds a little compared to what is needed	6.5%
Poor management of funds	56.5%
People's standard of living have not changed	31.5%
No drugs in health units	18.5%
UPE pupils still study under the tress	46.5%
Some constructions collapse even before finishing	18.5%

Source: Primary Data

The unsatisfied respondents gave the following reasons: poor funds management 56.5%, a lot of corruption 53.5%, no clear transparency on the incomes and expenditure, sub-county benefiting top officials only 50%, UPE pupils still study under trees 46.5%, people's standard of living not changed, 31.5%, employees pursuing personal interests 21.5%, some construction collapsed 18.5%, funds are spent on un necessary activities 15.5% and that funds are little compared to what is needed 6.5%.

4.3.2.18 Findings on reasons why people are satisfied with the way funds are handled in the province

Respondents satisfied with the way funds are handled in the province, explained as below.

Table 28: Satisfaction with the way funds are handled

Reason	Percentages mentioned
Funds are put to proper use for which they were intended	18.5%
Financial statement show a true and fair view of the status and operation on the sub-county	15.5%
No corruption cases	21.5%
Social amenities are strongly considered	9.5%
Management work hand in hand for the betterment and smooth running of the sub-county	21.5%
Officials who mismanage funds are demoted/dismissed or made to repay	25%
Use of documentary evidence is emphasized	21.5%

Expenditure have to be authorized	28.5%
-----------------------------------	-------

Source: Primary Data

Respondents satisfied with the way funds are handled, gave the following reasons: expenditures being authorized 28.5%, officials who mismanage funds are demoted/ dismissed or made to repay 25%, use of documentary evidence being emphases 21.5%, management work hand in hand for the betterment and smooth running of the sub-county 21.5%, no corruption cases 21.5%, funds being put to proper use for which they were intended 18.5%, financial statement showing true and fair view of the status and operations of the sub-county 15.5% and social amenities being strongly considered 9.5%.

4.3.2.19 Ways in which the sub-county can do to improve fund management

Respondents suggested the following to improve fund management in Dar es Salaam province

Table 29: Response on improvement of fund management

Way	Percentage mentioned
Should only pay for activities/ items budgeted for	62.5%
More qualified employees should be employed	46.5%
Law breakers should be severely punished	34.5%
Proper supervision should be done regularly	46.5%
Segregation of duties especially those involved in receiving money and spending money	28.5%
Hold meetings	9.5%
Put up laws and guidelines to be followed	15.5%
Review records should be done regular	28.5%
There should be accountability and transparency session every financial year	18.5%
External auditors should be employed regularly	71.5%
Inquiries should always be made for variations and corrective action taken	34.5
Should have a planning committee in place	12.5%

Capacity buildings to let people know of the sub-county activities should be encouraged	15.5%
Whoever embezzles should be dismissed with no packages	18.5%
Should have a tendering board	28%
Reconciliation of activities should be done monthly	40.5%

Source: Primary Data

When asked ways in which the province can improve management, respondents suggested the following ways: external auditors should be employed regularly 71.5%, only pay for activities/ items budgeted for 62.5%, proper supervision to be done regularly 46.5%, more qualified employees to be employed 46.5%, reconciliation of activities to be done monthly 40.5%, law breakers to be severely punished 34.5%, inquiries to always be made for variations and corrective action taken 34.5%, segregation of duties especially those involved in receiving money and spending money 28.5%, to have a tendering board 28% , review of records to be done frequently 28.5%, to have accountability and transparency session every financial year 18.5%. whoever embezzle to be dismissed with no packages and pay fine 18.5%, capacity building programs to let people know of the sub-county activities to be encouraged 15.5% put up laws and guidelines to be followed 15.5%, to have a planning committee in place 12.5%, to hold meetings 9.5%, therefore the sub-county management should put in to consideration these suggested ways.

4.3.3 TO ESTABLISH THE RELATIONSHIP BETWEEN FINANCIAL CONTROLS AND ACCOUNTABILITY IN REVENUE MOBILIZATION AND UTILIZATION IN DAR ES SALAAM PROVINCE

The research carried out a study to establish the relationship between variables; financial controls and accountability. The relationship was determined using person correlation coefficient and the following were the results

Table 30; Response on the relationship between financial controls and accountability

Response	Frequency	Percentages
Strongly agree	11	27.5
Agree	15	37.5
Not sure	8	20
Disagree	6	15

Strongly disagree	0	0
-------------------	---	---

Accountability

Response	Frequency	Percentages
Strongly agree	6	15
Agree	9	22.5
Not sure	6	15
Disagree	19	47.5
Strongly disagree	0	0

Source: primary Data

From the tables above, 37.5% of the respondents agreed that there exist financial controls in Dar es Salaam province, 27.5% strongly agreed, 20% not sure, 15% disagreed while none strongly disagreed.

On accountability, 47.5% of the respondents disagreed on accountability being provided, 22.5 agreed, 15% strongly agreed, 155 were not sure and none strongly disagreed.

Table 31: Pearson measure

	Value	R ²
Pearson's R	0.9466	89.6%

Source: primary data

$$r = \frac{N\sum XY - \sum X \sum Y}{\sqrt{N[\sum X^2 - (\sum X)^2][\sum Y^2 - (\sum Y)^2]}}$$

$$\sqrt{N[\sum X^2 - (\sum X)^2][\sum Y^2 - (\sum Y)^2]}$$

$$r = \frac{5(468) - (40)(40)}{\sqrt{[5(446 - (40 \times 40))][5(514 - 40 \times 40)]}}$$

$$\sqrt{[5(446 - (40 \times 40))][5(514 - 40 \times 40)]}$$

$$= 2340 - 1600$$

$$\sqrt{(2230-1600)(2570-1600)}$$

$$= 740$$

$$\sqrt{(630)(970)}$$

$$= 740$$

$$\sqrt{611100}$$

$$= 740$$

$$781.7288$$

$$r = 0.9466$$

$$R^2 = 89.6\%$$

From the summary above, the Pearson's correlation coefficient (R) of 0.9466 shows a strong positive relationship between financial control and accountability. The coefficient of determination (R^2) of 89.6% indicates that the two variables are related. With poor financial controls, accountability is poor.

From table 31 its right to conclude that since there exist a strong relationship between the two variables, results indicate that accountability in Dar es Salaam province depends on the effectiveness of the financial controls used.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION OF THE STUDY

5.1 Introduction

Like any other organization, Dar es Salaam must emphasize their financial controls to ensure accountability.

5.2 Summary of findings

The purpose of the study was to establish the relationship between financial controls and accountability in revenue mobilization in Dar es Salaam province

The axis of the study rotated around the three objectives.

- i. Assessment of financial controls
- ii. Establishment of the levels of accountability
- iii. Establishment of the relationship between financial controls and accountability

The study revealed that the existence of financial controls in Dar es Salaam province, these included; segregation of duties, authorization of duties and expenditures, review of records, supervision, budgets, production of documentary evidence, preparation of books of accounts and financial reports.

The researcher found out that accountability in Dar es Salaam province poor and a big number of respondents were not aware of the province activities. Haphazard use of financial controls was found out to be main cause of poor accountability.

The researcher found out that there is a strong positive relationship of 0.837 between financial controls and accountability. However, despite the existence of financial controls, accountability is still poor.

5.3 Recommendations

- ❖ To ensure that financial controls are effective in ensuring accountability in Nangabo sub-county, the following recommendations given should be given due consideration;
- ❖ Employee more qualified employees

- ❖ Segregation of duties especially those involved in receiving and spending money
- ❖ Have a tendering board in place.
- ❖ Make investigation for variations and take corrective actions.
- ❖ Capacity building programs to let people know the province activities.
- ❖ Review records frequently by some one independent of their preparations
- ❖ Continuing carrying out proper supervision regularly.
- ❖ Hold meetings to sensitize the residents on the province activities on how sub-county funds benefit them
- ❖ Have a planning committee in place
- ❖ Monitor and evaluate sub-county activities and projects
- ❖ Have transparency and accountability session in a financial year

5.4 Conclusions

Given the findings that financial controls in place do not ensure accountability, there is a need for Dar es Salaam province authorities to improve and strengthen its financial control system. There is also need to examine other factors that affect accountability like remuneration.

5.5 Suggested areas for further research

- a. The effects of financial controls on embezzlement and mismanagement of government funds
- b. The cost of financial controls in contrast of benefits
- c. Motivation of employees in the province
- d. Technical skills of employees
- e. Political interference in the province

REFERENCES:

Aren, Alvin A & James K. Leobbeck (1994); Auditing an Integrated Approach: prentice hall, international Inc.

Auditor General (2001), Report on public accounts for the year ended 30th June 2001, Vol. 1. Uganda Printing and Publishing Corporation.

Audits and Internal Review, International Stream, ACCA Paper 2.6 (2004 Edition); Foulks Lynch ltd, London.

Bhatia H. L; Public Finance 23rd Revised Edition, VIKAS Publishing House.

Birakwate Margaret (2001) Reporting and Control of Donor Funds. The case of Uganda Blood Transfusion Service (dissertation).

Caiden Gerald (1998) The problem of ensuring the accountability of public officials in J.G. Jabbara. Dwevid.

Chambers A. D. (1995); Reporting on Internal Control, profession de briefing Note No.8 Institute of Internal Auditors, London.

Cooper and Lybrand (1993); Effective business Control: A guide for SDirectors, London.

Diamond, Jack (1993); Measuring efficient in Government Techniques and Experience. London, Oxford University Press

Edward and Hulme (1995) Non Government Organizations Performance and Accountability.

Emile woolf (1997): Accounting Today (6th Edition) Prentance Hall New York, London.

Ernest and Young (1995); A view of how Internal Controls should be monitored; Ernest and Young, London.

Ernest and Young (1996, Internal Control, Ernest and Young London.

Fuhrman H. Peter, Business in the Canadian Environment (2nd Edition), Canada, Prentice Hall.

Fulton, (1998) Modernizing accounting practices

Gauthier stephaine J. (1996), Evaluating internal controls; A local government manual guide chicago, illnios, Government finance officers association

Gilhooly Ian B (1991); Information System Management Control and Audit, Alta more spring, Fla: The institute of Internal Auditors.

Goldworthy (date unknown) Deligation and Accounting

Gray R (et at (1996); Accounting and Accountability; Change and Challenges in corporate social and Environmental reporting. (prentice Hall).

ISEA (Institute of Social and ethical Accountability (1999).

John Bauer (1925); Effective Regulation of Publish Utilities. The Macmillan Company.

Kizza Richard (2002); Internal Control and Revenue Collection (Dissertation).

Lucey T. (1996); Cost Accounting (4th Edition).

Mayne John & Martin Ulrich (1996); Modernizing Accountability Practice in the Public Sector (Ottawa; Auditor General and Treasury Board Secretariat).

Muhakazinizi Keith (2003), Ministry of Finance, Planning and Economic Development, submitted for partial fulfillment for the award of Bachelor of Commerce.

Munene J. C. (1995); Organization Pathology and accountability in Healthy and Education in rural Uganda, in Uganda: Land mark in rebuilding nation Kampala. Fountain Publishers.

Mwebaza Jean (2001); Evaluation of Budgeting and Budgetary Control on Performance in Public Sector. A case study of Mulago Hospital (Dissertation).

Nsibanbi, Apollo (1998); Financing decentralization, in Decentralization and Civil Society in Uganda. The quest for good Governance Kampala, fountain Publishers.

Okello (1998), Public Accountability in Uganda today and the role of its citizens in its enforcement.

Omunuk J. B. Fundamental Accounting for Business (Practical emphasis) (1999)
Department of Accounting, Makerere University Business School.

Pandey I. M. (1995) Financial Management 8th Editon, Gefendra Printing Press, Delhi.

Ruzidana A. Lansette P., and Gakwanda A. (1998); Fighting Corruption in Uganda; The process of building a National integrity System, Kampala Fountain Publishers.

Sacco John (1997); Comprehensive annual Financial Report, George Mason University.

Sserebe, David (1996); Annual Assessment of The Quality and timeliness of Financial Reporting in selected manufacturing Companies in Uganda, Makerere University (unpolished) Kampala.

The Auditing Manual (1995).

APPENDICES

APPENDIX I:

QUESTIONNAIRES

Dear respondents

I am Emanuel Aron, a student at Kampala International University carrying out a research on Effect of Financial controls and Accountability in the public Sector of Tanzania. Using a case study of Dar es Salaam Province where you have been identified as potential respondent. Your responses are kindly sought to the following questions. The information provided will be purely for academic purposes and will be kept with utmost confidentiality.

Thank you very much for your corporation

SECTION A: Background information

Tick the most appropriate option

1. Position held.....

2. Sex: ☐ Female ☐ Male

3. Age: ☐ 18-25 ☐ 26-34 ☐ 35-40 ☐ above 40

4. Year spent on job

☐ Below 2 years ☐ 2-5 ☐ 5-10 ☐ above 10

5. Highest Level of Education attained

☐ A Level ☐ Certificate ☐ Diploma ☐ Degree

Others (specify).....

SECTION B: Segregation of duties

6. Roles and responsibilities of employees are clearly defined.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

7. No single employee can carry out all the activities of a transaction

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

8. Duties are divided among different people.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

SECTION C: Authorization of duties

8. All sub County activities are approved before they are carried out.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

9. Approval of activities is by the sub-county chief.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

SECTION D: Authorization of expenditures

10. All payments are authorized by the sub county Accountant

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

11. Expenditure above 1,000,000 is authorized by the Sub-county chief.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

12. All Procurement are authorized by the Procurement committee before procurement.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

SECTION E: Bank Reconciliation

13. Bank statement are collected monthly and reconciled with the cash book.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

14. Reconciliation is done by an independent person other than those involved in banking activities and cash book preparation.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

15. Variations are investigated and corrective action taken.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

SECTION F: Budgets

16. Only items budgeted for are bought.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

17. Budgets are passed by the budget committee.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

18. Management accepts activities that are not budgeted for to be implemented.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

SECTION G: Review of records

Work of every employee is reviewed by someone higher in authority.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

Review of records is done monthly by independent of their preparation.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

If the review of records is not done, forgery and squandering of government funds may occur.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

SECTION H: Supervision

Supervision is an important requirement.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

Employees are adequately supervised by top management.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

Efficiency and proper utilization of resources (Human and financial resources) is achieved through supervision.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

SECTION I: Production of documentary evidence

For every transaction, a receipt is issued or received.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

Financial documents are pre-numbered and in different colors.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

SECTION J: Book of accounts

The sub-county maintains books of accounts.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

Books of accounts maintained include; Cash book, general ledgers, journals, voucher book, receipt book, assets register, income and expenditure statement.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

Transactions in the books of accounts are usually checked for arithmetic errors, authorized, and accuracy.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

--	--	--	--	--

SECTION K: Financial reports

The sub-county prepares financial reports at the every financial year.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

Financial reports prepared include, balance sheet, cash flow statement, income statement and trial balance.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

Financial reports prepared are timely accurate and portray a true and fair view of the status and operations of the sub-County.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

SECTION L: Output/Results

Items like classrooms, health units and roads constructed verify the proper utilization of funds.

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

Physically items verify paper accountabilities

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

How would you rate the level of accountability in the Sub-County?

Strongly Agree (5)	Agree (4)	Not sure (3)	Disagree (2)	Strongly Disagree (1)

Are you satisfied with the way funds are handled in the Sub-County? Explain.

.....

What do you think the Sub-County can do improve funds management?

.....

APPENDIX 2

INTERVIEW GUIDE

Financial Controls

1. Are revenue and expenditure statement reviewed and reconciled? How often?
2. Do district officers review sub-county books of accounts and statements?
3. Are statements reviewed by staff who;
Handles cash?
Authorize procurement?
Authorize payments?
4. Who authorize expenditures above 1000,000?
5. Does the sub-county have procurement systems? How does it work?
6. Does anyone inspect what is purchased?
7. Does the county always meet whatever it budgeted for?
8. What cause the deviation (if any)?
9. Are employee's roles and responsibilities defined and communicated clearly?
Who does what?
10. Are books of accounts audited? How often?

Accountability

11. Are the financial statements usually timely and accurately prepared?
12. Do officers in the sub-county possess all documentary evidence for all transactions carried out during the financial year?
13. Does the sub-county have the established financial regulations to ensure adequate financial accountability?