ASSESSMENT OF TIMELINESS OF FINANCIAL REPORTING:
A CASE OF TANZANIA PRISONS SERVICE
ASSESSMENT OF TIMELINESS OF FINANCIAL REPORTING:
A CASE OF TANZANIA PRISONS SERVICE

By
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A Dissertation Submitted in Partial/ Fulfillment of the Requirements for Award of the Masters of Science in Accounting and Finance (MSc. A&F) of Mzumbe University.

2013
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled Assessment of Financial Reporting: The Case of Tanzania Prisons Services, in partial/fulfillment of the requirements for award of the degree of Master of Science in Accounting and Finance (MSc. A&F) of Mzumbe University.

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### ABBREVIATION

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>CAG</td>
<td>Controller and Auditor General</td>
</tr>
<tr>
<td>CGP</td>
<td>Commissioner General of Prisons</td>
</tr>
<tr>
<td>GASB</td>
<td>Governmental Accounting Standards Board</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Report Standards</td>
</tr>
<tr>
<td>LSE</td>
<td>London Stock Exchange</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>HSE</td>
<td>Helsinki Stock Exchange</td>
</tr>
<tr>
<td>AAA</td>
<td>American Accounting Association</td>
</tr>
<tr>
<td>FASB</td>
<td>Financial Accounting Standard Board</td>
</tr>
<tr>
<td>US</td>
<td>United State</td>
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ABSTRACT

Tanzania Prisons Service (TPS) as one among public authorities is entitled to submit its financial reports (final accounts) to CAG for audit purpose within three months after the end of the respective financial year to which the accounts relate (CAG Annual Financial Report; 2010). Internal audit is an integral part of the finance structure of public organizations; in understanding of the legal framework governing the audit of Public Authorities, one has to take into consideration the fact that a number of Public Authorities are required to operate under the accrual accounting system which will necessitate these authorities to be IFRS compliant. The problem of untimely financial reporting in the public authorities has become critical as far as the Controller and Auditor General (CAG) is concerned. Among the most affected areas in delay of submission of financial statements in Tanzania for auditing are the public sectors. Therefore; this study has centered in making assessment of timeliness of financial statements in Tanzania public sectors.

The objective of this study is basically basing on making assessment of timelines of financial reports in Tanzania public sectors and to investigate the factors effecting the preparations and submission of financial statements to internal auditor for auditing purpose before final submission of financial reports (statements) to CAG.

This descriptive research intended to portray the timeliness of financial reporting for auditing purposes by finding the factors that inhabiting the final preparation of financial statement. Tanzania Prisons Service is taken as case study where the main focus was Dar es Salaam region where a number of accountants and auditors have been involved in the study. This study is basing in simple random technique which falls under probability sampling whereby each respondent has got an equal and independent chance to be selected in the study. For this reason, a researcher chooses only few interested representative who are potential for the study to provide reliable and usefully data and information. A sample size of 60 respondents was selected to participate in the study. Quantitative data were processed by SPSS for data analysis and presenting the findings of the study. The study also had employed the questionnaires and interview as data collection methods to obtained useful information for the study.
TABLE OF CONTENTS

Certification........................................................................................................................................... i
Declaration and Copyright................................................................................................................... ii
Acknowledgement................................................................................................................................ iii
Abbreviation........................................................................................................................................... iv
Abstract .................................................................................................................................................. v
Table of Contents ................................................................................................................................. vi
List of Tables .......................................................................................................................................... x
List of Figures ........................................................................................................................................ xii

CHAPTER ONE : INTRODUCTION .................................................................................................... 1
1.1 Introduction to the Study ................................................................................................................. 1
1.2 Introduction to Tanzania Prisons Service ...................................................................................... 2
1.2.1 TPS Vision Statement .................................................................................................................. 3
1.2.2 TPS Mission Statement ............................................................................................................... 4
1.2.3 TPS Strategic Goal ..................................................................................................................... 4
1.3 Statement of the Problem ................................................................................................................ 4
1.4 Objectives.......................................................................................................................................... 6
1.4.1 General Objective of the Study ................................................................................................. 6
1.4.2 Specific Objectives of the Study ............................................................................................... 6
1.5 Research Questions ........................................................................................................................ 6
1.6 Significant of the Study ................................................................................................................... 7
1.7 Limitation of the Study .................................................................................................................... 7
1.8 Delimitation of the Study ................................................................................................................ 8

CHAPTER TWO : LITERATURE REVIEW .............................................................................................. 9
2.1 Introduction ......................................................................................................................................... 9
2.2 Theoretical Framework On Timeliness Of Financial Reports .................................................... 9
2.3 Qualitative Characteristics of Financial Reporting ...................................................................... 11
2.4 Constraints on Relevant and Reliable Information ...................................................................... 14
2.5 Factors Affecting Time of Disclosure of Financial Statements to Public 15
2.6 Possible Corporate Attributes Affecting Audit Delay .................................. 19
2.7 Best Practice of Financial Management And Reporting............................ 23
2.8 Limitations of Financial Statements ......................................................... 26
2.9 Empirical Studies Relating To The Timeliness Of Financial Reporting ..... 28
2.10 Conceptual Framework On Timeliness Of Financial Reports .......... 33

CHAPTER THREE : RESEARCH METHODOLOGY ........................................ 35
3.1 Introduction ............................................................................................... 35
3.2 Research Design ........................................................................................ 35
3.3 Population Of The Study .......................................................................... 35
3.4 Sampling Technique .................................................................................. 36
3.5 Sample Size ............................................................................................... 36
3.6 Types of Data Collected ........................................................................... 37
3.6.1 Primary Data ......................................................................................... 37
3.6.2 Secondary Data ..................................................................................... 37
3.7 Data Collection Methods .......................................................................... 37
3.7.1 Questionnaire ....................................................................................... 37
3.7.2 Interview ............................................................................................... 38
3.8 Data Analysis ............................................................................................ 38
3.9 Research Approaches ............................................................................... 38
3.10 Measurement of variables ....................................................................... 39
3.10.1 Dependent Variables .......................................................................... 39
3.10.1.1 The delaying of Financial Report Submission................................. 39
3.10.2 Independent Variables ......................................................................... 39
3.10.2.1 Length of Audit .............................................................................. 39
3.10.2.2 Company Features ......................................................................... 39
3.10.2.3 Size of the Company ...................................................................... 40
3.10.2.4 Complexity of activities ................................................................. 40
3.10.2.5 Internal Control .............................................................................. 40
3.10.3 Background Variables ......................................................................... 40
3.10.3.1 Audit Process and duration ............................................................ 40
3.10.3.3 Financial difficulties .......................................................... 41
3.10.3.4 Company/Industry type ...................................................... 41
3.10.3.5 Qualified accountants & competence .................................. 41
3.10.3.6 ICT tools ........................................................................ 41
3.10.3.7 Adherence of financial principles ....................................... 42
3.10.3.8 Training/Seminars and Workshops ..................................... 42
3.10.3.9 Preparation of financial accounts ...................................... 42

CHAPTER FOUR : DATA ORGANIZATION, DATA ANALYSIS AND PRESENTATION OF FINDINGS .......................................................... 43

4.1 Introduction To The Chapter .................................................... 43
4.2 Statistics on the Demographic Variables of Respondents Involved In The Study ................................................................. 43
4.2 Factors Affecting Preparation Of Financial Reports .................. 45
4.2.1 Insufficient Number of ICT Tools .......................................... 45
4.2.2 Insufficient Number Of Qualified Account And Supply/Procurement Officers ................................................................. 46
4.2.3 Competence of Financial Personnel ....................................... 47
4.2.4 Different Formats In Financial Report Preparation ............... 48
4.2.5 Financial Personnel ................................................................ 49
4.2.6 Schedule Preparation Of Financial Report ............................. 50
4.2.7 Compliance with Principals, Regulations and Acts of Financial Management ................................................................. 51
4.2.8 Complexity of Company Activities ....................................... 52
4.2.9 Size, Nature and Behaviour of the Organization .................... 53
4.2.10 Internal Control System ....................................................... 54
4.2.12 Audit Committee .................................................................. 55
4.2.12 Financial Difficulties ......................................................... 56
4.3 Factors Which Having Influences On Audit Delay .................... 58
4.3.1 The Most Influential Factors On Audit Delay ....................... 58
4.4 Various Statements Regarding To Timelines Of Financial Report ...... 59
4.4.1 The Reporting Lag ................................................................. 59
4.4.2 Timelines of Financial Statements ........................................ 60
4.4.3 Tendency of Larger Companies in Release Financial Reports .... 61
4.4.4 Audit Delay ........................................................................ 62
4.4.4 Company Experiencing Misfortunes .................................... 63
4.4.5 Company Profitability ......................................................... 64
4.4.5 The Adoption Of Different Accounting Phenomenon ............ 65
4.5 Recommendations for the Best Practices of Financial Management And Reporting ......................................................... 66
4.5.1 Meeting External Reporting Requirements ......................... 66
4.5.1 Adherence Of Financial Regulations .................................... 67
4.5.1 Training Availability ........................................................... 68
4.5.1 Use of Estimate ................................................................... 69
4.5.1 Compliance With Law, Policy Requirements, Budget And Management Decisions .............................................................. 70
4.5.1 Timely Financial Accounting Information ............................. 71
4.5.1 Making Use Of Accounting And Auditing Packages ............. 72
4.5.1 Applicability Of ICT Tools .................................................. 73
4.5.1 Better Budgeting and Forecasting ........................................ 74
4.5.1 Clarity of Financial Reports .................................................. 75

CHAPTER FIVE : SUMMARY OF FINDINGS, RECOMMENDATIONS, CONCLUSION AND FURTHER STUDIES. ................................. 77
5.1 Introduction ............................................................................ 77
5.2 Summary Of The Findings ....................................................... 77
5.3 Recommendations .................................................................. 80
5.4 Conclusion ............................................................................. 81

REFERENCE .................................................................................. 82
QUESTIONNAIRE .......................................................................... 93
LIST OF TABLES

Table 1:  Showing The Number And Category Of Respondents (Sample) ........... 36
Table 2:  Showing Respondents’ Professional ........................................... 44
Table 3:  Showing Respondents’ Educational Level ...................................... 44
Table 4:  Showing respondents' age group .................................................. 44
Table 5:  Showing respondents' gender status .............................................. 45
Table 6:  Showing respondents' views on insufficient number of ICT tools. ....... 45
Table 7:  Respondents’ view on insufficient number of qualified account and supply/procurement officers ............................................................... 46
Table 8:  Showing respondents' views toward competence of financial personnel 48
Table 9:  Showing respondents' views toward different formats in preparing final report ............................................................ 49
Table 10: Showing respondents' views on financial personnel........................ 50
Table 11: Schedule preparation of financial reports ....................................... 51
Table 12: Respondents' views toward compliance with financial management principles, regulation and acts ................................................................. 52
Table 13: Showing the respondents' view on complexity of company activities.... 53
Table 14: Showing response toward size, nature and behaviour of the organization................................................................................................. 54
Table 15: Respondents’ views on Internal Control system ............................. 55
Table 16: Respondents' view on Audit Committee ........................................ 56
Table 17: Respondents' views on financial difficulties .................................... 57
Table 18: Respondents’ view toward Factors which having influences on audit delay ..................................................................................................... 58
Table 19: Respondents' views on reporting lag ............................................. 59
Table 20: Respondents' view on Timelines of Financial Statements ............... 60
Table 21: Respondents' view on Tendency of Larger companies in release financial reports ......................................................................................... 61
Table 22: Respondents' views on Audit Delay ............................................. 62
Table 23: Respondents' View on Company Experiencing Misfortunes ............ 63
Table 24: Respondents' View on Company Experiencing Misfortunes ............ 64
Table 25: Respondents' view on the adoption of different accounting phenomenon................................................................. 65
Table 26: Respondents' Views on Meeting external reporting requirements........... 66
Table 27: Respondents' views on Adherence of financial regulations.................... 67
Table 28: Respondents' views on Training availability ..................................... 68
Table 29: Respondents' views on Use of Estimate......................................... 69
Table 30: Respondents’ views on Compliance with law, policy requirements, budget and management decisions................................................................. 70
Table 31: Respondents’ view on Timely financial accounting information .......... 71
Table 32: Respondents' views on Making use of accounting and auditing packages ......................................................................................... 72
Table 33: Respondents’ views on Applicability of ICT tools............................ 73
Table 34: Respondents' views on better budgeting and forecasting...................... 74
Table 35: Respondents' views on Clarity of Financial reports............................. 76
Table 36: Showing the factors affecting preparation of financial reports.............. 93
Table 37: Showing factors which having influences on audit delay..................... 96
Table 38: Showing various statements regarding to timelines of financial report.. 96
Table 39: Recommendations for the best practices of financial management and reporting. ........................................................................................................... 98
LIST OF FIGURES

Figure 1: Conceptual Framework For The Study On Timeliness of Financial Reporting

Figure 2: Showing respondents' views on insufficient of ICT Tools

Figure 3: Showing respondents' views on insufficient number of qualified accountant/procurement officers

Figure 4: Showing respondents' views toward competence of financial personnel

Figure 5: Showing respondents' views on different format

Figure 6: Showing respondents' views on financial personnel

Figure 7: Showing respondents' views toward schedule preparation of financial reports

Figure 8: Respondents' views toward compliance with financial management principles, regulation and acts

Figure 9: Showing the respondents' view on complexity of company activities

Figure 10: Showing response toward size, nature and behaviour of the organization

Figure 11: Respondents’ views on Internal Control system

Figure 12: Respondents' view on Audit Committee

Figure 13: Respondents' views on financial difficulties

Figure 14: Respondents' view toward Factors which having influences on audit delay

Figure 15: Respondents' views on reporting lag

Figure 16: Respondents' view on Timelines of Financial Statements

Figure 17: Respondents' view on Tendency of Larger companies in release financial reports

Figure 18: Respondents' views on Audit Delay

Figure 19: Respondents' View on Company Experiencing Misfortunes

Figure 20: Respondents' View on Company Experiencing Misfortunes

Figure 21: Respondents' view on the adoption of different accounting phenomenon

Figure 22: Respondents' views on Meeting external reporting requirements

Figure 23: Respondents' views on Adherence of financial regulations
Figure 24 : Respondents' views on Training availability ........................................ 69
Figure 25: Respondents' view on Use of Estimate............................................. 70
Figure 26: Respondents' views on Compliance with law, policy requirements, budget
and management decisions ........................................................................... 71
Figure 27: Respondents’ view on Timely financial accounting information .... 72
Figure 28: Respondents' views on Making use of accounting and auditing
packages ........................................................................................................ 73
Figure 29: Respondents' views on Applicability of ICT tools ......................... 74
Figure 30: Respondents' views on better budgeting and forecasting ................. 75
Figure 31: Respondents' views on Clarity of Financial reports ......................... 76
CHAPTER ONE
INTRODUCTION

1.1 Introduction to the Study
The Governmental Accounting Standards Board (GASB) identifies timeliness as one of the six qualitative characteristics that financial information is expected to possess if it is to communicate effectively, along with relevance, reliability, understandability, comparability, and consistency (Concepts Statement No. 1, Objectives of Financial Reporting, paragraphs 62–68). Timely information may be defined as information that is available “soon enough after the reported events to affect decisions or assessments of accountability” (Suggested Guidelines for Voluntary Reporting, SEA Performance Information, paragraph 44). In the context of audited annual financial reports, the issue of timeliness centers on the amount of time that elapses between the end of the fiscal year being reported on and the date the financial report becomes available to the public. The question may be asked, “When is the reported information most useful for making decisions and assessing accountability?” Similarly, “At what point does the usefulness of the reported information begin to diminish? How much does usefulness diminish as time passes?” (Robert H. Ashton, John J. Willingham, and Robert K. Elliott; 1987)

There is general awareness all over the world for the need to pay greater attention to the improvement of public sector management. The reason is obvious, government constitutes the largest single business entity and her pattern of expenditure through its various parastatals, agencies and commissions stimulate lot of economic activities. As a result of these Government huge involvements in economic activities, initiatives are being taken all over the world towards improvement of the standards of accounting and auditing departments in government.

The public sector accountant has the responsibility of developing systematic arrangements to assist management in the performance of the services of the institution while the public sector auditor has among other duties, the complementary role to examine whether management actually performs that efficiently. The public
sector auditor has to satisfy himself that the account resented have been prepared in accordance with statutory and constitutional requirements and regulation and that proper accounting practice have been observed in their compilation. With the growing size and complexity of public sector in the recent years, the importance of the internal audit has correspondingly increased so that it is today a major factor in establishing the quality of the public sector internal control and its development has made a considerable contribution to the improvement of the public sector management (Angus Okechukwu Unegbu; 2011).

1.2 Introduction to Tanzania Prisons Service

The Tanzania Prisons Service hereinafter ‘The TPS’ was officially established as a fully-fledged Government Department on 25th August, 1931. Prior to that date, the Service was administered under the Police Force. This change did not result in much improvement of prisons conditions as the emphasis remained on safe custody. The incarceration of inmates in maximum security institutions built in major towns and district centers, hard labor and racial segregation in their treatment was a significant feature of the prisons reality. This prisons policy was reflective of its philosophical basis of retribution and incapacitation that prevailed all though the German colonial era ending 1919 and the British protectorate era ending with independence in 1961. After independence, a new prisons policy was adopted embracing humane treatment of offenders and justice as its core value. The objective was rehabilitation of offenders as a contribution to community safety. In practice, this philosophical shift was manifested by:-

a) Introduction of a new legislation, the Prisons Act, 1967 which embodies the spirit of international basic human rights instruments.
b) Establishment of several Open farm Prisons in the rural areas which were designated to be centers of excellence for imparting agricultural skills to inmates and to extend such services to surrounding communities.
c) Establishment of Vocational Training Centers in Mbeya and Morogoro regions for skills-training to inmates. These were linked to the National Vocational Education and Training Authority so that certification of graduates is universally recognized.
d) Expansion of economic projects inside the inherited closed prisons for skills-training for long term prisoners.

e) Establishment of educational programs of different levels in prisons including adult basic education, general academic subjects and primary school education for school drop-outs at the Young Offenders’ Prison; and

f) Adoption of a new training curriculum for prisons staff in line with the new approach whereby observance of human rights was emphasized.

With these new developments, prisons condition began to pick up a more humane face and the image of the TPS was very much enhanced both within and outside the country as of the early 1970s.

Today the TPS consists of 122 institutions, 21 regional offices, two staff training centers, four Vocational Training Facilities and Head Office. The regional offices provide administrative oversight, while the head office effect management and administration of all prisons stations countrywide. The TPS is responsible for the custody and care of more than 45,000 inmates while its accommodation capacity is 22,669. This implies that the prisons facilities are overcrowded by more than 100 percent.

The service protects public safety by ensuring that all convicts serve their sentences of imprisonment in facilities that are humane, cost-efficient and appropriately secure. The service helps reduce the potential for future criminal activity by encouraging convicts to participate in a range of programs that have been proven to reduce recidivism. The service's employees ensure the security of prisons countrywide; provide inmates with needed programs and services (CGP; 2012)

1.2.1 TPS Vision Statement

Our Vision is to become an excellent professional Correctional Service operating along the national and international set norms and standards.
1.2.2 TPS Mission Statement
Our mission is to effectively play a role in the enhancement of community safety through adequate custodial sentence management and supervision of offenders, proper management of custodial remand services, design and implementation of programmes and services which address offenders' rehabilitation needs and the offering of policy advice on crime prevention and treatment of offenders.

1.2.3 TPS Strategic Goal
The TPS mission and vision would be achieved through the following strategic goals:-

   a) Firm commitment to justice as the core value of corrections.
   b) Humane detention and treatment of offenders
   c) Commitment to openness, fairness, integrity and accountability.
   d) Development of the quality and skills of our staff.
   e) Effective resource management and utilization.
   f) Development of close cooperation with criminal justice partners and the community.
   g) Development and maintenance of a capacity to respond to change, nationally and internationally.
   h) Employment of developed professional innovations to deal with current and emerging trends in corrections.

1.3 Statement of the Problem
According to Unegbu and Obi (2007); internal audit “measures, analyses and evaluates the efficiency and effectiveness of other controls established by management in other to ensure smooth administration, control cost minimization, and ensure capacity utilization and maximum benefit derivation. In the view of Adeniji (2004) Internal audit is part of the internal control system put in place by management of an organization. It is an aid to management; it ensures that the financial operations are correctly carried out according to the law which enables compliance with established financial instructions on expenditures.
Internal audit is an integral part of the finance structure of public organizations; in understanding of the legal framework governing the audit of Public Authorities, one has to take into consideration the fact that a number of Public Authorities are required to operate under the accrual accounting system which will necessitate these authorities to be IFRS compliant. In such situation, the Public Authorities legal framework governing their financial reporting and auditing will either be the Companies Act No.12 of 2002 or the enabling Acts of Parliament of the respective Public Authorities. Sect. 31 of the Public Audit Act No. 11 of 2008 requires public authorities or other bodies to submit their financial statements to the Controller and Auditor General for audit purposes within three months after the end of the respective financial year to which the accounts relate (CAG Annual Financial Report; 2010)

The problem of untimely financial reporting in the public authorities has become critical as far as the Controller and Auditor General (CAG) of Tanzania is concerned. Among the most affected areas in delay of submission of financial statements in Tanzania for auditing are the public sectors.

Therefore; this study will be centered in making assessment of timeliness of financial statements in Tanzania public sectors. taking Tanzania Prisons Service-in Dar es Salaam region being a case study for the research and to investigate the factors that affecting the preparations of financial reports and submission of reports to internal auditor for auditing before submitting them to Controller and Auditor General (CAG) for final auditing proceedings (usually external auditor) and to become available to the public.

Proper financial management and accountability over public funds is a central component of good governance. Public funds are intended to be used effectively and efficiently to ensure that citizens are receiving the quality services for which public funds have been allocated. Clearly evidenced by the Controller and Auditor General (CAG)’s annual audit reports from 1999-2010, a major challenge for Tanzania is currently the poor financial management of public institutions. In the audit reports,
the CAG normally presents findings regarding the financial statements of the entity and provides recommendations to improve the management of public resources. (CAG Report, 2010)

The delay in releasing financial reports is most likely to increase uncertainty associated with the decisions made based on information contained in the financial statements. Both the empirical and analytical evidences reveal that the timeliness of financial statements has some repercussions on firm valuation (e.g., Beaver 1968; Givoly and Palmon 1982; Chamber and Penman 1984; Kross and Schroeder 1984). Therefore; the study is intending to find out what are the causes/factors that read to the delaying of releasing on time the financial reports to CAG.

1.4 Objectives
1.4.1 General Objective of the Study
The purpose of this research is to make assessment of timelines of financial reports in Tanzania public sectors and to investigate the factors effecting the preparations and submission of financial statements to internal auditor for auditing purpose before final submission of financial reports (statements) to CAG.

1.4.2 Specific Objectives of the Study
The following are the specific objectives of the study;

   a) To find out the factors that affects the submission of financial statements/reports.
   b) To find out the factors that affects the preparations of financial statements/reports.
   c) To identify factors that influence audit delay in public sectors.
   d) To recommend for the best practices of financial management and reporting to public sectors.

1.5 Research Questions
In order to accomplish the entire study, the following research questions are addressed as a guideline to collect information. The basic questions are:-
a) What are the factors affecting preparations of financial reports?
b) What are the factors affecting submission of financial reports?
c) What are the factors that influence audit delay in public sectors?
d) What are the recommendations for the best practices of financial management and report to public sectors?

1.6 Significant of the Study
The significance of conducting this study involved:

a) Provision of financial information about the reporting entity that is useful to present and potential equity investors, lenders, and other creditors in making decisions in their capacity as capital providers. Information that is decision-useful to capital providers (investors) may also be useful to other users of financial reporting who are not investors.
b) Financial reports provides some key performance measures widely used by management, such as customer satisfaction indexes, backlog information, and reject rates on goods purchased.
c) Financial reports provides forward-looking information needed by present and potential investors and creditors
d) Providing high quality financial reporting information is important because it will positively influence capital providers and other stakeholders in making investment, credit, and similar resource allocation decisions.
e) The primary aim of the present study is to contribute to improving measurement of financial reporting quality

1.7 Limitation of the Study
The researcher faced the following limitations during her study;

a) Problems in scope: scope definition of timeliness of financial statements is broader term in such a way a researcher focused the main theme of the research problem being introduced aforementioned.
b) Limitation of time: Time for conducting research had impact toward finally preparation of the entire document due to circumstantial reason that a
researcher resulted to prepare close kind of questionnaires which sometimes they had an impact on collection of insufficient information.

1.8 Delimitation of the Study

a) A researcher concentrated only on the timeliness of financial statement reporting in looking for the causes that make delaying of submission of financial statement on time in order to narrow and to stick to the objective of the study.

b) Time management in completing the entire work was observed critically and facilitated with structuring of close-ended questionnaire, analyzing on-time collected data using statistical package for social science (SPSS) and finalizing the report on time allotted.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This chapter focuses on literature review and theoretical analysis on examining the assessment of timeliness of financial reports in organization that is private to public organization in general. This provides a broader understanding on the scenario to give in-depth concepts from the different authors regarding the subject matter. This supported the conclusive part of the research by relating the actual findings and what is literature tells about.

2.2 Theoretical Framework On Timeliness Of Financial Reports
It is important to understand factors that influence audit delay since it directly affects the timeliness of financial reporting which is one of the most important qualitative attributes of financial statements (Ashton et. al., 1987; Carslaw & Kaplan, 1991; and Johnson, 1998). Audit delay is generally defined in these studies as the length of time from a company’s financial year-end to the date of the internal auditor’s report before to CAG.

Timeliness is an important qualitative attribute of financial statement which requires the information to be made available to the users as rapidly as possible. The increase in the reporting lag reduces the information content and relevance of the documents. The recognition that the length of audit may be the single most important determinant affecting the timing of earnings announcement has motivated recent research on audit delay, (Whittred, 1980b: Givoly and Palmon, 1982; and Carslaw and Kaplan, 1991).

Both empirical and analytical evidences found that the timeliness of financial statement has some repercussions on the firm’s value, (Beaver, 1968; Givoly and Palmon, 1984). For instance, Givolry and Palmon (1982, p. 486) contended that the price reaction to the disclosure of early earnings announcements was significantly more pronounced than the reaction to late announcements. Beaver (1968) asserted
that investors may postpone their purchases and sales of securities until the earnings report is released. Likewise, the investors would probably search for alternative source of information. The delayed disclosure may encourage certain unscrupulous investors to acquire costly private pre-disclosure information and exploit their private information at the expense of “less informed” investors, (Bamber and Schoderbek, 1993).

One resource that can be used for decision making of users which is reliable is audited financial statement. It should be considered that information in financial statement can be used effectively when they have several quality characters. One of them is timeliness. Leventis et al. (2005) states that timeliness of financial statements is the focus of an increasing amount of attention by accounting researchers and regulatory bodies. It is known that information is sensitive to the passing of time and it lose its usefulness in decision making. So, less duration between year end and time of audit report, more information content are provided.

Timelines of corporate audited annual financial reports is considered to be a critical and important factor affecting the usefulness of information made available to external users (Almosa and Alabbas, 2008). The length of the audit process highly affects the timelines of corporate financial reporting. The timeliness of financial reporting and audit delay has investigated in various countries. McGee et al. (2009) presented a comparative study of companies in Russia and the USA with consideration of the timeliness of financial reporting and audit delay. Naimi et al. (2010) examined audit delay in Malaysian public listed companies. Their study results showed that active and larger audit committee shortens audit delay. Hegazy and Al-Ghanem (2011) analyzed the factors that affect delays in the signing of audit reports in Kuwait. Abdelsalam and Street (2007) examined the timeliness of corporate internet reporting by U.K. companies listed on the London Stock Exchange (LSE). Their results indicated that Companies need to voluntarily focus on improving the timeliness dimension of their corporate Financial information users require accurate and timely information for informed decision making. The American Accounting Association (AAA, 1954 and 1957) was the first to consider
timeliness as one of the qualitative attributes or characteristics of useful information. Today, timeliness which according to Carslaw and Kaplan (1991) requires that information should be made available to financial statement users as rapidly as possible, has been recognized by the professional body, regulatory authorities, financial analysts, investors and managers, and the academics as one of the important characteristics of financial statements which Davies and Whittred (1980) assert as a necessary condition to be satisfied if financial statements are to be useful. Abdulla (1996) argues that the shorter the time between the end of the awaiting year and the publication date, the greater the benefits that can be derived from the financial statements. He asserted further that the delay in releasing the financial statement is most likely to boost uncertainty associated with the decisions made based on the information contained in the financial statements.

Financial reporting in general will provide useful information and assist users in decision making as capacity of capital providers in companies. Particularly users rely on the audited financial reports in their assessment and evaluation of companies’ performance. The audited financial reports will increase its reliability and users will feel affirm on the reports verified by the auditors and would be able to make decision wisely (FASB, Concepts Statement 2). Timeliness itself will enhance the usefulness of the information. There are many ways to define timeliness. Commonly known that timeliness is the reporting delay from the company’s accounting year end to the date of the audit report completed (Chambers and Penman, 1984).

The term "audit delay" has been used to denote the elapsed time between the close of a fiscal year and the end of audit fieldwork. The latter is normally the date on which substantive audit tests are completed and the auditor leaves the client's premises. It is typically documented by the dating of the auditor's published report.

2.3 Qualitative Characteristics of Financial Reporting
The timeliness of financial reporting is perhaps the most frequent and common concern expressed to the Governmental Accounting Standards Board (GASB) by the users of state and local government financial reports. (GASB, 2011). According to
G.P. Whittred and I. Zimmer (1984); explained the qualitative characteristics of financial information as attribute that make the information provided in financial statements to be useful to the users of such information. They are applicable to financial statements, regardless of the basis of accounting used to prepare the financial statements. The main four principal qualitative characteristics are understandability, relevance, reliability and comparability.

**Understandability:** Information is understandable when users might reasonably be expected to comprehend its meaning. For this purpose, users are assumed to have a reasonable knowledge of the entity’s activities and the environment in which it operates, and to be willing to study the information. Information about complex matters should not be excluded from the financial statements merely on the grounds that it may be too difficult for certain users to understand.

**Relevance:** Information is relevant to users if it can be used to assist in evaluating past, present or future events or in confirming, or correcting, past evaluations. In order to be relevant, information must also be timely.

**Materiality:** The relevance of information is affected by its nature and materiality. Information is material if its omission or misstatement could influence the decisions of users or assessments made on the basis of the financial statement. Materiality depends on the nature or size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful.

**Reliability:** Reliable information is free from material error and bias, and can be depended on by users to represent faithfully that which it purports to represent or could reasonably be expected to represent.
**Faithful Representation:** For information to represent faithfully transactions and other events, it should be presented in accordance with the substance of the transactions and other events, and not merely their legal form.

**Substance over Form:** If information is to represent faithfully the transactions and other events that it purports to represent, it is necessary that they are accounted for and presented in accordance with their substance and economic reality and not merely their legal form. The substance of transactions or other events is not always consistent with their legal form.

**Neutrality:** Information is neutral if it is free from bias. Financial statements are not neutral if the information they contain has been selected or presented in a manner designed to influence the making of a decision or judgment in order to achieve a predetermined result or outcome.

**Prudence:** Prudence is the inclusion of a degree of caution in the exercise of the judgments needed in making the estimates required under conditions of uncertainty, such that assets or revenue are not overstated and liabilities or expenses are not understated.

**Completeness:** The information in financial statements should be complete within the bounds of materiality and cost.

**Comparability:** Information in financial statements is comparable when users are able to identify similarities and differences between that information and information in other reports. Comparability applies to the: comparison of financial statements of different entities; and comparison of the financial statements of the same entity over periods of time.

An important implication of the characteristic of comparability is that users need to be informed of the policies employed in the preparation of financial statements, changes to those policies and the effects of those changes. Because users wish to
compare the performance of an entity over time, it is important that the financial statements show corresponding information for preceding periods.

2.4 Constraints on Relevant and Reliable Information

According to Andy Wynne, et al (2011), they stipulate the constraints of financial statements, reports and information basing on the following issues:-

Timeliness: If there is an undue delay in the reporting of information it may lose its relevance. To provide information on a timely basis it may often be necessary to report before all aspects of a transaction are known, thus impairing reliability. Conversely, if reporting is delayed until all aspects are known, the information may be highly reliable but of little use to users who have had to make decisions in the interim. In achieving a balance between relevance and reliability, the overriding consideration is how best to satisfy the decision-making needs of users.

Balance between Benefit and Cost: The balance between benefit and cost is a pervasive constraint. The benefits derived from information should exceed the cost of providing it. The evaluation of benefits and costs is, however, substantially a matter of judgment. Furthermore, the costs do not always fall on those users who enjoy the benefits. Benefits may also be enjoyed by users other than those for whom the information was prepared. For these reasons, it is difficult to apply a benefit-cost test in any particular case. Nevertheless, standard setters, as well as those responsible for the preparation of financial statements and users of financial statements, should be aware of this constraint.

Balance between Qualitative Characteristics: In practice a balancing, or trade-off, between qualitative characteristics is often necessary. Generally the aim is to achieve an appropriate balance among the characteristics in order to meet the objectives of financial statements. The relative importance of the characteristics in different cases is a matter of professional judgment.
2.5 Factors Affecting Time of Disclosure of Financial Statements to Public

Company features are also effective on reporting delays. Besides timing of financial reporting and the inverse relationship between good news and bad news, other variables affecting timing of reporting are examined in some examinations. Among factors, which affect disclosure time of financial statements, size of company, complexity of activities and efficacy of internal control systems are considered as important (Givoly and Palmon, 1982: 500). It was specified that big companies disclose their financial statements earlier or on time because they possess more sources, good accounting information system and good internal control system. Good internal control system is defined as an important factor in delay in reporting because it reduces the time spent by auditor (Ansah, 2000: 241-245). In the study carried out by Givoly and Palmon (1982), in which duration of auditing process is examined based on these three factors, an inverse relationship between duration of auditing process and size of company was found. By the same token a relationship between activity complexity and auditing duration was detected. Accordingly company specific factors may affect early disclosure by extending auditing period as well as independently affect disclosure timing of financial reports during auditing process.

In a similar way according to the learning curves hypothesis, company will act to a greater extent in terms of disclosing its financial statements in parallel with its increasing experience. As the company continues its activities and as its accounting employees learn more, “inexperience problem” which may cause extraordinary delay will be eliminated (Ansah, 2000: 241-245). In the studies, various variables such as company age, number of shareholders and features of sector in which company shows activity, were examined and meaningful results were obtained from some of those studies. For example, Ansah (2000), Givoly and Palmon (1982) concluded that size of company, Ansah (2000) concluded that company age and Leventis and Weetman (2004) concluded that industrial differences are effective on disclosing timing.

One of the company’s features, which was examined and may relate to disclosing duration, is financial risk levels undertaken by companies. Although it was
concluded that companies in a financial difficulty are in a tendency of delayed disclosure in a part of studies performed relating to the relationship between disclosure time of financial statements and financial risk (Whittred and Zimmer, 1984; Lawrence, 1983), a direct relationship between the timing and the tendency to benefit from financial leverage was not found (Ansah, 2000; Carlsaw and Kaplan, 1991). Despite financial risk level can be measured by different methods; they are measured by the ratio of debt / equity. There are two points of view on risk level in the literature. The first one identifies that companies with high debt using ratios will use more care in disclosure timing of financial statements and will behave more “accurately” than companies with low debt using ratios. According to this point of view companies with high leverage are in a tendency to make investment, which is not optimal, and thus lenders request from management to report in certain frequencies in order to evaluate long term financial performance and status of company as well as they add coercive conditions for administrative activities to lending agreements. Moreover, depending on partnership of companies, auditing processes at different levels may be requested from different companies. The other point of view identifies that as debt using ratio increases reporting timing will also increase due to two reasons. The first reason is that if indebtedment ratio, which is considered as an indicator of financial status of company, is high, failure possibility of company will increase and thus auditors will make a careful and long term auditing due to this increasing possibility in order to minimize legal liability. High indebtedment ratio will increase failure possibility of company and thus auditors will study on financial statements, which will become more unreliable than normal conditions, in such companies. In this case auditing period will increase and disclosure of financial statements will extend. The second reason is that especially in the cases where the number of lenders are high, auditing of debts will take a longer time than that of equity (Ansah, 2000: 244).

Lawrence (1983) examined whether there is a relationship between financial difficulties, which is an indicator of company performance, and timing of reporting or not with respect to a sampling composed of 58 companies. In the study, in which the studies based on financial ratios in anticipating financial difficulties will depend
on the assumption suggesting that financial statements will be obtained on time, a result stating that companies in a financial difficulty issue their financial reports too late. In the same way Whitred and Zimmer (1984) concluded in their study that enterprises in financial difficulty experienced a delay in auditor approvals 3 years prior to the date on which such failure occurred. In the study it was detected that enterprises experiencing a financial failure had been showing delayed actions with regard to issuance of their financial statements at least two years prior to the date on which failure occurred, and it was specified in the same study that such delayed actions can be used as an criterion when making a distinction between successful / unsuccessful companies.

Complexity degree of company activities is one of the elements which may affect timing. Complexity of company activities depends on regions and fields in which company shows activity and diversification of product and market lines and is important in terms of long auditing periods. As a result of studies it was ascertained that there is a parallel relationship between activity intensity and delay in auditing. For instance Givoly and Palmon (1982) concluded that there is a relationship between ratio of stocks / total assets that they used as criterion for activity complexity and disclosure time. According to the study carried out by Carlshaw and Kaplan (1991) the relationship between sectoral dynamics and delay in auditing (thus delay in reporting) was examined. In the study, which is based on distinction between financial and non-financial sectors, it was stated that it is expected that delay in auditing process will be less in financial sectors because in such sectors very limited number of stocks or no stocks are used and so auditing period is shortened by reducing auditing complexity.

Bowen VD. (1992) considered unexpected delay in reporting as a deviation from the previous year and they examined the relationship between timing of profit announcements and content of these announcements in their studies in which they used quarterly financial reports for the term including 1987 crisis, and they compared the results with that of Chambers and Penman (1984). According to this, generally coherent results with previously performed studies were obtained. However, in
contrast to previously performed studies, it was concluded that the group, which is composed of companies making early reporting, issues “bad” news on the average. This result is an opposite result comparing with the results of previously performed studies. This result shows that timing decision of some companies in some times is affected by request of them in terms of minimizing response of shareholders to bad news. For this group, external effects are more dominant than any internal effect in terms of reducing the effect of bad news (Bowen VD, 1992: 420)

Soltani (2002) separately examined annual financial statements and consolidated statements by making a distinction between companies included and not included in a group in the study in which delays in reporting and auditing in France were researched. In the study, where generally concluded that delays in reporting decreases with each passing year, it was examined if there is a significant difference between groups. In the study, in which it is determined that companies being included in a group disclose their reports earlier than companies not included in any group, three possible reasons of aforementioned aspect and of why group companies are in a tendency to submit financial reports urgently with each passing year. The first reason is that disclosure of information on time makes the company incur more costs, and that group companies can easily reach financial sources by neglecting these costs and thus expediting the process.

The second reason of why group companies make early disclosures is that international investors, especially institutional investors are more active in group companies. Financial policies relating to groups’ entering into other international stock exchanges are considered as another possible factor which may have a role on early disclosure by group companies (Soltani, 2000: 231-234). In the study of Leventis ve Weetman (2004) identifiers of disclosure timing of financial statements of companies not included in any group were examined and effects of factors such as good and bad news as well as size, market entering obstacles and competition on timing were researched. In the study, in which the ratio of delay to difference between the end of inspection of period from the end of auditing process to issuance of statements and legal period, in other words optional delay ratio is defined, good
news and bad news are accepted as important variables which explain savings of investors from information costs and property costs reporting timing.

2.6 Possible Corporate Attributes Affecting Audit Delay

The following attributes provide the underlying rationale behind the relationship between each of the variables and audit delay.

a) Size of the Company

There are several studies which have found that there is a significant association between the size of the company and the audit delay in both developed and developing countries (Newton and Ashton, 1989; Davies and Whittred, 1980; Ashton et al, 1989; Carslaw and Kaplan, 1991; Garsomble 1981; Gilling, 1977 and Abdulla, 1996). For example Ashton, Graul and Palmon (1987; p. 660) held the opinion that their analysis indicated that assets provided greater explanatory power. Majority of earlier researchers have used total assets as the measure of company size. There is a negative relationship between the audit delay and the company size which has been confirmed by most empirical studies. However, researchers like Givolry and Palman (1982) found that no significant relationship (either negative or positive) between the size of the company used and the audit delay. There are some justifications why company size could be negatively related to the extent of audit delay. Larger companies may be hypothesized to complete the audit of their accounts earlier than smaller companies for a variety of reasons. Firstly, it has been argued that the “larger companies may have stronger internal controls, which in turn should reduced the propensity for financial statements errors to occur and enable auditor(s) to rely on controls more extensively and to perform more interim work (Carslaw and Kaplan, 1991, p. 23). Secondly, larger companies have the resources to pay relatively higher audit fees to perform soon after the year end of the financial year and vice versa. Hence it is likely that the audits of accounts of larger companies are likely to be finished earlier as compared to those of smaller companies. Thirdly, the larger the firm, the more the audience who are interested in its affairs (Abdulla, 1996). Dyer and McHugh (1975) argued that management of larger companies may have incentives to reduce both audit delay and reported delay since larger companies may
be monitored more closely by investors, trade unions and regulatory agencies, and thus face greater external pressure to report earlier. Therefore, researchers like Davies and Whittred (1980), Ashton et al (1989), Carslaw and Kaplan (1991) and Abdulla (1996) argued that to reduce uncertainty about performance that might reduce share price, larger firms tend to complete their audit work as soon as possible in order to release their annual reports. Finally, larger companies may be able to exert greater pressures on the auditors to start and complete the audit in time (Carslaw and Kaplan, 1991). In this study, lag of total assets has been used as the measures of company size.

b) Debt-equity Ratio

It has been argued that increase in the amount of debt a firm uses, will put pressure on the firm to provide its creditors with audited financial reports more quickly (Abdulla, 1996). The debt-equity ratio has been studied empirically by some researchers like Carslaw and Kaplan (1991) and Abdulla (1996) found no significant association between the debt-equity ratio and audit delay. The nature of the audit lag and debt-equity is ambiguous. Companies having more debt in their financial structure can be argued to start and complete the audit quicker than those firm’s with less or no debt. Relatively highly geared companies have an incentive to complete audit work in order to have the auditor’s report for facilitating both monitoring by the creditors of the company’s operations and financial position and any implementation of corrective measures (Abdulla, 1996). In addition, such companies may release their audited reports more quickly to reassure equity holders who may reduce risk premiums in required rates return on equity. However, the quick release of the audited financial statements is not possible unless the audit work is accomplished.

On the other hand, there is a possibility that the companies with higher debt-equity ratios may want to disguise the level of risk and may delay to publish their corporate annual reports and may have an incentive to defer audit work as long as possible. Several measures of leverage have been used in previous studies, including debt to total assets, total debt, debt proportion (Carslaw and Kaplan, 1991) as well as the debt-equity ratio. The debt-equity ratio has been used as a measure of leverage in this study.
c) **Profitability**

Profit has been used by some researchers as an explanatory variable for audit delay (e.g. Dyer and McHugh, 1975), Carslaw and Kaplan, 1991 and Custis, 1976). Among these researchers, Courtis (1976) and Dyer and McHugh (1975) found a positive association between profitability and audit delay whereas Carslaw and Kaplan (1991) found a negative association between profitability and audit delay. There are arguments in favour of the profitability being negatively associated audit delay. First; profitability can be considered one indication of whether good news or bad news resulted from the year’s activity (Ashton, Willingham and Elliott, 1987). If the company experiences losses, management may wish to delay in releasing the corporate annual report in order to avoid the discomfort of communicating it as it as it “bad news”. It has been argued that ‘a company with a loss may request the auditor, to schedule the start of the audit later than usual’ (Carslaw and Kaplan, 1991: p. 24). On the other hand, companies having higher profitability may wish to complete audit of their accounts as early as possible in order to quickly release their audited corporate annual reports to convey the “good news”. So, it is likely that if the profitability of a company is high, management is likely to hurry to publish the corporate annual report in order to experience the comfort of communicating it, as it is ‘good news’. For profitable companies if the net profit margin or the rate of return on investment is more than the industry average, the management of a company has an incentive to communicate ‘good news’ and is likely to hurry to release their corporate annual reports as early as possible. In addition, there is an argument that “an auditor may proceed more cautiously during the audit process in response to a company loss if the auditor believes the company’s loss increases the likelihood of financial failure or management fraud. (Carslaw and Kaplan, 1991; p. 24).

d) **Subsidiaries of Multinational Companies**

The subsidiaries in developing countries of parent multinational companies from developed countries are likely to start and complete the audit of their accounts more quickly than their local counterparts. Several justifications may be offered for the inclusion of these subsidiaries of multinational companies’ variable. The subsidiaries of multinational companies have to prepare their accounts very soon after the year
and of the accounting period for consolidation purpose. So, it is very important for these subsidiaries of multinational to prepare and complete the audit of their accounts as early as possible.

Apart from the aforementioned reason, the shares of the subsidiary companies are called “blue chips”. The subsidiaries of multinational companies are motivated to communicate information more quickly to the capital market than their domestic counterparts. Also, it has been found that the audit of multinational companies are performed by international auditing firms or more likely the ‘Big Five’ who are very quick and efficient in finishing their audit work. This variable is the first in the studies relating to the audit delay which seek to establish association between subsidiaries of multinational companies and the audit delay.

There are studies which have examined empirically the relationship between the characteristics of the audit firm (size of the audit firm or international link of the auditing firm) and audit delay (Carslaw and Kaplan 1991 and Gilling, 1977). Whereas Gilling (1997) found a significant positive relationship between the audit delay and the size of the auditing firms. Garsombke (1981), Carslaw and Kaplan (1991) and Davis and Whittred (1980) found no significant association between the audit firm size and audit delay.

It is more likely that the larger audit firms (hence, international audit firms) have a stronger incentive to finish their audit work more quickly in order to maintain their reputation. Otherwise, they might lose the re-appointment as the auditor of their client companies in the subsequent year(s). As the larger and well known audit firms have more human resources than smaller firms and it has been argued that these audit firms may be able to perform their audit work more quickly than smaller audit firms. It has been argued by Gilling (1977) that audit delay for companies with international firm is expected to be less than for audits from. Other audit firms, because they are larger firms, might be able to audit more efficiently, and have greater flexibility in scheduling to complete audit in time. (Carslaw and Kaplan, 1991).
e) **Audit Fees:**
There are no studies which have found that there is a significant association between the size of the audit fees of a reporting company and its audit delay in both developed and developing countries. There are several reasons why audit fee size could be negatively related to the extent of audit delay. The audit fees for the large manufacturing corporations are higher as compared to smaller corporations. The audit work for the large manufacturing corporations takes usually longer time because of the absolute amount of inventory and receivables, and the proportion of asset in inventory and receivables and number of subsidiaries within and outside the country.

f) **Industry Type:**
Some earlier researchers have used industry type as an explanatory variable for audit delay. One industry may have complex manufacturing process while others may not. The adoption of different industry related accounting measurement, valuation and disclosure techniques and policies may cause delay in preparing accounts and audit of complex industries. Therefore, the time to perform the audit work may be longer for the companies having complex manufacturing process than other companies. For example, audit delay is expected to be shorter for the trading companies or companies with simple manufacturing process such companies typically have little or no inventory. Inventories are difficult to audit and represent an area where material errors frequently occur (Carslaw and Kaplan, 1991, p. 24).

### 2.7 Best Practice of Financial Management And Reporting

According to Accounting Principles and standard handbook (2011); state the

a) **Fairness of Presentation:** All financial reports must identify their purpose and present logical data consistent with that purpose. If the report classifications do not provide the means of disclosing significant factors affecting the financial data, proper footnotes and references shall be appended to the report. Reports shall be prepared on a consistent basis from period-to-period. Where significant changes are made in accounting classifications or other concepts underlying a financial report, which
significantly impairs comparability, the effect of the change shall be disclosed until a proper transition to the new concept(s) can be made.

Financial and operational reports, compiled on a monthly basis, shall include both current and cumulative transactions recorded on a timely basis. The integrity of financial reports should not be compromised by the inclusion of prior-period adjustments. Adjustments and corrections shall be set forth separately in the statements in such a manner that their financial significance can be readily determined.

b) Accuracy
Financial reports to central agencies shall be prepared directly from general ledger accounts, or from records under general ledger control and reconciliation. System design and procedures shall ensure that all financial transactions pertaining to an accounting period have been accounted for, either by direct processing into the accounting system, or by identification and provision of a reasonable estimate if the transaction cannot be received in time for direct processing. To ensure accuracy and completeness of reports, closeout procedures shall provide a review of accounts before final closing of the books for the accounting period. Procedures will provide for all accounting work to be supervised by a professional accountant. Such procedures may provide for day-to-day processing controls, proof of batch listings, and journals of original entry. Closeout procedures, journal vouchers, general ledger reconciliation and corrections, and formal statements shall be the assigned responsibility of professional accountants.

One of the most important functions of a finance office is to ensure the accuracy of the financial data. Steps that need to be taken to increase the likelihood of accurate numbers on financial statements include:

1. Ensure that the financial data is drawn from the information contained in the system;
2. Require that adequate work papers and documentation exists to support the flow of numbers from the system to the financial statements;
3. Document all adjustments to amounts derived from the accounting system;
4. Reconcile internal records timely with data from outside sources, such as reports from the Department of the Treasury;
5. Review the numbers for reasonableness, including a comparison against prior-year amounts and an explanation of unusual variances; and
6. Disclose any uncertainty regarding the reliability of the numbers and the reasons thereof in the notes to the financial statements.

c) Timeliness
Special provisions may be made for reporting accounting transactions relating to operations overseas or at remote locations, providing that reasonable estimates of obligations, costs, and expenditures are included in each regular report, and that procedures are established for adjusting such estimates to actual at the earliest practicable date. Such operations shall be identified in the accounts as separate cost centers.

Timely financial accounting information is especially critical to the successful preparation of the reporting entity’s annual financial statements. A major factor in obtaining an unqualified audit opinion on the Department’s financial statements is ensuring that bureau audits stay on time. Any bureau audits which fall behind risk the possibility of a scope limitation, and subsequent disclaimer of an opinion by the auditors. Since the preparation of the Department-wide consolidated financial statement and subsequent audit opinion relies on the cumulative results of the individual bureau audits, any one bureau that falls behind will hold up the whole Department and may adversely affect the Department’s audit opinion.

d) Use of Estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and
liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management’s estimates.

**e) Fair Values of Financial Instruments:**
Investments are reported at fair value or estimated fair value. For fair value disclosure purposes, debt is valued at rates currently available to the Organization for issuances with similar terms and remaining maturities. Interest rate swap agreements on debt are valued at the net present value of future cash flows attributable to the difference between the contractual variable and fixed rates in those agreements adjusted for nonperformance risk of both the counterparty and the Organization. The carrying value of all other financial instruments approximates fair value.

**e) Inventories:**
Inventories of supplies purchased for use in program and supporting services are valued using the average cost method. Whole blood and its components are valued at the lower of average cost or market.

**f) Long-Lived Assets:**
Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

**2.8 Limitations of Financial Statements**
Financial statements are based on historical costs and as such the impact of price level changes is completely ignored. They are interim reports. The basic nature of financial statements is historic. These statements are neither complete nor exact.
They reflect only monetary transactions of a business. The following limitations may be noted:

a) The financial position of a business concern is affected by several factors-economic, social and financial, but financial factors are being recorded in these financial statements. Economic and social factors are left out. Thus the financial position disclosed by these statements is not correct and accurate.

b) The profit revealed by the Profit and Loss Account and the financial position disclosed by the Balance Sheet cannot be exact. They are essentially interim reports.

c) Facts which have not been recorded in the financial books are not depicted in the financial statement. Only quantitative factors are taken into account. But qualitative factors such as reputation and prestige of the business with the public, the efficiency and loyalty of its employees, integrity of management etc. do not appear in the financial statement.

d) The existing historical accounting is based on the assumption that the value of monetary unit, say TShs, remains constant and accordingly assets are recorded by the business at the price at which they are required and the liabilities are recorded at the amounts at which they are contracted for. But monetary unit is never stable under inflationary condition. This instability has resulted in a number of distortions in the financial statements and is the most serious limitation of historical accounting.

e) Many items are left to the personal judgment of the accountant. For example; provision of depreciation, stock valuation, bad debts provision etc. depend on the personal judgment of accountant.

f) On account of convention of conservation the income statement may not disclose true income of the business since probable losses are considered while probable incomes are ignored.

g) The fixed assets are shown at cost less depreciation on the basis of "going concern concept" (one of the accounting concept). But the value placed on the fixed assets may not be the same which may be realized on their sale.

h) The data contained in the financial statements are dumb; they do not speak themselves. The human judgment is always involved in the interpretation of
statement. It is the analyst or user who provides tongue to those data and makes them to speak.

2.9 Empirical Studies Relating To The Timeliness Of Financial Reporting

Several prior studies have been conducted to consider the relation of various possibly causal factors to audit delay which affects the timeliness of financial statements. Factors that have been investigated include: presence of accounting or disclosure issues such as extraordinary items, loss contingencies, uncertainty audit qualifications and accounting changes (Davies and Whittred, 1980; Whittred, 1980; Ashton et al., 1987; Newton and Ashton, 1989; Ashton et al., 1989), sign of earnings (Ashton et al., 1987), nature, size and complexity of client operations and controls and proportion of audit work after year end (Ashton et al., 1987) and whether the audit firm tends to follow a structured audit approach (Newton and Ashton, 1989; Williams and Dirsmith, 1988).

It has been suggested that management has incentives to exercise discretion over the timeliness of reporting Givoly and Palmon (1982), Pastena and Ronen (1979), Patell and Wolfson (1982), Penman (1984), Pastena and Ronen (1977) and Verrecchia (1983). In particular, it has been hypothesized that bad news is released later than good news and empirical research strongly supports this contention Chambers and Penman (1984), Courtis and Abacus (1976), Dodd et al. (1984), Elliott (1982), Givoly and Palmon (1982), Kross and Schroeder (1984), Lawrence (1983), Brown and Niederhoffer (1968), Pastena and Ronen (1979), Patell and Wolfson (1982), Whittred (1980) and Whittred and Zimmer (1984).

Givoly and Palmon (1982) suggested that variability in the length of the annual external audit is a factor that explains variability in reporting delay. Ashton et al. (1987) also examined the relation between audit delay and a set of explanatory variables. They examined 14 variables from 488 U.S. clients of Peat, Marwick, Mitchell & Co. in 1981-82 and their sample included both public and nonpublic clients from six industries. The variables were total revenues, four measures of firm complexity, industry classification, public/non-public status, month of fiscal year-
end, quality of internal control, the relative mix of audit work performed at interim and final dates, the length of time the company had been a client of the auditor, two measures of profitability and the type of audit opinion issued.

Regression results indicated that five variables were significantly associated with the natural logarithm of audit delay-total revenues, one of the complexity measures, internal control quality, the mix of interim and final work and whether or not the company was publicly traded. The R2 was 0.265 for the overall sample, but was higher for financial and public subsamples (0.310 and 0.388, respectively). Feltham (1972) shows that timeliness affects a decision maker's expected payoff. Empirical research has also shown that timeliness affects security prices (Chambers and Penman, 1984; Givoly and Palmon, 1982; Kross and Schroeder, 1984). More comprehensive investigations of the determinants of audit delay have been performed in the US by Ashton et al. (1987) and in Canada by Ashton et al. (1989). In the earlier study, the authors examine a sample of 488 Peat Marwick Mitchell & Co. US clients for 1981. Multivariate analysis was used to evaluate the effects of fourteen independent variables, including several variables not publicly available. Because the distribution of audit delay was positively skewed the authors used the log of audit delay as the dependent variable. The adjusted R2 was approximately 26%, with five variables significantly associated with the dependent variable. These five variables were: log of revenue, quality of internal controls, operational complexity, relative mix of interim and final work and whether company ownership was public or private.

The Ashton et al. (1987) analysis of company ownership found that audit delay was significantly shorter for public companies. That is, after controlling for other factors, public companies were audited faster than private companies. The study also separately analyzed public and private companies to explore whether the explanatory variables were differentially related to the two subsamples. The results from the two subsamples were not similar. For example, whereas company size significantly affected audit delay for private companies it was not associated with audit delay for public companies. Further, the adjusted R2 was much larger for public than private
companies. These findings suggest that company ownership may directly influence audit delay and that the relationship of other explanatory variables may be contingent upon the type of company ownership. Whittred (1980) finds that first time audit report modifications for uncertainty and for accounting defects for Australian firms from the mid-1960s to the mid-1970s were associated with significant increases in audit delay.

Another study was conducted by Schadewitz and Blevins (1998); they researched the disclosure level of interim reports of the Helsinki Stock Exchange (HSE) companies in Finland during the period 1985 to 1993 and concluded if disclosure is related to company specific characteristics. The studies have demonstrated that the interim disclosure is directly relevant to capital structure, size of a company, business risk, and market maturity. Kenley and Staibus (1972) even professed that ‘there is a negative relation between the value of a financial statement and the preparation time of them’. More particularly it was often claimed that companies with bad news have delay in disclosures of their reports in contrast with companies which have good news (Beaver, 1968; and Bates, 1968). Nevertheless, empirical researchers provided some favorable results. Givoly and Palmon (1982) deduce that ‘the phenomenon of delayed bad news is significant but obviously not overwhelming’. Chambers and Penman (1984) concluded that companies with good news show a tendency to publish their reports earlier than expected, while firms with bad news incline toward to be late. Kross and Schroeder (1984) claimed that earlier disclosure of quarterly financial reports is distinguished by higher unexpected.

In this study, the three main factors are considered that may have effect on timeliness of disclosure of interim financial reporting. The factors are company’s attributes, company’s management, and company’s performance. This study considers transparency as company’s attribute, and capital structure and agency problem as symptoms of company’s management. Finally, growth, net gain, and profitability in that quarter are assumed as company’s performance. The first factor which is company’s attribute will be represented by transparency. This paper predicts that larger companies release their interim financial reports earlier than smaller
companies. This assumption has two reasons, more public eyes are following larger firms, and they have more accurate and up to date financial and accounting systems which can help them to prepare their reports. Size of a company has been measured by numerous methods and one of them is measuring by total assets which we used in this research.

Meanwhile, for the second factor, company’s management, it will be represented by capital structure and agency problem as its symptoms. It is assumed that in cases which the liquidity risk of the company increases, the management is reluctant to announce it. In this study, the capital structure is measured by total liabilities divided by total assets. In this study, accruals of the company are regarded as the symptom of the company’s agency problem. Therefore, the delay in release of their interim financial reports is higher in the firms with higher accruals. In this research, agency problem is defined as total accrual.

Next, the forth factor, which is company’s performance, includes growth, net gain, and profitability in that quarter. There is an inverse relationship between growth and timeliness of the interim financial reports. In this study, it is hypothesized that companies are eager to announce their surprising growth earlier than their disappointing growth. This study measures the growth of companies by the percent increase in their revenue within the quarter. Finally, it is hypothesis that there is a tendency in companies with higher profitability to publish their reports earlier than expected, while firms with lower profitability incline toward to be late. In this study, the profitability is measured by the ratio of net gain to revenue in that quarter.

Several researchers have examined the determinants of audit delays. Courtis (1976), Gilling (1977), Davies and Whittred (1980), and Garsombke (1981) find that audit delays are inversely related to total assets; Courtis (1976) also reports that financial firms have less delays than other firms. Davies and Whittred (1980) and Garsombke (1981) find longer delays for companies with fiscal year-ends during the busy season. Givoly and Palmon (1982) look at relationship between audit delays and firm size, operational complexity, and quality of internal controls. Ashton et al. (1987)
examine 14 determinants of audit delays. In the multivariate analyses, five of these are significant. They find that audit delay is positively associated with natural logarithm of total revenue and operational complexity; and negatively associated with publicly traded companies, quality of internal controls, and relative mix of audit work performed at interim and final dates.

Newton and Ashton (1989) examine audit delays among Canadian Big-Eight firms. Contrary to their expectations, they find that structured audit approaches lead to more audit delays than firms using unstructured audit technology. Ashton et al. (1989) find that for a sample of Canadian firms, client size, auditor size, fiscal year ending in busy season, industry classification, existence of extraordinary items, and sign of net income have significant effect on audit delays. Carslaw and Kaplan (1991), in addition to variables from prior research, add two more variables for a sample of New Zealand firms-company control and debt proportion. Bamber et al. (1993) conclude that audit delays are an increasing function of extent of audit work, decreasing function of incentives to provide a timely report, and increasing function of the extent to which an auditor employs a structured audit approach. Kinney and McDaniel (1993) extend prior research by relating audit delays to correction of previous interim earnings. They show that audit delay is positive for firms with interim overstatements and declining earnings, and that the audit delay increases with the size of the overstatement of interim earnings. Ng and Tai (1994) extend prior findings on audit delays to Hong Kong firms. Lawrence and Glover (1998) report that, contrary to expectations, mergers of audit firms did not lead to the expected improvements in operational efficiency due to synergy. Knechel and Payne (2001) use proprietary data to examine the effect of incremental audit effort, resource allocation of audit team effort, and the provision of non-audit services on audit delays. Payne and Jensen (2002) and Johnson et al. (2002) examine audit delays in specific settings, such as municipal corporations and local governments. More recently, Ettredge et al. (2006) examine the impact of section 404 of Sarbanes-Oxley Act requirements on audit delays and Tamara et al. (2007) examine the consequences of accelerated filings required by SEC rule 33-8644. The latter find reductions (increases) in audit delay are associated with lower (higher) earnings quality.
Prior research cited above has primarily focused on the factors that impact audit delays. Another stream of research has examined the effect of delay in disclosing accounting information on the information content of the accounting disclosure. Chambers and Penman (1984), Givoly and Palmon (1982), Kross (1982), and Kross and Schroeder (1984) find that late earnings announcements are associated with lower (even negative) abnormal returns than early announcements. There is also evidence that management may intentionally delay (speed up) the announcement of bad (good) news (Givoly and Palmon 1982; Pastena and Ronen 1979; Patell and Wolfson 1982; Penman 1984; Ronen 1977; Verrechia 1983, etc.). Givoly and Palmon (1982) and Chambers and Penman (1984) argue that the information content of annual reports would deteriorate with reporting delay as investors gain information from alternative sources of information, prevalence of leaks, exploitation of inside information, voluntary disclosures by firms, or through information transfers from earnings reports released by other firms (Foster 1981). This stream of literature deals with intentional delay of bad news by managers or diminished informativeness due to lack of timeliness of earnings disclosure. Therefore; the extent that “abnormal” audit delays may be caused by disagreements between auditor and client on issues of accounting practices, methodology of computation, and accuracy of reported accounting numbers, such delays could reflect adversely on earnings quality.

Therefore; there various researchers have shown a clear picture on the factors used to determine the delay of financial statement which then affects the entire timeliness of the financial reporting to required authorities.

2.10 Conceptual Framework On Timeliness Of Financial Reports

The conceptual framework is the narrative outline presentation of variables that have to be studied to determine their relationships between and among the variables. It details the variables that have to be examined and their expected relationship. The delaying of financial report will be influenced by the independent variables (length of audit, company features, size of the company, complexity of activities and internal control). The conceptual framework groups them into two major parts, independent
and dependent variables. In the conceptual framework the dependent variable is *delaying of financial report*. The *background variables* (Audit Process, audit duration, financial difficulties, company type, qualified accountants, competence, ICT tools, adherence of financial principles, training, preparation of financial accounts and time) will be expected to have little influence on independent variables.

**Figure 1:** Conceptual Framework For The Study On Timeliness of Financial Reporting

Source: Tanzania Prisons Service; 2013

**Key:**
- Relationship for secondary analysis
- Relationship for primary analysis
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter explains how the research have been done and great emphasis is directed into research strategy that has been used, research design and approach, population of the study where the findings have been concentrated, sampling technique, sample size, types of data collected and data collection methods, data analysis and measurement of variables.

3.2 Research Design
There are variety of research design depending on the subject matter been studied but focusing on three types of research designs, namely case study design, survey design and experimental design. Robson (2002:178) defined case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence”. In Robson's definition of case study he pointed out as well that the investigation could be performed under multiple sources of evidences meaning that investigation will be a success under the pretext that significant amount of valuable evidence is available.

A researcher adopted a case study design because the approach give more insight on the problem introduced, which means then its results become more openly, its descriptive nature describes the entire field studied and it is comparatively less expensive and data collection is more manageable than in other research designs.

3.3 Population of the Study
Population refers to the group of people in which a sample is taken (Orodho and Kombo; 2006). The study has been conducted at Tanzania Prisons Service-Headquarter and its sub-stations areas in Dar es Salaam region whereby all the accountants and auditors have been involved in the study. The case study was chosen due to the fact that the final accounts and other books of accounts are finalized at TPS-HQ
3.4 Sampling Technique

According to Bannier and Weibark (1996), it is unfeasible or unnecessary to study the entire population; there is a need to select a small sample within a defined population to represent the large group in order to minimize time, and other resources. Therefore, the study based in *simple random technique* which falls under *probability sampling*; each accountants/auditors have got an equal and independent chance to be selected in the study. Through this, a researcher had a chance to choose only few interested representatives who are potential for the study to provide a reliable and usefully data & information. Basing on the Table no.1; TPS Chief Accountant and Financial Controller have been chosen deliberately since TPS has got only one Chief Accountant and Financial Controller but the rest of them were selected from their group in the fashion of a lottery method in which individual name has been written in the small piece of paper and being folded in which it was picked from the whole group not deliberately by some mechanical process.

3.5 Sample Size

The sample comprised of chief accountant, financial controller, external and internal auditors, and general accountants to make a sample size of 60 respondents. The table no.1 shows the categories of the respondents with their corresponding participating number in the study to make a total number of 60 respondents required to be participating in the study. They are all being selected from Accounting and Finance Department.

<table>
<thead>
<tr>
<th>S/No</th>
<th>Category of Respondent</th>
<th>Department</th>
<th>Sample</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TPS Chief Accountant</td>
<td>Accounting &amp; Finance</td>
<td>1</td>
<td>1.67%</td>
</tr>
<tr>
<td>2</td>
<td>TPS Financial Controller</td>
<td>Accounting &amp; Finance</td>
<td>1</td>
<td>1.67%</td>
</tr>
<tr>
<td>3</td>
<td>TPS External &amp; Internal Auditors</td>
<td>Accounting &amp; Finance</td>
<td>10</td>
<td>16.67%</td>
</tr>
<tr>
<td>4</td>
<td>TPS General Accountants</td>
<td>Accounting &amp; Finance</td>
<td>48</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Total Respondents</td>
<td></td>
<td>60</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.6 Types of Data Collected
According to Saunders et al (2003:188) there are two classifications of data which are primary and secondary data.

3.6.1 Primary Data
These are data in which the researcher himself or herself will collect for the first time through observation, survey or by any agent known to researcher by using data collection methods such as interviews and questionnaires. These primary data were taken from prisons officers’ responses at all levels in prisons management. This has ensured the validity of the information that were obtained for analysis and interpretation.

3.6.2 Secondary Data
Secondary data is data that has already been collected by someone else for a different purpose to yours i.e. they have undergone statistical influences. For example, this could mean using: financial and accounting books, financial and accounting manuals, magazines, journals, presentations & findings; researches, and statistical documents. In this study both primary and secondary data were used in gathering information for the analysis and making appropriate suggestions and conclusion.

3.7 Data Collection Methods
Data collection methods employed for the purpose of this research involved questionnaires and documentary review. Questionnaires were personally administered to the targeted respondents.

3.7.1 Questionnaire
De Vaus (2002:110) defined questionnaires as techniques of data collection in which one person is asked to respond the same set of questions in a predetermined order. Structured-closed ended questionnaires were formulated and distributed to 60 targeted respondents. Both accountants and auditors filled the questionnaires submitted to them to elucidate the required information. Clear and concise information regarding to the causes of delaying of financial reports to CAG are the
vital information for this study since it affect the timeliness of financial reporting.

3.7.2 Interview
According to Yeschke (2003); interviewing is the primary method of collecting testimonial evidence. The researcher personally conducted interviews with senior accountants (Chief Accountant and Financial Controller) and Senior Auditors using an interview guide. This approach is preferred because it is the best way of gathering tacit knowledge from relevant experts. The researcher sated appointments within reasonable time as planned in advance to accommodate flexibility. The main focus is to get hidden information relating to subject matter.

3.8 Data Analysis
The data and information collected from this study was systematically analysed to generate answers for research questions and facilitate the attainment of the set objectives. Statistical Package called SPSS (Statistical Package for Social Science) was deployed to analyse and interpret data for presentation.

3.9 Research Approaches
According to Klein and Richey (2007) there exist two choices of research approach and these are qualitative and quantitative ones. Qualitative approach tends to be associated with words or images as the unit of analysis and it was argued that qualitative approach usually relies on transforming information from observations, reports and recordings into data in the form of written words and not numbers. Quantitative approach tends to be associated with numbers as a unit of analysis. As Denscombe (2007) argued this type of approach differ with qualitative in the sense that qualitative approach deals with words and its aim was to measure phenomena so that they could be transformed into numbers from which some analysis through statistical procedures would be implemented. Both Qualitative and Quantitative approaches were applied in processing of the collected data and information. Qualitative research technique was applied in collecting and analyzing non-numerical data. For quantitative (that is numerical) data statistical package - SSPS used for data analysis and presentation.
3.10 Measurement of variables

The dependent and independent variables in this study were measured as shown below.

3.10.1 Dependent Variables

3.10.1.1 The delaying of Financial Report Submission.

The study measured factors which influence the delaying of financial report submission to CAG in terms of percentages. Respondents were asked whether among the list of factors influence the delaying and they are required to indicate a degree of agreement or disagreement using the following options: strongly agreed, agreed, neutral, disagreed, or strongly disagreed; or responding to “Yes” or “No” depending to the question. Basing on the frequencies of the responses, percentages were calculated.

3.10.2 Independent Variables

3.10.2.1 Length of Audit

The length of the audit was measured by two items: the time of final accounts start being prepared and submission period. The respondents were be asked the factors associated with length of audit that explains variability in reporting delay in the form of a degree of agreement or disagreement using the following options: strongly agreed, agreed, neutral, disagreed, or strongly disagreed; or responding to “Yes” or “No” depending to the question. Basing on the frequencies of the responses, percentages were calculated.

3.10.2.2 Company Features

Company features were measured by the following items: - Company attribute (transparency), and company management which have direct effect on accruals of the company. The respondents were asked in the form of a degree of agreement or disagreement using the following options: strongly agreed, agreed, neutral, disagreed, or strongly disagreed; or responding to “Yes” or “No” depending to the question to provide their opinions in the delay in release of interim financial reports.
with the firms with accruals. Basing on the frequencies of the responses, percentages were calculated.

### 3.10.2.3 Size of the Company

The size of the company was measured by total assets of the company, possession of more sources in finalizing the reports, and good accounting information systems. Respondents were asked in degree of agreement or disagreement toward the size of the company in processing the books of accounts with respect to audit delay.

### 3.10.2.4 Complexity of activities

Complexity of company activities were measured by the company age, number of shareholders, features of sector, region of operational, field of the company, diversification of product and market lines. Respondents were be asked to responds according to the dimensions and the frequencies and the percentages were calculated.

### 3.10.2.5 Internal Control

Internal control was measure by two dimensions:- bad internal control system and good internal control system as important factor in report submission. Respondents were asked to provide their suggestions toward the control system as an important factor in reducing the time spent by auditors and accountants. The respondents were asked in the form of a degree of agreement or disagreement using the following options: strongly agreed, agreed, neutral, disagreed, or strongly disagreed; or responding to “Yes” or “No” depending to the question to provide their opinions in the delay in release of interim financial reports with the firms with accruals. Basing on the frequencies of the responses, percentages were calculated.

### 3.10.3 Background Variables

These variables expected to have little influence on independent variables.

### 3.10.3.1 Audit Process and duration

Audit process and duration were measured by disagreements or agreement between auditor and client on issues of accounting practices, methodology of computation,
and accuracy of reported accounting numbers and size of audit committee. All these have effect on audit submission.

3.10.3.3 Financial difficulties
Financial difficulties are indication of company performance and timing of reporting; whereby it was measured on the basis of financial statements’ submission to find out whether at which financial period the financial reports are submitted on time or not.

3.10.3.4 Company/Industry type
Company/industry type was measured by the following dimensions:- the adoption of different industry related accounting measurement, valuation and disclosure techniques and policies may cause delay in preparing accounts and audit of a company. Respondents were asked regarding to the level of activities that the company is performing.

3.10.3.5 Qualified accountants & competence
Qualified accountants and competence were be measured by the following units:- education level, registered/practitioner accountant, participation in preparing final accounts, awareness in accounting issues and adherence of accounting principles. The respondents were asked in the form of a degree of agreement or disagreement using the following options: strongly agreed, agreed, neutral, disagreed, or strongly disagreed; or responding to “Yes” or “No” depending to the question to provide their opinions in the delay in release of interim financial reports with the firms with accruals. Basing on the frequencies of the responses, percentages were calculated.

3.10.3.6 ICT tools
ICT tools were measured by the following dimensions:- the presence and usability of accounting information package, sufficient number of ICT related tools, awareness in computer usage. These dimensions were be measured to know the applicability in using ICT related tools in preparing final report. Respondents were asked questions relating to these dimensions to provide their opinions.
3.10.3.7 **Adherence of financial principles**
The applicability and interpretation of financial principles were measured to see whether there is adherence of financial principles in preparing the final accounts and auditing. Respondents were asked questions relating to these dimensions to provide their opinions.

3.10.3.8 **Training/Seminars and Workshops**
Training/Seminars and workshops were measured along with availability of training opportunities, number of accountants participated in the training, relevance knowledge acquired, applicability of acquired knowledge in daily activities were measured to see if the training is given and if it is appropriate to them. The respondents were asked to provide their opinions regarding these dimensions and the frequencies & percentages were calculated.

3.10.3.9 **Preparation of financial accounts**
The preparation of financial accounts will be measured by the following dimension:- adherence of accounting principles, time taken to finalize the books of accounts, number of accountants participating in preparation of final accounts, accounting package, supported ICT tools, internal auditing period and management support. Respondents were required to respond according to Likert format. Frequencies and percentages were calculated.
CHAPTER FOUR
DATA ORGANIZATION, DATA ANALYSIS AND PRESENTATION OF
FINDINGS

4.1 Introduction To The Chapter
According to Donald. K. Kombo and Delno. L. A. Tromp (2011); the term “data organization” in research refers to orderliness in research data. This is putting data into some systematic form. This organization includes identifying (and correcting) errors in the data, coding the data, and storing it in appropriate form. On the hand, analysis refers to examining the coded data critically and making inferences. The presentation of data refers to ways of arranging data to make it clearly understood.

4.2 Statistics on the Demographic Variables of Respondents Involved In The Study
Due to the sample size involved in the study to represent the entire population intended to be studied; the sample chosen had variety of professionals ranging from different age group which also consider gender issue (58.3% male and 41.7% female) to equal chance of participating in the study. Bachelors (38.3%) and Postgraduates diploma (25%) categories dominated the study ranging from accountants by 83.3%) to auditors by 16.7% of the entire respondents participated in the study. Among this, participants ranging at the age of 30-40 dominated the study by 44.3% followed by 40% at the age of 40 and above for the entire population. This information tells that the study has valid composition of the respondents ranging from different perspectives within the Tanzania Prisons Service; this ensures a clear insight of the situation prevailing within the organization. These details have been extracted from table no.1 up to table no.5 depicting the real situation from the case study.
Table 2: Showing Respondents' Professional Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant</td>
<td>50</td>
<td>83.3</td>
<td>83.3</td>
<td>83.3</td>
</tr>
<tr>
<td>Auditor</td>
<td>10</td>
<td>16.7</td>
<td>16.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

Table 3: Showing Respondents' Educational Level

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>8</td>
<td>13.3</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>Diploma</td>
<td>9</td>
<td>15.0</td>
<td>15.0</td>
<td>28.3</td>
</tr>
<tr>
<td>BSc</td>
<td>23</td>
<td>38.3</td>
<td>38.3</td>
<td>66.7</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>15</td>
<td>25.0</td>
<td>25.0</td>
<td>91.7</td>
</tr>
<tr>
<td>Masters</td>
<td>4</td>
<td>6.7</td>
<td>6.7</td>
<td>98.3</td>
</tr>
<tr>
<td>CPA Holder</td>
<td>1</td>
<td>1.7</td>
<td>1.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

Table 4: Showing respondents' age group

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>7</td>
<td>11.7</td>
<td>11.7</td>
<td>11.7</td>
</tr>
<tr>
<td>30-40</td>
<td>29</td>
<td>48.3</td>
<td>48.3</td>
<td>60.0</td>
</tr>
<tr>
<td>40-above</td>
<td>24</td>
<td>40.0</td>
<td>40.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
### Table 5: Showing respondents' gender status

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>35</td>
<td>58.3</td>
<td>58.3</td>
<td>58.3</td>
</tr>
<tr>
<td>Female</td>
<td>25</td>
<td>41.7</td>
<td>41.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Tanzania Prisons Service, 2013

### 4.2 Factors Affecting Preparation Of Financial Reports

#### 4.2.1 Insufficient Number of ICT Tools

Insufficient number of ICT related tools affect the preparation of final accounts and reports which they could streamline the entire preparation of financial reports. 73.3% of all respondents argued that insufficient number of ICT related tools affect the entire preparation of financial statement which then affects the timeliness of financial statement to CAG. Table number 6 and figure number 2 show the entire scenario for the study.

### Table 6: Showing respondents' views on insufficient number of ICT tools.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong agreed</td>
<td>6</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Agreed</td>
<td>38</td>
<td>63.3</td>
<td>63.3</td>
<td>73.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>3.3</td>
<td>3.3</td>
<td>76.7</td>
</tr>
<tr>
<td>Disagreed</td>
<td>14</td>
<td>23.3</td>
<td>23.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Tanzania Prisons Service, 2013
4.2.2 Insufficient Number Of Qualified Account And Supply/Procurement Officers

Insufficient number of qualified accountants and suppliers/procurement officers may prolong the preparation of final accounts.

Table 7: Respondents’ view on insufficient number of qualified account and supply/procurement officers

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong agreed</td>
<td>12</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Agreed</td>
<td>36</td>
<td>60.0</td>
<td>60.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>6.7</td>
<td>6.7</td>
<td>86.7</td>
</tr>
<tr>
<td>Disagreed</td>
<td>8</td>
<td>13.3</td>
<td>13.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

The study has shown that insufficient number of accountants and procurement officers has negative impact and may prolong the preparation of final account; 80% of respondents argued on the scenario. This means TPS should emphasize its worker
to be competent in their area of specialization and must select competent staffs to monitor and preparing the entire firm in financial management. Table number 7 and figure number 3 have shown a clear trend on this.

**Figure 3:** Showing respondents' views on insufficient number of qualified accountant/procurement officers

Source: Tanzania Prisons Service, 2013

4.2.3 Competence of Financial Personnel

Competence of financial personnel in preparing and interpreting various financial reports has being a major issue as per study. 80% of all respondents argued that competence is highly needed for the financial personnel to enable them to do their work very efficiently and in accordance with financial regulation, acts and laws. Table number 8 and figure no.4 have depict the situation collectively.
Table 8: Showing respondents' views toward competence of financial personnel

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong agreed</td>
<td>6</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Agreed</td>
<td>42</td>
<td>70.0</td>
<td>70.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>6</td>
<td>10.0</td>
<td>10.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Disagreed</td>
<td>6</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

Figure 4: Showing respondents' views toward competence of financial personnel

Source: Tanzania Prisons Service, 2013

4.2.4 Different Formats In Financial Report Preparation

Different formats in financial report preparations such as inventories affect the submission of final accounts from different sources. 68% of all respondents argued positively on the effect that always happen when failing in choosing a proper means
of recording the financial statements. Table number 9 and figure number 5 are responsible for verification.

Table 9: Showing respondents' views toward different formats in preparing final report

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>31</td>
<td>51.7</td>
<td>51.7</td>
<td>51.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>10</td>
<td>16.7</td>
<td>16.7</td>
<td>68.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>19</td>
<td>31.7</td>
<td>31.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

Figure 5: Showing respondents' views on different format

Source: Tanzania Prisons Service, 2013

4.2.5 Financial Personnel

Some of financial personnel do not know what to be reported in quarterly basis. The study has pin pointed out that it is not true that financial personnel do not know what to be reported in quarterly because 56.7% refused the statement. Due to this, all financial personnel knows exactly what they are doing to make financial statement be book, having in hand the value and wealthy of the organization.
### Table 10: Showing respondents' views on financial personnel

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>22</td>
<td>36.7</td>
<td>36.7</td>
<td>36.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>6.7</td>
<td>6.7</td>
<td>43.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>34</td>
<td>56.7</td>
<td>56.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Tanzania Prisons Service, 2013

#### Figure 6: Showing respondents' views on financial personnel

**Source:** Tanzania Prisons Service, 2013

#### 4.2.6 Schedule Preparation Of Financial Report

Schedule preparation of financial reports affects the entire preparation of the final statement from the beginning to the end. TPS has specific period whereby final accounts prepare her books of accounts for the final reports. This helps in arranging all the necessary financial documents for the final preparation therefore 83% of all respondents agreed on the schedule preparation of financial report as one of the factors which streamlining the timeliness of financial statement to CAG. Table no.11 and figure no.7 show the reality.
Table 11: Schedule preparation of financial reports

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong agreed</td>
<td>8</td>
<td>13.3</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>Agreed</td>
<td>42</td>
<td>70.0</td>
<td>70.0</td>
<td>83.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>10</td>
<td>16.7</td>
<td>16.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

Figure 7: Showing respondents' views toward schedule preparation of financial reports

Source: Tanzania Prisons Service, 2013

4.2.7 Compliance with Principals, Regulations and Acts of Financial Management

Some of accountants/procurement officers do not comply with principles, regulations and acts of financial management in preparing the financial reports which may affect the timeliness of the financial report. The study found that 78.3% of all respondents agreed that compliance of financial regulation is not adequately practiced and this is possible contributed by other factors which have been earlier.
Table 12: Respondents' views toward compliance with financial management principles, regulation and acts

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>47</td>
<td>78.3</td>
<td>78.3</td>
<td>78.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>8.3</td>
<td>8.3</td>
<td>86.7</td>
</tr>
<tr>
<td>Disagreed</td>
<td>8</td>
<td>13.3</td>
<td>13.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

Figure 8: Respondents' views toward compliance with financial management principles, regulation and acts.

Source: Tanzania Prisons Service, 2013

4.2.8 Complexity of Company Activities

From the literature review we saw that complexity of company activities in closing time have impact on delaying of financial information but the study has found that in TPS-HQ, the complexity of TPS activities haven’t any influence in closing the financial statement. Every financial records are recorded and treated accordingly in such a way, there is massive job at the end of financial year where financial records are being closed for the coming financial year.
### Table 13: Showing the respondents' view on complexity of company activities.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>10</td>
<td>16.7</td>
<td>16.7</td>
<td>16.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>6.7</td>
<td>6.7</td>
<td>23.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>46</td>
<td>76.7</td>
<td>76.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Tanzania Prisons Service, 2013

### Figure 9: Showing the respondents' view on complexity of company activities.

![Graph showing the respondents' view on complexity of company activities.](image)

**Source:** Tanzania Prisons Service, 2013

### 4.2.9 Size, Nature and Behaviour of the Organization

Size, nature and behaviour of the organization may have effect on auditing processes which definitely affect the disclosure timing of financial reports. 81.7% from the study have agreed that size; nature and behaviour of the organization affect the auditing process which then affects the timeliness of financial report. Table no.14 and figure no.10 have shown the situation.
Table 14: Showing response toward size, nature and behaviour of the organization.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>49</td>
<td>81.7</td>
<td>81.7</td>
<td>81.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>5.0</td>
<td>5.0</td>
<td>86.7</td>
</tr>
<tr>
<td>Disagreed</td>
<td>8</td>
<td>13.3</td>
<td>13.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

Figure 10: Showing response toward size, nature and behaviour of the organization.

Source: Tanzania Prisons Service, 2013

4.2.10 Internal Control System

Good internal control system reduces the time spent by auditors and accountants to finalize the financial statements. The study has revealed this by almost 95% of all respondents participated in the study. This comprises the top management, tactical and operational level by abiding with all the financial regulation. Financial transactions are handled and treated well; transparency of financial records is observable. This is definitely streamlining the timeliness of financial records.
4.2.12 Audit Committee

The study has found that active and larger audit committee shortens audit delay hence the timeliness of financial statements to stakeholders. 81% of all respondents have argued on this that the active the audit group, the less the time taken to complete audit functions.
4.2.12 Financial Difficulties

The study has found that during the financial difficulties, many companies issue their financial reports too late. This happens when management try to correct their mistakes or balancing financial transactions that do not corresponding to the reality; for this reason they are becoming later in announcing their financial statement.
Table 17: Respondents’ views on financial difficulties

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
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<td>86.7</td>
<td>86.7</td>
<td>86.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>8.3</td>
<td>8.3</td>
<td>95.0</td>
</tr>
<tr>
<td>Disagreed</td>
<td>3</td>
<td>5.0</td>
<td>5.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

Figure 13: Respondents’ views on financial difficulties.

Source: Tanzania Prisons Service, 2013
4.3 Factors Which Having Influences On Audit Delay

4.3.1 The Most Influential Factors On Audit Delay

Table 18: Respondents' view toward Factors which having influences on audit delay

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negligence</td>
<td>15</td>
<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
</tr>
<tr>
<td>Technology</td>
<td>11</td>
<td>18.3</td>
<td>18.3</td>
<td>43.3</td>
</tr>
<tr>
<td>Company management</td>
<td>8</td>
<td>13.3</td>
<td>13.3</td>
<td>56.7</td>
</tr>
<tr>
<td>Complexity of activities</td>
<td>9</td>
<td>15.0</td>
<td>15.0</td>
<td>71.7</td>
</tr>
<tr>
<td>Good and efficacy of internal control system</td>
<td>17</td>
<td>28.3</td>
<td>28.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

Figure 14: Respondents' view toward Factors which having influences on audit delay

Source: Tanzania Prisons Service, 2013

Having study identified most of the influential factors for audit delay as shown in table no.18 and figure no.14; a most factor which has a positive lead is good and...
efficacy of internal control system. This has positive lead in reducing an audit delay which then sharpens the timeliness of financial report; negligence seemed to have a negative factor in audit delay i.e. increases time of processing the audited financial documents hence its affects the timeliness of financial reports. The third factor which also seemed to have influence on audit delay is technology; with the absence or inadequacy of technology; processing of the document wouldn’t have been with efficiency and productive which then affect the timeliness of financial report to CAG.


4.4.1 The Reporting Lag

The increase in the reporting lag reduces the information content and relevance of the documents. 63.3% of all participants agreed with the statement. Delaying of financial reports reduces financial information contents which then affects the timeliness of financial statement.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>38</td>
<td>63.3</td>
<td>63.3</td>
<td>63.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>8.3</td>
<td>8.3</td>
<td>71.7</td>
</tr>
<tr>
<td>Disagreed</td>
<td>17</td>
<td>28.3</td>
<td>28.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Tanzania Prisons Service, 2013
4.4.2 Timelines of Financial Statements

Timeliness of financial statement has some repercussions on the firm’s value. The value of the firm can also be measured by ways of meeting audit report for the betterment of the stakeholders who are always in highly needing of such report. These audited reports help in variety of ways like investments, project evaluation and other financial needs.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>48</td>
<td>80.0</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>8</td>
<td>13.3</td>
<td>13.3</td>
<td>93.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>4</td>
<td>6.7</td>
<td>6.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Tanzania Prisons Service, 2013*
4.4.3 Tendency of Larger Companies in Release Financial Reports

Larger companies release their interim financial reports earlier than smaller companies. This may be influenced by the application and technological capability they possess rather than small companies.

Table 21: Respondents' view on Tendency of Larger companies in release financial reports

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>48</td>
<td>80.0</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>5.0</td>
<td>5.0</td>
<td>85.0</td>
</tr>
<tr>
<td>Disagreed</td>
<td>9</td>
<td>15.0</td>
<td>15.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
Figure 17: Respondents’ view on Tendency of Larger companies in release financial reports

Source: Tanzania Prisons Service, 2013

4.4.4 Audit Delay
Audit delays may be caused by disagreements between auditor and client on issues of accounting practices, methodology of computation, and accuracy of reported accounting numbers. This may affect the entire auditing work which then affects the timeliness of financial report. The two part should agreed on the method of accounting practice because various account practices produces different values of financial records which they could have adverse effect in the auditing.

Table 22: Respondents’ views on Audit Delay

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>48</td>
<td>80.0</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Disagreed</td>
<td>12</td>
<td>20.0</td>
<td>20.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
4.4.4 Company Experiencing Misfortunes

If the company experiences losses, management may wish to delay in releasing the corporate annual report in order to avoid the discomfort of communicating it as it is “bad news”. The respondents participated from the study have revealed the situation by 63%. No manager wants to be irresponsible; everyone will strive to make this look good. This affects timeliness of financial statement.

Table 23: Respondents’ View on Company Experiencing Misfortunes

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>38</td>
<td>63.3</td>
<td>63.3</td>
<td>63.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>9</td>
<td>15.0</td>
<td>15.0</td>
<td>78.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>13</td>
<td>21.7</td>
<td>21.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
4.4.5 Company Profitability

On the other hand, companies having higher profitability may wish to complete audit of their accounts as early as possible in order to quickly release their audited corporate annual reports to convey the “good news”.

Table 24: Respondents’ View on Company Experiencing Misfortunes

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>38</td>
<td>63.3</td>
<td>63.3</td>
<td>63.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>8</td>
<td>13.3</td>
<td>13.3</td>
<td>76.7</td>
</tr>
<tr>
<td>Disagreed</td>
<td>14</td>
<td>23.3</td>
<td>23.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
4.4.5 The Adoption of Different Accounting Phenomenon

The adoption of different industry related accounting measurement, valuation and disclosure techniques and policies may cause delay in preparing accounts and audit.

Table 25: Respondents’ view on the adoption of different accounting phenomenon

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>23</td>
<td>38.3</td>
<td>38.3</td>
<td>38.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>37</td>
<td>61.7</td>
<td>61.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
Figure 21: Respondents' view on the adoption of different accounting phenomenon

![Bar chart showing respondents' view on adoption of different accounting phenomenon]

Source: Tanzania Prisons Service, 2013

4.5 Recommendations for the Best Practices of Financial Management And Reporting.

4.5.1 Meeting External Reporting Requirements

Meeting external reporting requirements--this requires budget formulation and execution presentation, as well as financial statements describing the financial position, results of operations, cash flows, and reconciliation to budget reports.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>49</td>
<td>81.7</td>
<td>81.7</td>
<td>81.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>6.7</td>
<td>6.7</td>
<td>88.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>7</td>
<td>11.7</td>
<td>11.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
4.5.1 Adherence Of Financial Regulations

Adherence of financial acts, regulations and principles in preparing the financial reports.

Table 27: Respondents' views on Adherence of financial regulations

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>56</td>
<td>93.3</td>
<td>93.3</td>
<td>93.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>3.3</td>
<td>3.3</td>
<td>96.7</td>
</tr>
<tr>
<td>Disagreed</td>
<td>2</td>
<td>3.3</td>
<td>3.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
4.5.1 Training Availability

Training provision to all accountants and procurement officers especially from remote areas.

Table 28: Respondents’ views on Training availability

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>55</td>
<td>91.7</td>
<td>91.7</td>
<td>91.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>3.3</td>
<td>3.3</td>
<td>95.0</td>
</tr>
<tr>
<td>Disagreed</td>
<td>3</td>
<td>5.0</td>
<td>5.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
4.5.1 Use of Estimate

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements.

Table 29: Respondents’ views on Use of Estimate

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>56</td>
<td>93.3</td>
<td>93.3</td>
<td>93.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>3.3</td>
<td>3.3</td>
<td>96.7</td>
</tr>
<tr>
<td>Disagreed</td>
<td>2</td>
<td>3.3</td>
<td>3.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
4.5.1 Compliance with Law, Policy Requirements, Budget and Management Decisions

Compliance with law, policy requirements, and budget and management decisions--this requires the establishment of controls and the tracking of spending against requirements.

Table 30: Respondents' views on Compliance with law, policy requirements, budget and management decisions

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
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<td>Agreed</td>
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<td>90.0</td>
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</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>3.3</td>
<td>3.3</td>
<td>93.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>4</td>
<td>6.7</td>
<td>6.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
Figure 26: Respondents’ views on Compliance with law, policy requirements, budget and management decisions

Source: Tanzania Prisons Service, 2013

4.5.1 Timely Financial Accounting Information
Timely financial accounting information is especially critical to the successful preparation of the reporting entity’s annual financial statements.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>55</td>
<td>91.7</td>
<td>91.7</td>
<td>91.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>8.3</td>
<td>8.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
Figure 27: Respondents’ view on Timely financial accounting information

Source: Tanzania Prisons Service, 2013

4.5.1 Making Use Of Accounting And Auditing Packages

Making use of accounting and auditing packages to simplify work the work and being consistence with the financial records.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
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<td>78.3</td>
<td>78.3</td>
<td>78.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>13</td>
<td>21.7</td>
<td>21.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
4.5.1 Applicability of ICT Tools

Applicability of ICT tools in preparation, presentation and reporting of financial information to the concerned parties.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>50</td>
<td>83.3</td>
<td>83.3</td>
<td>83.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>6</td>
<td>10.0</td>
<td>10.0</td>
<td>93.3</td>
</tr>
<tr>
<td>Disagreed</td>
<td>4</td>
<td>6.7</td>
<td>6.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
Figure 29: Respondents' views on Applicability of ICT tools

Source: Tanzania Prisons Service, 2013

4.5.1 Better Budgeting and Forecasting

Better budgeting and forecasting to make financial report more usefully and interactive (Forward looking orientation).

Table 34: Respondents' views on better budgeting and forecasting

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
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<td>86.7</td>
<td>86.7</td>
</tr>
<tr>
<td>Disagreed</td>
<td>8</td>
<td>13.3</td>
<td>13.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013
4.5.1 Clarity of Financial Reports

Financial report should be comprehensive, consistent and unbiased. Presenting information that is material to users of report.
Table 35: Respondents' views on Clarity of Financial reports

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreed</td>
<td>56</td>
<td>93.3</td>
<td>93.3</td>
<td>93.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>3.3</td>
<td>3.3</td>
<td>96.7</td>
</tr>
<tr>
<td>Disagreed</td>
<td>2</td>
<td>3.3</td>
<td>3.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Tanzania Prisons Service, 2013

Figure 31: Respondents' views on Clarity of Financial reports

Source: Tanzania Prisons Service, 2013
CHAPTER FIVE
SUMMARY OF FINDINGS, RECOMMENDATIONS, CONCLUSION AND FURTHER STUDIES

5.1 Introduction
This chapter summarizes the whole research process. It first provides a brief summary of the whole study with particular reference to the research problem, research methodology, results, the main contributions of the research and recommendations for future work. It provides a summary of the main findings of the study, conclusion and recommendations (Donald. K. Kombo and Delno. L. A. Tromp; 2011)

5.2 Summary of the Findings
Having identified some of the issues in the study taken in finding out what are the challenges facing TPS in timelines of financial reports; the following are the key factors:- insufficient of ICT related tools within TPS-HQ has negative impact in preparation of financial statements, insufficient number of qualified accountants and procurement officers, different formats in preparing financial records have impact in final document, emphasis on schedule preparation of financial statement, non-compliance with financial regulations, acts and principals; size, nature and behaviour of the organization seems to affect the timeliness of financial report, active and large audit committee has influence in reducing the audit delay hence timeliness of financial records, audit delays may be caused by disagreements between auditor and client on issues of accounting practices, methodology of computation, and accuracy of reported accounting numbers.

Sufficient number of ICT related tools has positive impact in the preparation of financial statement because it reduces time taken for a person to deal with manual/paper based work rather than using computer facilities in collecting, analyzing, processing, sorting/arranging, storing and dissemination to the proper channel. This help to streamline the entire operation of the department hence report are given out in time.
Insufficient number of qualified accountants and procurement officers has greater impact in the preparation of final accounts/report. Preparation of financial reports start at glass-roots where all the primitives of financial records are recorded and treated correct from the method of treating financial records, depreciation methods and other financial scenarios. All these have greater impact in the final records and its interpretation in its totality. Therefore; having qualified accounts and procurement officers will be able to be very carefully to treat each financial records accordingly and hence timeliness of financial statement.

Different formats in recording, treating, evaluate, calculating and other financial issues always bring some impaired scenario when combining the final report for the submission; therefore this affect negatively the timeliness of financial statements. Impairment of different financial formats should be treated carefully right from the beginning when primitive financial records are being entered in the various books of accounts. The consistence of format will streamline the timeliness of financial statement.

Timeliness of financial statement at TPS-HQ has been also streamlined with the clear schedule of financial records. This helps the accountants to have a sequence of activities done according to the specified time. This has made the release of financial report to be effectively.

Non-compliance with financial principles, laws and regulations always has negative in streamlining the timeliness of financial reports. Financial management should abide with all the principals governing the entire financial operations from the scratch to have consistence in financial data otherwise it is very difficult to streamline all the financial records to produce a meaning financial output.

Complexity of TPSs’ activities have got no effect in preparation of financial reports; the study found that all financial records are treated according and in scheduled manner in such a way when financial year is ending; all the financial transactions are managed for the closing period.
Size, nature and behaviour of TPS seem to affect the auditing process which then affects the timeliness of financial statement. The bigger the size, the huge the financial transaction hence more time required for auditors to complete their task efficiently and effectively. TPS is military agency which has its own way of doing things in command base line; this may affect the obtaining of financial information which could help in auditing.

Active and larger group of audit committee found to have greater impact in reducing the time taken by the auditors in finalizing their audit works. This increases the timeliness of financial report to CAG for the audit purpose and publishing the report to other stakeholders within and outside the country. Also the studies found that during financial difficult, many of the company issue their financial statement too late which has negative interpretations for the stakeholders and government in its totality.

Auditor and client should agree on the issues of accounting practices, methodology of computation, and accuracy of reported accounting numbers. This would help them to reach at equilibrium where satisfaction is guaranteed by both. This always have adverse effect on the value and worthy of the firm; having values which are valueless which then bring query during audit period.

The study also found that if the company experiences losses, management may wish to delay in releasing the corporate annual report in order to avoid the discomfort of communicating it as it as it “bad news”. This always affects the timeliness of financial report; on the other hand, companies having higher profitability may wish to complete audit of their accounts as early as possible in order to quickly release their audited corporate annual reports to convey the “good news”.

The study also found that adoption of different industry related accounting measurement, valuation and disclosure techniques and policies cannot cause delay in preparing accounts and audit. This will speed up the entire process of auditing as far as technology is concerned.
Therefore, in meeting all these, the study recommended for the best practices of financial management and reporting which are meeting external reporting requirements, adherence of financial regulations, training availability, use of estimate, compliance with law, policy requirements, budget and management decisions, timely financial accounting information, Making use of accounting and auditing packages, applicability of ICT tools, better budgeting and forecasting, clarity of financial reports

5.3 Recommendations

Based on the analysis and findings from evaluation study conducted at Tanzania Prisons Service-HQ, the study has disclosed some of the vital information which is useful and paramount important to the Prisons’ Administration as per the questionnaires distributed. Therefore, I would like to suggest the following:-

a) Provision of sufficient and reliable ICT related tools (technology) in order to streamline the operation to speed up operation with standard.

b) Channeling of financial and stores staffs should also focus to their educational and competence level. This will boost the entire financial operation within the service.

c) TPS should choose a way of treating its individual financial records either by choosing kind of specific format to use such as a way of evaluating its assets, depreciation, currency and other financial scenarios. This will make the financial reports to be consistence through-out.

d) TPS should emphasis in schedule-financial record management where all financial data will be recorded timely and effectively. This will increase timeliness of financial statement. The abiding of all the financial regulations, laws and principles will make the timeliness of financial reports more efficiency and practical.

e) TPS being in big size doesn’t mean that audit should delay for the sake of behaviour. TPS management should abide with all rules and regulation in order to help the auditors to complete their tasks in time.

f) TPS should keep on making the auditors to be coherent when performing their duties. This will always reduce time for auditing work hence timeliness
of financial statement.

g) Auditor and client should be together, helping each other and looking a way to have common understandings on their ways. This should be handled by the TPS management to make sure that all these issues are being settled.

5.4 Conclusion

The assessment of timelines of financial reports in Tanzania public sectors focused in investigating the factors effecting the preparations and submission of financial statements to internal auditor for auditing purpose before final submission of financial reports (statements) to CAG. The study has come out with the factors that affect the entire processing from the preparation up to the submission of financial report to CAG; among these factors are insufficient of ICT related tools within TPS-HQ has negative impact in preparation of financial statements, insufficient number of qualified accountants and procurement officers, different formats in preparing financial records have impact in final document, emphasis on schedule preparation of financial statement, non-compliance with financial regulations, acts and principals; size, nature and behaviour of the organization seems to affect the timeliness of financial report, active and large audit committee has influence in reducing the audit delay hence timeliness of financial records, audit delays may be caused by disagreements between auditor and client on issues of accounting practices, methodology of computation, and accuracy of reported accounting numbers.

Some of these factors have shown direct effect to the timeliness of financial statements while others have indirect effect but they possess a greater impact to the financial management. All these factors require TPS top management involvement to streamline all the operations within the working area and to be a focal point or mediator as a client and auditor in agreeing in the method of evaluation and accounting practices. These always have adverse response in the value and wealthy of the company. Having defined these factors, the study didn’t show that TPS submit their financial report later but meeting all the basic requirements for the timeliness of financial statements. The factors identified from the study possess likelihood of an event to occur if not taken considerably but other factors facilitate the preparation and submission of financial report earlier than expected.
REFERENCES


83


GASB (Governmental Accounting Standards Board), March 2011; the timeliness of financial reporting by state and local governments Compared with the needs of users.


QUESTIONNAIRE

Part One – Personal Background

**Hint:** Cycle appropriate answer.

a) Professional: (a) Accountant (b) Auditor
b) Educational Level: (a) Certificate (b) Diploma (c) BSc (d) Postgraduate (e) Masters (f) CPA Holder
c) Age group: (a) Below 20 (b) 20-30 (c) 30-40 (d) 40-above
d) Sex/Gender: (a) Male (b) Female

Part Two – Factors affecting preparation of financial reports.

In the table below, insert corresponding number according to your opinion relating to the statements.

1 for Strong agreed, 2 for Agreed, 3 for Neutral, 4 for Disagreed and 5 for strongly disagreed.

Table 36: Showing the factors affecting preparation of financial reports

<table>
<thead>
<tr>
<th>Statements</th>
<th>Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insufficient number of ICT related tools affect the preparation of final accounts and reports which they could streamline the entire preparation of financial reports.</td>
<td></td>
</tr>
<tr>
<td><strong>Comments:</strong></td>
<td></td>
</tr>
<tr>
<td>.........................................................................................</td>
<td></td>
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<tr>
<td>.........................................................................................</td>
<td></td>
</tr>
</tbody>
</table>

| Insufficient number of qualified accountants and suppliers/procurement officers may prolong the preparation of final accounts. |         |
| **Comments:**                                                             |         |
| ......................................................................................... |         |
| ......................................................................................... |         |

<p>| Competence of financial personnel in preparing and interpreting various financial reports |         |</p>
<table>
<thead>
<tr>
<th>Statements</th>
<th>Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comments:</td>
<td></td>
</tr>
<tr>
<td>…………………………………………………………………………………….</td>
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<tr>
<td>…………………………………………………………………………………….</td>
<td></td>
</tr>
<tr>
<td>Different formats in financial report preparations such as inventories</td>
<td></td>
</tr>
<tr>
<td>affect the submission of final accounts from different sources.</td>
<td></td>
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<tr>
<td>Comments:</td>
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<td>…………………………………………………………………………………….</td>
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<tr>
<td>…………………………………………………………………………………….</td>
<td></td>
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<tr>
<td>Some of financial personnel do not know what to be reported in</td>
<td></td>
</tr>
<tr>
<td>quarterly basis.</td>
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</tr>
<tr>
<td>Comments:</td>
<td></td>
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<tr>
<td>…………………………………………………………………………………….</td>
<td></td>
</tr>
<tr>
<td>Schedule preparation of financial reports affects the entire preparation</td>
<td></td>
</tr>
<tr>
<td>of the final reports.</td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
</tr>
<tr>
<td>…………………………………………………………………………………….</td>
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<td>…………………………………………………………………………………….</td>
<td></td>
</tr>
<tr>
<td>…………………………………………………………………………………….</td>
<td></td>
</tr>
<tr>
<td>Some of accountants/procurement officers do not comply with principles,</td>
<td></td>
</tr>
<tr>
<td>regulations and acts of financial management in preparing the financial</td>
<td></td>
</tr>
<tr>
<td>reports.</td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
</tr>
<tr>
<td>…………………………………………………………………………………….</td>
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<tr>
<td>…………………………………………………………………………………….</td>
<td></td>
</tr>
<tr>
<td>Complexity of company activities in closing time have impact on</td>
<td></td>
</tr>
<tr>
<td>delaying of financial information.</td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
</tr>
<tr>
<td>…………………………………………………………………………………….</td>
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<td>…………………………………………………………………………………….</td>
<td></td>
</tr>
<tr>
<td>…………………………………………………………………………………….</td>
<td></td>
</tr>
<tr>
<td>Size, nature and behaviour of the organization may have effect on</td>
<td></td>
</tr>
<tr>
<td>Statements</td>
<td>Opinion</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>auditing processes which definitely affect the disclosure timing of financial reports.</td>
<td></td>
</tr>
<tr>
<td><strong>Comments:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Good internal control system reduces the time spent by auditors and accountants to finalize the financial statements.</td>
<td></td>
</tr>
<tr>
<td><strong>Comments:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Active and larger audit committee shortens audit delay hence the timeliness of financial statements to stakeholders.</td>
<td></td>
</tr>
<tr>
<td><strong>Comments:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>During the financial difficulties, companies issue their financial reports too late.</td>
<td></td>
</tr>
<tr>
<td><strong>Comments:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part Three – Factors which having influences on audit delay.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Which factor(s) in a summary way have influence in audit delay in affecting the timeliness of financial reporting?</td>
</tr>
<tr>
<td>Cycle the suggested answer.</td>
</tr>
</tbody>
</table>
Table 37: Showing factors which having influences on audit delay.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negligence</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
</tr>
<tr>
<td>Business risk</td>
<td></td>
</tr>
<tr>
<td>Market maturity</td>
<td></td>
</tr>
<tr>
<td>Capital structure</td>
<td></td>
</tr>
<tr>
<td>Company management</td>
<td></td>
</tr>
<tr>
<td>Company performance</td>
<td></td>
</tr>
<tr>
<td>Complexity of activities</td>
<td></td>
</tr>
<tr>
<td>Good and efficacy of internal control system</td>
<td></td>
</tr>
<tr>
<td>Company age</td>
<td></td>
</tr>
<tr>
<td>Number of shareholders</td>
<td></td>
</tr>
</tbody>
</table>

2. In the table no.4, insert corresponding number according to your opinion relating to the statements.

1 for Strong agreed, 2 for agreed, 3 for neutral, 4 for disagreed and 5 for strongly disagreed.

Table 38: Showing various statements regarding to timelines of financial report.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>The increase in the reporting lag reduces the information content and relevance of the documents.</td>
<td></td>
</tr>
<tr>
<td><strong>Comments:</strong></td>
<td></td>
</tr>
<tr>
<td>………………………………………………………………………………</td>
<td></td>
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<tr>
<td>………………………………………………………………………………</td>
<td></td>
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<tr>
<td>………………………………………………………………………………</td>
<td></td>
</tr>
<tr>
<td>Timeliness of financial statement has some repercussions on the firm’s value.</td>
<td></td>
</tr>
<tr>
<td><strong>Comments:</strong></td>
<td></td>
</tr>
<tr>
<td>………………………………………………………………………………</td>
<td></td>
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<td>………………………………………………………………………………</td>
<td></td>
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<tr>
<td>………………………………………………………………………………</td>
<td></td>
</tr>
<tr>
<td>Larger companies release their interim financial reports earlier than smaller companies.</td>
<td></td>
</tr>
</tbody>
</table>
### Part Four – Recommendations for the best practices of financial management and reporting.

In the table below, insert corresponding number according to your opinion relating to the statements regarding the recommendations for the best practices of financial management and reporting.

1 for Strong agreed, 2 for agreed, 3 for neutral, 4 for disagreed and 5 for strongly disagreed

<table>
<thead>
<tr>
<th>Statements</th>
<th>Opinion</th>
</tr>
</thead>
</table>
| Audit delays may be caused by disagreements between auditor and client on issues of accounting practices, methodology of computation, and accuracy of reported accounting numbers. | Comments:………………………………………………………………
……………………………………………………………………………
………………………………..

If the company experiences losses, management may wish to delay in releasing the corporate annual report in order to avoid the discomfort of communicating it as it as “bad news”. | Comments:………………………………………………………………
……………………………………………………………………………
………………………………..

On the other hand, companies having higher profitability may wish to complete audit of their accounts as early as possible in order to quickly release their audited corporate annual reports to convey the “good news”. | Comments:………………………………………………………………
……………………………………………………………………………
………………………………..

The adoption of different industry related accounting measurement, valuation and disclosure techniques and policies may cause delay in preparing accounts and audit. | Comments:………………………………………………………………
……………………………………………………………………………
………………………………..
<table>
<thead>
<tr>
<th>Statements</th>
<th>Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting external reporting requirements--this requires budget formulation and execution presentation, as well as financial statements describing the financial position, results of operations, cash flows, and reconciliation to budget reports.</td>
<td>Comments:…………………………………………………………………………………</td>
</tr>
<tr>
<td>Adherence of financial acts, regulations and principles in preparing the financial reports.</td>
<td>Comments:…………………………………………………………………………………</td>
</tr>
<tr>
<td>Training provision to all accountants and procurement officers especially from remote areas.</td>
<td>Comments:…………………………………………………………………………………</td>
</tr>
<tr>
<td>Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements.</td>
<td>Comments:…………………………………………………………………………………</td>
</tr>
<tr>
<td>Compliance with law, policy requirements, and budget and management decisions--this requires the establishment of controls and the tracking of spending against requirements.</td>
<td>Comments:…………………………………………………………………………………</td>
</tr>
<tr>
<td>Timely financial accounting information is especially critical to the successful preparation of the reporting entity’s annual financial statements.</td>
<td>Comments:…………………………………………………………………………………</td>
</tr>
<tr>
<td>Making use of accounting and auditing packages to simplify work the</td>
<td></td>
</tr>
<tr>
<td>Statements</td>
<td>Opinion</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>work and being consistence with the financial records.</td>
<td></td>
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<tr>
<td>Comments:</td>
<td></td>
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<td>…………………………………………………………………………………………</td>
<td></td>
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<tr>
<td>…………………………………………………………………………………………</td>
<td></td>
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<tr>
<td>Applicability of ICT tools in preparation, presentation and reporting of</td>
<td></td>
</tr>
<tr>
<td>financial information to the concerned parties.</td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
</tr>
<tr>
<td>…………………………………………………………………………………………</td>
<td></td>
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<tr>
<td>…………………………………………………………………………………………</td>
<td></td>
</tr>
<tr>
<td>Better budgeting and forecasting to make financial report more usefully</td>
<td></td>
</tr>
<tr>
<td>and interactive (Forward looking orientation).</td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
</tr>
<tr>
<td>…………………………………………………………………………………………</td>
<td></td>
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<tr>
<td>…………………………………………………………………………………………</td>
<td></td>
</tr>
<tr>
<td>Financial report should be comprehensive, consistent and unbiased.</td>
<td></td>
</tr>
<tr>
<td>Presenting information that is material to users of report.</td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
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<tr>
<td>…………………………………………………………………………………………</td>
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<td>…………………………………………………………………………………………</td>
<td></td>
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</tbody>
</table>

*Thank you for your anticipated cooperation*