ASSESSMENT OF EFFECTIVENESS OF FUND MANAGEMENT PROCEDURES IN DONOR FUNDED PROJECTS:
A CASE STUDY OF CARNEGIE AND DAAD PROJECTS AT TANZANIA COMMISSION FOR UNIVERSITIES
ASSESSMENT OF EFFECTIVENESS OF FUND MANAGEMENT PROCEDURES IN DONOR FUNDED PROJECTS:
A CASE STUDY OF CARNEGIE AND DAAD PROJECTS AT TANZANIA COMMISSION FOR UNIVERSITIES

By
Genoveva Peter

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master 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 Effectiveness of fund management procedures in donor funded projects: The Case of Tanzania Commission for Universities’ CARNEGIE and DAAD Projects, in partial/fulfillment of the requirements for award of the degree of Master of Social Science in Accounting and Finance of Mzumbe University.

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ACKNOWLEDGEMENT

In the name of God, The Most Gracious, The Most Merciful. My first thanks go to Almighty God who enabled me to write and complete my dissertation.

Next, I express my gratitude to my esteemed supervisor Mr. J. A. Mnzava for his invaluable assistance and supervision throughout my studies at Mzumbe University. Indeed, without his patience, constant encouragement and careful reading of my first and revised drafts, it would have been difficult for me to complete my thesis. May God reward and bless you.

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I owe my everlasting debt of gratitude to my precious husband (Gilbert C. Shirima), my lecturers, and my family, TCU staffs (DAAD and CARNEGIE projects’ members), my fellow students, friends (Kennedy R. Mawole, Lilian Mkumbo, Rachel Hakam and others) and relatives to whom the achievement of this thesis is due to their support and encouragements.

Regards to all

Genoveva Peter
DEDICATION

I dedicate this paper to my lovely husband (Gilbert C. Shirima) for his love and everlasting support during the whole period of the study. I also dedicate this dissertation to my sweet aunt Kyle and my precious mom (Faustina A Nyanda), my lovely brother (Godfrey Peter Salala) and my sister in law (Pulkeria Pascoe), friends and relatives for their assistance during preparation of this report. I do appreciate very much their moral support, encouragement and advices during the time of my study. In the loving memory of my lovely young sister Gloria Peter, rest in peace always my Princess, your everlasting love always remains with my journey.
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<td>Capacity Building in Leadership and Management for University Leaders</td>
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<td>DAAD</td>
<td>Capacity Building for University Teaching Staff</td>
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<td>IAS</td>
<td>International Accounting Standards</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IFRS</td>
<td>International Financial Reporting Standards</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
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<tr>
<td>PEM</td>
<td>Public Expenditure Management</td>
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<td>PRS</td>
<td>Poverty Reduction Strategy</td>
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<td>PV</td>
<td>Payment Voucher</td>
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<td>REPOA</td>
<td>Research on Poverty Alleviation</td>
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<td>SRF</td>
<td>State Revolving Fund</td>
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<td>TCU</td>
<td>Tanzania Commission for Universities</td>
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<td>VFM</td>
<td>Value for Money</td>
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ABSTRACT

The aim of this research was to assess the effectiveness of fund management procedures in donor funded project. The study aims at suggesting a range on how do the fund management procedures are effective in donor funded projects, by paying attention on factors that affect the effectiveness of fund management procedures such as the achievement of value for money, internal controls, financial systems and procedures implementations and how the donor fund is spent by the donor projects to attain the targeted goals and objectives.

In chapter one the researcher introduce and gives the historical background of the study, discuss the statement of the problem, outlines the objectives of the study, analyzes research questions and outlines the justification of the study. The researcher also provides the scope and limitations of the study.

Chapter two comprises of literature review that is the critical analysis of the literatures that have been identified and read by the researcher on the factors that can impair the effectiveness of fund management procedures in the projects that are funded by donors.

In the third chapter the researcher provides the research methodology that has been adopted in the study. The researcher used case study in which she explained a cause and effect relationships of the variables leading to the effectiveness of fund management procedures. The study was conducted at TCU under DAAD and CARNEGIE projects. Simple random and judgmental sampling techniques were adopted by the researcher to select a sample of 35 respondents from a population. In which data collected were both primary and secondary collected using questionnaires, interviews as well as documentations and they were analyzed both qualitatively and quantitatively.

After the collection of data and its analysis, they were presented by using charts, graphs and tables.

In chapter five the researcher has summarized the whole study, and concluded that the fund management procedures in donor fund projects are effective despite of minor but important challenges. Improving internal controls and internal units are some of the recommendations given after study.
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CHAPTER ONE

INTRODUCTION, OBJECTIVES AND PROBLEM DEFINITION

1.1 Introduction
This chapter intended to give a short and clear picture on the background of the problem, the statement of the problem in relation to its objectives, research questions, significant of the study, limitations and the scope of the study. The study concentrated on the nature of services offered by Tanzania Commission for universities’ projects (Capacity Building in Leadership and Management for University Leaders – Carnegie and Capacity Building for University Teaching Staff - DAAD) which was the case study of the research.

1.2 Background of the Problem
Donor funded projects in developing countries are particularly vulnerable to employee fraud for several reasons. First, the nature of project support and short implementation timetables often require large amounts of funds to be spent in a limited time. Under pressure to spend quickly, project managers often do not monitor project expenditures closely or set up appropriate financial checks and balances. Secondly, donors often need to establish bank accounts in both foreign (hard) and local currencies. While this arrangement may protect against currency risk from inflation, extra accounts add to the complexity of the financial system and make tracking expenditures and transparency more difficult. Finally, many daily transactions needed to implement a field project in poorly developed economies are cash based and vulnerable to theft.

Other temptations to employee dishonesty are less visible: employees may have credit problems, a criminal history, or may come under pressure from their families to extract resources from employers, factors which create pressures or motivations to embezzle. Preventing embezzlement, therefore, is linked to strengthening financial systems, selecting financial staffs that are less susceptible to pressures and
temptations, and implementing supervisory and control systems for early detection problems.

1.3 Statement of the Problem
Both public and private sector organizations face the challenge of effectively managing funding information, whether for departmental budgeting, joint venture funding, project funding, or public sector grants, taxes and bond issues. While organizations may have a good handle on current funding, approval status, and where funds are allocated, they often lack visibility into project and operational execution, making it difficult to assess whether funds are effectively managed and used for their intended purpose, and to take corrective action in a timely manner.

Most of the funds advanced by the donor community do not end up being used for the intended purposes. This leads to suspension of the donor funding hence uncompleted projects.

Also there has been much talk in the development sphere from donors of recent times, lamenting the difficulties in attaining project sustainability, long after donors and funding structures are withdrawn from projects. There are a plethora of factors which may affect development projects sustainability such as fund management, though of recent years, there has been much more emphasis placed on post project evaluations and post project impact assessment, all of which have paved the way to mitigating the obstacles and challenges which threaten project sustainability. Due to this, it was the desire of the researcher to find out several things on how these donors funded projects manage their funds and the effectiveness of the fund management procedures.

1.4 Research Objectives

1.4.1 General Research Objective
The objective of this study was to explore and analyze the effectiveness of fund management procedures in donor funded projects.
1.4.2 Specific Research Objectives

(i) To see whether there is the achievement of value for money on those projects
(ii) To find out if the money is used according to the related projects
(iii) To assess the effectiveness of internal controls in funds management
(iv) To review the financial systems and procedures for donor fund management and how they are implemented

1.5 Research Questions

In order to come out with good solution to the problem under study the researcher was guided by the following questions.

1.5.1 General Research Question

Are the fund management procedures in donor funded projects effective?

1.5.2 Specific Research Questions

(i) Is value for money achieved in donor funded projects?
(ii) Is the funded money used in accordance to related projects?
(iii) Are Internal Controls in funds management effective?
(iv) How do financial systems and procedures for donor fund management implemented?

1.6 Research Hypotheses

H1: The projects’ fund management procedures are effective in TCU’s donor funded projects.
H2: In donor funded projects at TCU value for money is achieved
H3: At TCU’s donor funded projects, the funded money is spent according to the related projects.
H4: At TCU, fund management procedure adheres to Internal Controls effectiveness.
H5: Financial systems and procedures are fully implemented and they are effective at donor funded projects of TCU.
1.7 **Significance of the Study**

The study is of great importance to the organization because at the end of the study the researcher came up with some recommendations, which are helpful to the organization.

The intention of this study is that the research findings will serve as a guide to future project managers in terms of the best practices involved in managing donor funds and managing risks in implementing projects in the future, so as to become efficient and effective in the acquisition and utilization of funds for development purposes, using appropriate techniques and application of accounting and finance principles.

The findings helped the researcher to make suggestions on how to establish effective fund management procedures. These research findings could assist in developing an awareness of officials involved in managing their respective development projects and procurement of goods and services in the future. This would generate a higher level of projects’ confidence towards public organization due to their transparency in managing risk and the donor funds.

Apart from that, researcher findings of the study assisted to get a better understanding of the effectiveness of fund management procedures in a particular project at the organization and also gave necessary advice and suggested solutions to the organization so as to reduce or eradicate the ineffectiveness fund management procedures of the donor funded projects founded.

Moreover this study is responsible for evaluation and recommendation which was useful to the management of the projects concerned as it gave the organization clear frame on improving the field concerned.

In addition to that, the study is in partial fulfillment for the requirements of an award of a Master degree of science in accounting and finance.
Finally the researcher findings are also of great importance to other projects, institutions and companies facing similar problems.

The researcher believes that the findings could be useful to the administrators within the projects’ divisions of TCU or other government agencies in Tanzania as well as for other countries for further study in designing and implementing appropriate strategies recommended for future transactions in the most economical, efficient and effective manner.

1.8 Scope of the Study
The study was conducted at Tanzania Commission for Universities at Dar es Salaam under the Capacity Building in Leadership and Management for University Leaders – Carnegie project and Capacity Building for University Teaching Staff – DAAD project. The researcher’s intention and action concentrated on fund management procedures of the two projects. The researcher used different resources available such as manpower, time, data and money and pays no attention to other information otherwise irrelevant with respect to the requirements of the study. This enabled her to make a thoroughly analysis and draw good conclusion and recommendations on the effectiveness of fund management procedures in donor funded projects.

1.9 Limitations of the Study
The limitations that the researcher faced during the field work can be categorized as follows;

(i) Financial Constraints
The resources allocated were not enough to conduct research from the start to end.

(ii) Time constraints
The time allocated was not enough for the study because a lot of things were needed to be collected, investigated and analyzed systematically.
(iii) **Fear of exposure of sensitive/ confidential data**
Most employees in the organization feared to expose the sensitive information, so this was the hindrance which a researcher faced.

(iv) **Poor response**
Some respondents were reluctant to cooperate or they were unable to fill the questionnaires appropriately and return them on time, this lead to poor quantity of information especially when the respondent was the one with information required.

**1.10 Delimitations of the Study**
Despite the limitation which a researcher faced during the study, the following were done to ensure that the study is accomplished as intended.

(i) The researcher used the money available wisely

(ii) The time constraint did not slow down the completion of the study since the researcher extracted, investigates carefully and did an intensive study regarding the problem accordingly.

(iii) The researcher used appropriately the skills and trainings obtained from the Business research methodology course to accomplish the assignment.

(iv) Enough education about the reasons for conducting the study was given to the employees before collection of information and data to ensure the limitations of failure to expose sensitive information is reduced.
CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Definition of Terms

2.1.1.1 Meaning of a Project
A project is an organization driven by need to bring together people with different skills in order to accomplish a common objective. Each individual may be attached to a number of tasks at any one time or to one task for a period which is less than the total time needed to accomplish the task.

2.1.1.2 Meaning of Fund Management in Donor Funded Project
Fund management is the business of managing and allocating capital for a group of investors that have pooled their money together. By pooling their money they are able to gain increased risk diversification for lower overall transaction costs and obtain professional management all things that would be very difficult for most investors to do themselves.

Typically a fund manager will actually do the day to day work of looking after the money, as opposed to wealth management which is generally the service that a financial planner provides directly to a client. A Wealth manager will often help a client select funds and sectors. At this higher end of the private wealth sector, financial advisers will be helping clients with asset allocation decisions (which funds to choose) and then the individual fund managers will make their own asset management decisions within the fund.

2.1.2 Financial Management of Donor Funds
Donor funds are managed through a number of financial services, ranging from standard banking services to investment management, currency risk management,
and financial reporting. In managing these funds, the World Bank maintains secure information technology systems and adheres to a comprehensive internal control framework as well as internal and external audit reviews to provide assurance to donors that disbursements follow relevant World Bank policies and procedures for the funds it is entrusted with. Sound financial management of donor contributions is a necessary and integral part of the value process to ensure the appropriate use of taxpayers’ and other resources provided for the purposes of economic and social development.

Financial management of donor funds starts by guiding donors through the process of making a contribution to IDA (International Development Association) or a trust fund. This includes preparing the required legal documents and donor contribution agreements. Thereafter, the World Bank collects and manages the funds from donors, beginning with the process of sending invoices to donors for their installment payments, followed by the processing of cash and promissory note payments received. Financial management also extends to the recipient side of donor funded operations. The World Bank prepares and enters into grant and project agreements with developing countries and other recipients benefiting from the donor-provided resources. For financial intermediary funds project implementation is carried out by other agencies or entities. The fund balance is tracked to ensure that grant commitments for projects do not exceed available and expected funding. Forecasts are prepared to project the ability of a fund to commit grant amounts for future project disbursements. Cash flows and liquidity are managed in order to ensure that funds are available when required for disbursement. Disbursements to the recipient are dependent on receipt of funds from the donors.

Allocations of funds for specific grants are recorded and tracked by the task manager of a trust fund. These allocations can encompass grant or loan commitments, administrative budgets, fees for project supervision, and other commitments.
Commitments will translate into subsequent disbursements for eligible expenditures and transfers of funds to recipients (According to The World Bank’s Role in Financial Management of Donor Funds).

**Challenges to Fund Management in Donor Funded Projects**

(i) Poor alignment of projects to strategic plans which means projects progressing without sufficient senior management team, screening or overly donor driven priorities.

(ii) Lack of transparency of the status of secured and pipeline projects as compared to Strategic plan funding needs and priorities.

(iii) Under budgeted proposals and/or other Programme and Project Management Standards compliance issues

(iv) No systematic way to manage contractual obligations and reliably meet donor needs such as on-time reporting, cash flows and the like.

(v) Poor spending (“burn”) rates and cost recovery

(vi) Lack of centralized data, driving general inefficiencies and operational challenges

(vii) Often unclear roles and responsibilities

(viii) No structured way to learn from rejections or drive continual improvements

**Fund Management Procedures**

Each project has unique environment in its requirements, and to deliver the service and goods, there is a need for the project accountant to orientate or to be trained on the peculiarities of the service environment.

This is to say the project accountant should have skills necessary to serve the project team by controlling staff conflicts and the finances of the project, carrying out the finance technical work, providing financial advice and providing financial services to other sections of the project as it is currently the practice of the merged function of the head of finance and administration, or project support services officer.
However, presented below are the functions of the typical funds management procedures are:

(i) Determine financial objectives and set policy for each of the financial functions.
(ii) Provide periodic reports to the board concerning funds management.
(iii) Periodically review the funds management policies with the board.
(iv) Oversee funding activities.
(v) Coordinate asset and liability product pricing.
(vi) Evaluate proposed strategies and transactions through sound methodology, including simulation and scenario analysis.
(vii) Oversee investment portfolio management activities.
(viii) Monitor the economic and interest-rate environment, including local economic conditions, prepayment trends, and volatility.
(ix) Identify instruments that the board of directors authorized for use to manage the projects’ risk exposures.
(x) Oversee funding and capital financing activities, including debt and equity issuance, and dividend policies.

Measures of Effectiveness of Fund Management Procedures
To manage these substantial donor financial resources, the World Bank follows prudent financial policies and procedures. It employs appropriate operational policies and compliance with established business procedures for appraising and supervising projects and an operational fiduciary framework including safeguards, project procurement and financial management for the recipients of the funds.

Backed by its credit rating, IBRD, the World Bank’s arm that supports middle-income and creditworthy low-income countries, acts as a trusted financial intermediary for IDA and Trust Funds in the international capital markets. Trust funds and IDA assets are kept separately and are not co-mingled with those of IBRD. Other measures include the following:

(a.) Effective Budgeting
The purpose of the budget is to coordinate the activities of all different units of the project. If it is a multi-activity or section project tasks, budgeting is done through
participation by employees in preparing the budget. When employees prepare the project budget, participation in the process motivates them to raise their targets and standards and to achieve better results. Budget enables targeted activities of the project to be communicated to each team member responsible for implementation; budgets compel planning and also set control standards. Budgeting in a project environment is a critical aspect of implementing plan project activities.

Budgeting facilitates flow of information from the bottom up for the general planning and from the top down for coordination the budget is used to allocate decision rights different members for the organization and establish performance measure, which are used to reward managers. The information in the budgeting process may be inhibited or biased because the information on used for planning is also used to evaluate individuals.

According to Owaga S. (1990) researched on ‘Budgeting system with its conditions’ he reveals that, a good budgeting system should have different characteristics such as, involvement of person at different levels, a good accounting system, proper authorization and responsibility, reporting system and results reported should reflect the performance undertaken and the target of the budget should be realistic and should have whole hearted support of top management.

A Recipient that does not draft its budgets well may experience the following problems;

(i) Budget overruns, which will be considered ineligible by the Contracting Authority.

(ii) Budget under runs, which suggest that the budget was incorrect and that funds have been committed to the project that might have been better used elsewhere.

(iii) Interpretation issues, which may cause the Contracting Authority to disallow some expenditure at the financial closure stage.

(iv) The need to request amendments to the budget during the course of the project
The primary purposes of budgeting mentioned by Mwisho (2002) are as follows:

(i) To state the firms expectation in clear formal avoid confusion and to facilitate their attainability.

(ii) To coordinate activities and efforts in such a way the use of resources is maximized

(iii) To communicate expectation to all concerned with the management of the form so that they are understood supported and implemented.

(iv) To provide a detail place of action for reducing uncertainty and for the proper direction of individual and group effort to achieve goals.

According to Nguyen M. (1999) researched on ‘How an organization can be benefited from budgeting processes’ he portrayed that the budgeting process can encourage all level of management to think ahead. Budgeting process can enhancing managerial perspective that is to increase managers awareness of the environment in which the organization operates. Also budgeting provides management with an opportunity to coordinates of activities of different department and make easy performance valuation. He also shows that, the involvement of staffs in budgeting process increases morale on their performance which eventually resulted to high organization achievements.

The budget process is actually about the annual budget cycle, events and activities. Essentially it involves the determination of resource and their uses for the attainment of the government objectives. A sound budget serves as a tool for economic and financial management and accountability and also serves as a mechanism for allocation of resources among different needs and priorities as well as bringing economic stability and growth. It must include the following things;

(i) Budget Formulation
(ii) Scrutiny of budget proposal and dialogue
(iii) Budget Execution
(iv) Budget monitoring and control
(v) Budget Formulation and estimates
(b.) **Ensure the Achievement of Project Stakeholders Concern**

The concern of donors of project funding is to ensure that funds are managed to obtain Value for Money (VFM), that is, through the three elements of economy (doing things cheaply), Efficiency (doing things well), and Effectively (doing right things).

(c.) **Effectiveness of Internal Management Reporting System**

This can be attained via proper documentation, filing and record keeping. For a Recipient, keeping clear and relevant documentation is vital. Without proper documentation, it is impossible to show that the costs claimed from the Contracting Authority meet the conditions of the Contract for the project. If a Recipient cannot provide documentation showing that the funds have been used in accordance with the Contractual Conditions, the Contracting Authority may decide to recover the unsubstantiated expenditure.

To be able to keep proper accounting records, recipients should pay attention to the following:

Fundamental bookkeeping principles: If the principles listed below are not followed, there can be no proper bookkeeping:

(i) The accounting records must be double entry (debit/credit);

(ii) The accounting records must be based on a properly defined chart of accounts;

(iii) The methods used must ensure that once an accounting entry is recorded, it can no longer be altered.

(iv) Knowledge of accounting techniques, the person appointed to keep the project’s accounts must have the skills needed for the job.

(v) Bookkeeping requires the use of specific tools and techniques. A person who is not familiar with these techniques will not be able to keep suitable records.

Such reports have several purposes, such as to allow the contracting authority to check that the funds have been used in accordance with the objectives, activities and budget agreed in the Contract.
For interim financial reports, to inform the Contracting Authority of the progress of the activities, and to provide the Contracting Authority with the information it needs to determine the final amount of the donor contribution to the project.

A final financial report, covering the entire project period, is always required. Interim financial reports are also required in some cases. Failure to submit the requisite reports may result in the Contracting Authority’s terminating the contract and recovering the amounts already paid but unreported

(d.) Effectiveness of Internal Controls

Internal controls is the whole system of controls financial and otherwise established by management in order to carry on business of an organization in an orderly manner to ensure adherence to management policies, safeguard the assets and secure as possible the completeness and accuracy of records (Ramaswany, 1988)

Internal Control is designed to provide reasonable assurance that operations are effective and efficient, that financial information is reliable and that the contractual conditions have been met.

If proper internal controls are not in place, there is a high risk that project funds will not be spent efficiently and as agreed in the contract. Project assets may be lost and the use of funds may not be properly accounted for. It is essential to have an internal control system that provides reasonable assurance of achieving the objectives.

Internal controls can be achieved through number of issues such as, segregation of duties between the authorizing and the accounting officer, prohibition of conflicts of interest and confidential payments, regular checks, measures to prevent irregularities, fraud and corruption.

Also other measures includes, formal mechanism to coordinate funds management and liability decisions, effective lines of authority and responsibility for liquidity management decisions, and Effective risk management systems.
(e.) **Types of Internal Controls**

According to the international Standards on Auditing (ISA), Risk assessment and internal controls, there are three main types of Internal Controls that should be considered and these among others include:

(i) **Preventive controls;** these internal controls prevent the occurrence of risks for example separation of duties, recruiting qualified staff and authorization of transactions among others. They also facilitate prevention of fraudulent or erroneous transactions from taking place.

(ii) **Detective controls;** these involve errors or frauds that have not been prevented. They include reconciliation, supervision and internal checks where companies use pre-numbered documents for all documents that should be accounted for.

(iii) **Corrective controls;** these ensure that detected problems are rectified for example follow up procedures and management action like rotation of staff.

According to Alvin and James, (1993), a company’s internal control structure includes five categories of policies and procedures that management designs and implement to provide reasonable assurance that management’s control objectives will be met. This includes the control environment, managements risk assessment, the accounting information and communication system, control activities and monitoring.

(f.) **Qualities and Features of a Sound Internal Control**

De Paula (1990), states that the quality of an internal control system in place depends on:

(i) The nature and size of business conducted. Meaning the bigger the size, the more equipped the system should compared to an entity that is small in size and equally businesses that do more of cash transactions should have stronger controls compared to those that do more of their transactions using cheques.

(ii) The number of administrative staff employed. Businesses with more number of employees should have controls that monitor the duties of each employee. The ones who sign the organization cheques should not be the same who deal
with cash and controls in such cases should segregate duties between these various administrative to allow easy management processes.

(iii) The materiality of the transaction involved. Material transactions i.e. transactions that require large sums of money are to be undertaken by top people in the administration with proper and genuine reasons that suit the benefit of the organization. These transactions could be salary and allowances preparation and purchase of capital equipments for the project.

With the above determinants of an effective internal control system, following traits form the foundation of an effective internal control are as follows.

(i) They should be geared towards goals; The internal control system should aid the organization’s projects in attaining its goals. The internal control system should help ensure that all necessary actions are taken in line with managerial directives, applicable laws and policies for achievement of the organization's objectives.

(ii) Should facilitate information flow; an effective internal control system requires a flow of information up, down and across an organization. Information systems generate reports which contain operational, financial, and compliance-related information that makes it possible to run and control an organization.

(iii) Emphasizes the segregation of duties; segregation of duties is essential for internal control. An organization should ensure that duties and responsibilities in authorizing, processing, recording, and reviewing transactions and events are separated among individuals to reduce the risk of error or fraud.

(iv) Facilitate complete documentation; documentation is an integral element in effecting internal control. An organization must therefore maintain complete, accurate and adequate records which can be easily retrieved for examination. Significant events or transactions can be traced from their inception, while a process is ongoing, and after it is completed.
(v) Should be future-oriented; feasible internal control system should help the organization plan for the future. The system should ensure safeguarding of assets and funds from inappropriate use or from loss and fraud, and ensuring that liabilities are identified and managed.

(vi) An effective internal control should enhance it reliability and trust; sound internal control system ensures that only competent and reliable personnel have authority and responsibility. The employees must be encouraged to follow company policy, and work towards the attainment of operational efficiency and company's goals.

The public enterprise should carry out regular performance appraisal and training of its employees to achieve best results.

Walter (1986), states that a system of internal controls consists of measures purposely for:

(i) Promoting accuracy and reliability in accounting and operations data.

(ii) Encouraging and measuring compliance with company policy.

(iii) Judging efficiency of operations in all divisions of the organization.

(iv) Safeguarding its resources against waste, fraud and inefficiencies.

(g.) Limitations of internal control systems

Internal controls can protect against mismanagement and assure reliability of accounting data. However, it is important to recognize that internal controls can only offer reasonable assurance that management objectives are reached. This is because of certain inherent limitations laid down below.

(i) Employee wrangles

Meigs & Meigs (1984), state that the effectiveness of internal controls largely depends on the persons who implement them. If these persons responsible for exercising controls abuse their responsibility, the control system may not have any impact on the normal working of the business. The employees in collusion with others in the business unit or with parties may lead to circumvention of controls.
(ii) **Costs involved**

A control must be cost effective (Manasseh, 1990). The cost of the control cannot be disproportional to the potential loss due to fraud and error. Thus making some controls not to be instituted merely because they are not cost effective.

(iii) **Type of transactions involved**

Most of the controls are directed to anticipate usual type of transactions and not those that are unusual. These transactions of unusual nature may not fail within the preview of internal control (Jain, 1993).

M. Cooper certified Accountant Journal, June (1996) states that no controls however elaborates guaranteed efficient administration, completeness, and accuracy of records and activities of a business giving attention to systems being directed towards routine transactions rather than non routine activities, that with the systems in place.

There are high risks at times that the person responsible for executing the controls could abuse responsibility by overriding them and also the possibility of circumvention of such controls through collusion with insiders and outsiders.

In some situations, controls not keep pace with changes in the conditions. This arises due to obsolesce of the controls in place that is caused most especially by the changes in technology and human behavior.

2.2 **Empirical Literature Review**

REPOA (Research on poverty alleviation) in their Special paper Number. 07.21 In 2007 on Tanzanian Non-Governmental Organizations. Their Perceptions of their relationships with the government of Tanzania and donors, and their role in poverty reduction and development, they came out with several important issues as the truth that the tripartite relationship between NGOs, the government, and the donor community in Tanzania is an extremely complex one.
An optimistic note was expressed by many in the study that closer planning and working relationships between the three sectors are emerging, demonstrated by intersector collaboration during the PRS review of 2003-04. However, considerable wariness remains. NGOs view donors as more powerful than the Government, and the Government often sees civil society as a competitor for resources.

Throughout the study, NGOs presented with dedication and sincerity, and expressed an unambiguous desire for true partnership with the Government and donor agencies. Respondents pointed out while Government and donors may have the funds, NGOs have the on-the-ground and experience and expertise at local levels. So by working together as real partners, by including NGOs in the conception and planning stages, reducing bureaucracy and considering NGO priorities rather than dictated agendas, much more could be accomplished toward the common goals of reducing poverty and furthering development in Tanzania.

2.3 Conceptual Framework and Research Model

These are models that reflect the relationship between independent and dependent variables of the research topic as related to research objectives.

From these models, it is easy for one to know how independent variables like control environment, risk assessment and management, control activities, value for money, reporting and accountability, as well as budgeting process affect the effectiveness of fund management procedures as a dependent variable. The independent variables in one way or another have greater influence on the dependent variable (effectiveness of fund management procedures)
2.3.1 Understanding Value For Money

An understanding of value for money requires measures of an organization’s financial inputs (that is, what funds are available to the organization) and outputs (that is, what the funds are used to buy).

Input and output measures need to be linked in order to arrive at cost estimates for the services provided. These estimates can then be used for efficiency analysis to compare costs over time and across funders.

Efficiency is typically defined as “the extent to which the interventions are produced at least cost” (Bautista-Arredondo, Gadsden, et al., 2008).
Value for money deals with the three Es:

(i) **Economy**  
Attaining the appropriate quantity and quality of physical, human and financial resources at lowest cost

(ii) **Efficiency**  
This is the relationship between goods or services produced and resources used to produce them.

(iii) **Effectiveness**  
This is concerned with how well an activity is achieving its policy objectives or other intended effects.

Areas for investigation:
(i) Service delivery (the actual provision of public services)  
(ii) Management process  
(iii) Environment

Spending areas which need to be looked at:
(i) Employee expenses  
(ii) Premises expenses  
(iii) Supplies and services  
(iv) Establishment expenses  
(v) Capital expenditure

As it can be seen, the factor above (VFM) have greater influence in the effectiveness of fund management procedures, since ensuring the achievement of Value for money is all about making best use of the scarce resources.
2.3.2 Internal Control, Control Environment and Control Activities

All these together mean different things to different people. This causes confusion among businesspeople, legislators, regulators and others. Resulting miscommunication and different expectations cause problems within an enterprise. Problems are compounded when the term, if not clearly defined, is written into law, regulation or rule.

This study deals with the needs and expectations of management and others in the procedures of managing funds and other resources. It defines and describes internal control to:

(i) Establish a common definition serving the needs of different parties.
(ii) Provide a standard against which business and other entities, large or small, in the public or private project, for profit or not, can assess their control systems and determine how to improve them.

Internal control is broadly defined as a process, affected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

(i) Effectiveness and efficiency of operations.
(ii) Reliability of financial reporting.
(iii) Compliance with applicable laws and regulations.

The first category addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of resources.

The second relates to the preparation of reliable published financial statements, including interim and condensed financial statements and selected financial data derived from such statements, such as earnings releases, reported publicly.

The third deals with complying with those laws and regulations to which the entity is subjected. These distinct but overlapping categories address different needs and allow a directed focus to meet the separate needs.
Internal control systems operate at different levels of effectiveness. Internal control can be judged effective in each of the three categories, respectively, if the board of directors and management have reasonable assurance that. It can be seen how all these together leads to effective fund management procedures.

2.3.3 Control Environment
The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors.

2.3.4 Control Activities
Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the entity's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties. All these together will lead to effective fund management procedures.

2.3.5 Risk Assessment And Management
Every entity faces a variety of risks from external and internal sources that must be assessed. A precondition to risk assessment is establishment of objectives, linked at different levels and internally consistent.

Risk assessment is the identification and analysis of relevant risks to achievement of the objectives, forming a basis for determining how the risks should be managed. Because economic, industry, regulatory and operating conditions will continue to change, mechanisms are needed to identify and deal with the special risks associated with change so as to attain to the effective fund management procedures.
2.3.6 Principles of Fund Management under SRF

The SRF program is specifically designed as an environmental financing program aimed at reducing clean water and drinking water project costs. The primary form of assistance is below market rate loans for water quality and drinking water projects. The financial subsidy aspect of the SRF program does not reduce the need for effective fund management. Fund management in the SRF is unique due to the balance that must be struck between environmental and financial goals. The seed capital of an SRF is a valuable financial resource that should be utilized effectively. Comprehensive fund management should maximize an SRF’s ability to meet current and anticipated environmental financing needs through judicious management of all program resources.

A basic approach to fund management should include developing a plan (establishing short & long term goals), program management, and program evaluation. In strategic planning, program managers essentially develop a long-term business plan for their program. To accomplish this, they should set out to determine what kinds of environmental and financial needs the SRF must address. This information should be used to establish short and long term financing goals for the program. Once the program’s goals are established, the SRF should be managed to meet these goals.

Program management encompasses the setting or adjusting of policies and the day-to-day management of the fund. Critical issues such as the level of interest rate subsidy to offer, selection of projects to receive assistance, timely commitment of new and recycled funds to projects, investment of idle funds, and decisions to issue debt must be evaluated in a financially responsible manner to ensure that funds are used effectively. Collectively, the day-to-day decisions of SRF fund managers make up the overall effectiveness with which a fund is utilized. These decisions must be made in light of the goals established during the business planning process.

Continuous program evaluation or assessment provides a check on whether or not current policies are helping to meet the SRF’s goals.
So it can be seen that a project manager can apply this model of SRF to manage the funds appropriately. In order to achieve good fund management procedures, the projects’ managers should strive and ensure that the main objectives of efficient, effective and economic utilization of the funds are realized. According to Campos and Phadhan (1996), the objectives of PEM that need to be achieved are:

(i) Fiscal discipline (expenditure control);
(ii) Allocation of resources consistent with policy priorities (strategic allocation); and
(iii) Good operational management.

As cash planning is important in ensuring that the budget allocation are fully utilized and delivered, IMF suggested that both planning and management the budget information systems must be comprehensive, timely, accurate, and reliable. It further suggested that in the cash planning stage, the following three main objectives must be adhered to:

(i) Ensure that expenditure are smoothly financed during the projects’ period, so as to minimize borrowing costs;
(ii) Enable the initial budget policy targets, especially the surplus or deficit, to be met; and
(iii) Contribute to the smooth implementation of both fiscal and monetary policy.

In addition, the IMF added that problems still arises in the execution of budget between payments coming due and the availability of cash necessary to discharge due to timing problems even though if the budget is realistic in terms of it being well-prepared. Let us see how the researcher collected data in the following chapter (Three).
CHAPTER THREE

RESEARCH METHODOLOGY AND PROCEDURES

3.1 Introduction
This chapter outlined the research design and the procedures that were used in conducting the study. It involved description of the research design, area of study, target population/unit of inquiry, types of the data and information required data collection techniques and sampling techniques that were used. It specified how data was collected, organized, analyzed and interpreted.

3.2 Research Design
Research design is a frame work or plan for the study used as a guideline in collecting and analyzing data. Research design is the major foundation within which the research is carried along Kothari (2004). It carries a clear picture that was reflected in collection, measuring and analysis of data.

The researcher adopted a case study in finding out the effectiveness of fund management procedures in donor funded projects at TCU’s projects. A case study design was adopted because it is simple, flexible (in terms of data collection, methods and analysis), less time consuming, not expensive in collecting data and observing what was real taking place in the unit, it offered an opportunity for intensive study based on the fact that it provides insights towards an in depth and breadth information on several variables from which a single study unit is considered and offer opportunity to provide generalization.

Also because the approach allows the researcher to deal with a wide variety of evidences from different sources (Yin, 1989) and was deemed to be the most suitable in dealing with the issues related to this study.
3.3 **Study Area**

The study was conducted at the Tanzania Commission for Universities, Dar es Salaam under the CARNEGIE and DAAD projects. The commission is located at Kinondoni municipal, Mikocheni district- Dar es Salaam.

The reason for choosing TCU to be the case study is because the researcher was able to obtain data required especially on the effectiveness of fund management procedures in donor funded projects, also the researcher is living near the commission which enabled easy accessibility of TCU (CARNEGIE & DAAD PROJECTS) during her research.

3.4 **Study Population**

To achieve the overall objectives of the study the researcher targeted accounts department to get relevant data for the problem under investigation. The researcher selected a number of senior members such as director of grants and donations, accountants and prepares of financial statements, Assistant managers and Managers of the projects, these comprised the population from which the sample of the study was drawn. The total population was 35 staff.

3.5 **Sample Size**

It was difficult and time consuming to deal with the whole population when conducting the investigation since the nature of the work done by the targeted population do not keep them available in the office to deal with projects only, rather in other commission’s normal duties and thus a selected sample of respondents was identified. A sample of 35 respondents was chosen for study.

3.6 **Sampling Techniques and Sample Size**

Sampling is the process whereby the researcher selected some of the staffs (unit of enquiry) from the target population from which the data for the problem under investigation was collected.

The purpose of sampling was to have an effect on the accuracy and wide coverage with regards to constrained funds and time factors.
3.6.1 Sampling Techniques
Sampling techniques is how or the ways which was used by researcher to obtain the sample needed from the target population. The researcher used both probability-sampling techniques and non-probability sampling techniques to obtain the relevant data from the unit of enquiry.

The researcher applied simple random sampling and judgmental/purposive sampling when selecting the sampling unit for the study to ensure the least level of subjectivity and biasness that enabled her to get the representative sample.

(i) Simple Random Sampling
This is the probability sampling technique which was used by the researcher to select the sample where by every staff in the project had an equal and independent chance of being included in the sample selected. The researcher applied this method of selecting sample since it ensures representativeness of units under investigation by giving them equal chance of being selected, it is unbiased, easy to apply, requires minimum knowledge of the population so as to make selection, it was free from classification error.

(ii) Purposive/Judgmental Sampling
This is a non-probability sampling technique where by sample elements seen to fulfill certain criteria basing on the judgment of the researcher or those seen to be useful in the study was selected from the staffs under accounts department. The method assisted to choose samples thought to be the best representative of targeted population based on position, experience and knowledge of the respondent on the above topic like seniors and Assistant seniors, willingness as well as availability of the respondent.

3.7 Types and Sources of Data
The researcher collected both primary and secondary data. Primary data are data which are collected afresh, the first handed data which did not undergo any single statistical process Kothari (2004).

This type of data was collected through interviews, self administered questionnaires and documents from the selected project members.
Baker (2003) described Secondary data as statistics gathered by agencies not specifically for solving the problem at hand but significant for its success. Are the second handed data which existed already and have passed through statistical. The researcher used data and literature documents from different sources such as books, articles, internal audit reports, Projects’ manuals and internet which added value to the finding of the study.

3.7.1 Primary Data
The primary data are those data collected as fresh and for the first time. These data was collected from various sources during the study which are questionnaire, and interviews. These data enabled the researcher to have a unique conclusion and recommendations at the end of the study because; they were fresh which helped her to avoid manipulation of any kind.

3.7.2 Secondary Data
These are the data that have already been collected, written and sometimes analyzed by other researchers and authors. The researcher collected secondary data through documentation method. The data were obtained from various project records such as journals, book of accounts, newspapers, contract papers, purchase invoices, fee invoices, receipt note, payment vouchers and minutes of management meetings.

3.8 Data Collection Methods
The researcher considered the following methods of collecting data which was suitable for the purpose of the study. Primary data were collected through Interview and Questionnaire and Secondary data were collected through Documentary review, they are briefly described below;

3.8.1 Questionnaires
The researcher prepared some questions and presents them to the staff members who were involved in the projects. Each respondent was requested to read the questions and provide appropriate answers. This method assisted the researcher to obtain
primary data from the respondents. This method was applied to staff because it is easy for the researcher to make follow-up on the questionnaires.

### 3.8.2 Interviews
This method involved face to face conversations; Ghauri (2000) explained that an interview is often considered as the best data collection method. Having this in mind the researcher made some prior arrangements concerning the two types of the interviews which were structured and unstructured; all these had the same objectives in common though they were conducted differently. The researcher had the prior knowledge of the respondents, their backgrounds, values and their expectations. All these factors were considered in order to run the interview efficiently and any information that was obtained from the selected sample was taken into consideration for further analysis.

The method was employed to the staffs who were directly dealing with fund management. The aim of this interview was to collect data from different people who are directly involved in these funds, so as to understand their fund management procedures. In particular the researcher conducted an interview to the director of grants and donation, accountants and the beneficiaries of the donor funds.

### 3.8.3 Documentation
The researcher collected selected secondary data by using documentation method. By reading the available documents in the sections, the researcher was able to collect data from the commission records. Also by reviewing some books of accounts and management procedures which are followed by the preparers (accountants) of financial statements and other books of accounts enhanced the data collection accurately.

### 3.9 Data Analysis Methods
Both qualitative and quantitative methods were used to analyze collected data. The researcher analyzed data item by item, taking into consideration all important processes of editing and reducing, coding and displaying them for the purpose of
study. Data collected were classified, edited for accuracy and checked for completeness.

3.9.1 Quantitative Data Analysis Techniques
Quantitative methods were used to analyze data collected from the fields through statistical methods such as tables, percentages, and bar charts.

It made use of mathematical techniques to analyze data which were measured numerically. The method used by researcher in the examination and interpretation of data which was irrefutable (quantifiable)

3.9.2 Qualitative Data Analysis Technique
In qualitative analysis, the content analysis was used where the implementation and meanings were expressed through words, which are factual and logical statements made to analyze the data that were not measured numerically. Basically it comprised various explanatory phases of what were obtained from the answered questionnaires and comments from the respondents.
CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter intends to give a clear presentation of analysis and discussion of findings on what the researcher obtained during the research period at TCU’s CARNEGIE and DAAD projects.

The data extracted by the researcher were analyzed using both qualitative and quantitative methods. The data obtained were coded before being subjected to statistical tools for analysis. By the use of the two data analysis techniques it was easy for the elaboration and analysis of the collected data. Qualitative method used words to elaborate the data while quantitative method used numbers to clarify the data. This included percentages, tables and graphs that enabled the researcher to ultimately conclude and recommend on the effectiveness of fund management procedures in donor funded projects.

4.2 Characteristics of the Respondents

The first section of the questionnaire presents demographic information about respondents (Project members).

Table 4.1: Demographic Information

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High academic degree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor only</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Bachelor and other professionals (CPA,ACCA)</td>
<td>12</td>
<td>40</td>
</tr>
<tr>
<td>Masters</td>
<td>12</td>
<td>40</td>
</tr>
<tr>
<td>Years of experience in the project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than one years</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>One year – Three years</td>
<td>21</td>
<td>70</td>
</tr>
<tr>
<td>More than Three years</td>
<td>6</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Researcher findings 2013
As seen from the Table 4.1 of 30 project members who responded to the questionnaire and being interviewed majority of them hold a bachelor degree and other professions and have experience in these projects for between two to four years. This indicates that our sample contained qualified and experienced respondents for providing answers to our questions on the effectiveness of fund management procedures in donor funded projects.

4.3 Response on Whether there is Achievement of Value for Money on the Projects

The value for money is used to assess whether or not an organization has obtained the maximum benefit from the goods and services it acquires and/or provides, within the resources available to it. In donor funded projects, the available resources mainly include fund from donors and all kinds of assistance provided by the donors. The maximum benefit in this study as far as donor funded projects are concerned is said to be achieved if the fund if and only if the objective for which the grants were issued by the donors have been fully achieved. Achieving the objective by which grants were issued is absolutely measurable to the point that, the intended societies will obviously see the outcome, either the benefits of the fund are really flowing towards them, benefits of the funds are flowing away from them or the benefits of the fund are not flowing to them as much as it was supposed to be.

This study employed technical questions to enable researcher to come up with the conclusion whether or not value for money has been achieved on the projects. As the nature of this research objective, researcher had to design questions both for those implementing the projects and those who were supposed to be benefited by the grants as it was the only way to capture the really flowing of the benefits. The part that is implementing the projects was targeted as to provide the base to say whether or not the objectives of the respective projects have been achieved as it can be crossed checked from their work plans. The situation also required the researcher to go through the technical reports prepared by the project implementing personnel so as to determine as whether the reports are revealing the achievements of the set objectives.
When responding to the interview question as to whether ‘there are any standards set to evaluate the achievement of the project objectives and what are the standards?’ a selected sample consisting of projecting implementing personnel shared a lot of useful information as summarized in the following paragraph.

After implementing the activities as it is stipulated in the annual work plans, the personnel implementing the activities always prepare technical reports which are then send to the project executants for first review before sending them to the program managers for second review and approval.

According to the activity coordinators, the value for money is achieved to the great extent although it is achieved alongside a number of challenges like time set to complete the assignments and the time issuance of fund by the donors and local finance departments.

As the nature of this research objective itself, researcher was not in the position to conclude on it by only basing on the response from one side. It was inevitable for the researcher to go beyond project coordinators and seeking for more details and assurance from the targeted society. The research provided designed questions to the selected sample of the beneficiary society to get more evidence on the achievement of the objectives set and intended by the grants detriment

The question aimed at knowing if there is a noticeable difference between the moments when the projects were not started yet and the moments after the starting of the projects to the society as far as the development and welfare of the society are concerned. The question meant to explore if the society has been experiencing the benefit from the running projects as intended. The respondent were required to say whether there has been positive changes since the starting of the projects, their responses are summarized in the below Table 4.2.
Table 4.2: Changes Status of the Projects

<table>
<thead>
<tr>
<th>Total</th>
<th>The project has brought detriments</th>
<th>The project has brought nothing</th>
<th>The project has brought benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>1</td>
<td>2</td>
<td>27</td>
</tr>
<tr>
<td>100%</td>
<td>3.3%</td>
<td>6.6%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Source: Research findings 2013

Figure 4.1: A Graph Presenting Achievement of Value for Money in the Projects

Source: Researchers finding, 2013

As from the above data presentation, it can now be concluded that, the projects have been achieving value for money as 90.3% of the respondents agreed that the projects are giving benefits to the intended groups and societies.
4.4 Response on Whether the Funded Money is Used According to the Related Projects

In this question the researcher was interested in finding out whether the funded money was being used according to the related projects as stipulated in the contracts or otherwise. The researcher had to find out if there had been reallocation of funds between projects in the organizations that run more than one project simultaneously due to the fact that, some organizations have been shifting funds between projects especially when they want to fund activities relating to projects whose funds have not yet been transferred from Donors but the projects are already due to be implemented. Reallocation of funds between projects might directly affect the attainment of the objectives set especially when the fund meant to cover up the borrowed cash will not arrive on time.

The researcher could not ignore the fact that, there is a possibility that the funds issued are sometimes spent for personal benefits mainly by the officers who are supposed to use the funds for the benefit of the entire society. It is obvious that when there is a higher number of frauds and misuse of donor funds, there are no ways the objectives for which funds were issued will be achieved. For the society to observe and experience the benefit of funds from the donors, implementing officers need to work at the highest level of integrity.

However, for any organization, there must be proper controls in place to make sure that, project employees are adhering to the policies and procedures of the organization. This involves reviewing and ensuring that all types of expenditures are properly supported and authorized in accordance with the policies of the organization.

The study also went beyond that, and thought outside the box to make sure that, the funds from the donors when put into percentage, the proportional for which it is spent for the benefit of the society is always great than the proportional for which the fund is used to pay the staff costs for the staff who are involved in implementing the activities in the intended areas during specific period of time.
The researcher designed specific questions that helped her to come into conclusion as to whether the funds are used for the intended objectives or not. One of the questions aimed at knowing if there has been relocation of funds between projects and how it has been handled.

The respondents revealed that, relocation is inevitable as the organization is hosting more than one project at a time. It was further revealed that, funds are put into one basket and are spent out of it as per the annual work plans and the contracts from the donors, this was said to be inevitable as the matter of fact that, all the funds are controlled by the same finance department.

The main control here is the budget for the specific project whereas they have to spend up to the budget without exceeding the amount approved in the budget which is technically the same as the amount issued by the donors for that specific project or specific activity. The good thing is that, since they have started to relocate fund between projects, there has not been a time where the funds required in covering up the already used fund were not issued on time.

When respondents were asked if there were any possibilities of not relocating funds between projects, they revealed that, that was almost impossible as the matter of fact that, funds may sometimes delay to be reimbursed from the donors and they need to start implementing the activities in order to make sure that everything will be covered within the time frame provided.

The respondents were also asked if there has been any reported case of fraud and fund misuse in the organization. They were once again luck enough to have not yet faced any fraud cases and misuse of funds by the implementing staff.

They added that, they have appropriate controls in the organization and competent personnel who are involved at making sure that, employees are working according to the policies and procedures of the organization. Employees’ expenses reports are reviewed by number of competent finance staff before being approved to make sure
that they do not miss anything which is not accepted by the organization policies. Respondents also shared the fact that, there is good and reliable financial procedures and appropriate approval process in anything relating to finance in the organization.

In addition to that, the researcher accessed a number of previous years audit reports that were revealing the appropriateness of the financial procedures of the organization, the audit reports had unqualified opinions and they were issued by the reputable and well known competent audit firms.

The researcher was not yet happy to conclude on this by only relying from the above gathered information, she also had to request for the financial reports which have already been sent to the donors in order to make analysis on whether the proportional on which funds are spent for the staff cost is not higher than the proportional for which funds are spent for the benefit of the targeted societies. The reports are normally generated quarterly, which means that, a year is divided into four quarters consisting of three months each. For the three consecutive quarters reports examined by the researcher, it come into her attention that, it is only 32.86% to 42.73% of the total reported expenses are normally spent for staff costs and the rest are spent for the benefit of the societies as intended by the donors.

The researcher wanted to gain more comfortable in making conclusion to this matter by seeking a general opinion from selected sample on how they think and believe on the issue of use of funds and the results are summarized in Table 4.3.

### Table 4.3: Method of Data Collection on the Treatment of the Funded Money as According to the Projects

<table>
<thead>
<tr>
<th>Method used</th>
<th>Expected</th>
<th>Actual</th>
<th>Percentage of actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires</td>
<td>20</td>
<td>16</td>
<td>53.33%</td>
</tr>
<tr>
<td>Interview</td>
<td>15</td>
<td>14</td>
<td>46.67%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>30</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Source:** Research findings 2013
Table 4.4 presents the results of the interview and questionnaires on this question.

**Table 4.4: Responses on Whether the Funded Money is Used According to the Related Projects.**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21</td>
<td>70</td>
</tr>
<tr>
<td>No</td>
<td>09</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research findings 2013

Also for easy understanding, the researcher decided to present the analyzed data graphically as follows;

**Figure 4.2: A Graph Presenting Responses on Whether the Funded Money is used According to the Projects**

Source: Research findings 2013
As seen from Table 4.4 above, 70% of the respondents believed that the funded money is used according to the related projects, they claimed that, since the projects’ staff, top management and commission members via commission committee are included in the budget process, all managers are held accountable for the financial performance and since the funding sources are evaluated annually to assess the sustainability of current funding levels, it is very difficult for one to use the funded money against the projects’ initial agreements.

In bringing the points together, the researcher was then in the position to make a conclusion that, the funds are used according to the terms and conditions stipulated in the funding agreements.

### 4.5 Response on Assessment of the Effectiveness of Internal Controls in Fund Management

In this question the researcher was interested in finding out how effective internal controls are in fund management procedures of the donor funded projects. In this question the researcher used two methods of data collection these included interviews and questionnaires. The data collected through questionnaires and interviews were as follows;

<table>
<thead>
<tr>
<th>Method used</th>
<th>Expected</th>
<th>Actual</th>
<th>Percentage of actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires</td>
<td>20</td>
<td>17</td>
<td>56.67%</td>
</tr>
<tr>
<td>Interview</td>
<td>15</td>
<td>13</td>
<td>43.33%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>30</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Source:** Research findings 2013

From the 30 respondents approached, the researcher received the following feedback as discussed below;
**Internal Controls Effectiveness;**

In order to measure the effectiveness of Internal controls in the fund management procedures of donor funded projects, the researcher paid attention on the effectiveness of other factors, such as planning and budgeting, if they do consider the funding liquidity requirements, and if the budget process include key members of management. Also she paid attention on policies and contracts of the projects, and if the management review and approve them periodically.

However, the researcher wished to know if there is effectiveness in the preparation of books of accounts and reporting.

This considered the documentation and filing of accounts records by the projects’ accountants, also how do the accountants prepare these financial statements, to check if they have been prepared in accordance to the accounting standards such as IFRS, IAS and other related regulatory standards of accounting.

Table 4.6 presents some of the results of the questionnaires concerning the key variables which the researcher used during assessing the effectiveness of internal controls of fund management procedures in the projects.
Table 4.6:  Responses on the Effectiveness of Internal Controls in Fund Management Procedure.

<table>
<thead>
<tr>
<th>Sub factors used</th>
<th>Yes (%)</th>
<th>No. (%)</th>
<th>Do not know (%)</th>
<th>Comment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the budget process include key members of management?</td>
<td>73.33</td>
<td>23.33</td>
<td>3.34</td>
<td>0.00</td>
</tr>
<tr>
<td>Does the planning and budgeting function consider funding and liquidity requirements?</td>
<td>63.33</td>
<td>30.00</td>
<td>3.34</td>
<td>0.00</td>
</tr>
<tr>
<td>Have internal management reports been prepared that provide an adequate basis for making ongoing liquidity management decisions and for monitoring the results of those decisions</td>
<td>53.33</td>
<td>40.00</td>
<td>6.67</td>
<td>0.00</td>
</tr>
<tr>
<td>Has your department documented all internal policies and procedures that are related to performing all significant administrative processes specific to the project’s department or division’s operations?</td>
<td>83.33</td>
<td>13.33</td>
<td>3.33</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Source; Research findings 2013

As seen from the table above, basing from the findings, it can be concluded that the internal controls are to some extent effective, due to the fact that, more than 50% of the response on the questionnaires towards this issue of internal controls, proved effectiveness.

However, to attain this several questions were asked by the researcher during the interview so as to obtain answers which helped her to know how effective do internal controls are in the fund management procedures of donor funded projects.

From the findings during interview, some of the respondents stated the internal controls are somehow effective due to the fact that, some of the important issues are taken into consideration to make sure that the funded money is used wisely as stipulated in the contracts and agreements of the projects, for the benefit of the beneficiaries so targeted.
Since the management is involved in the planning and budgeting process, also the accountants do file and prepare the quarterly and annual reports for audit purposes, also the managers are held accountable for financial performance and all approvals purpose should be channeled through projects’ managers.

Also they further propounded that financial transactions are accounted for and recorded using appropriate accounting systems. The project managers ensures proper and secure maintenance of all accounting documents and records for donor Funds. Donors are provided with periodic financial progress reports, and audit reports.

While others said that most of the so funded money is not used appropriately due the fact that, the management spend a lot of money to conduct long and unnecessary meetings in which a lot of money is used to facilitate those meetings and to pay allowances. This causes the deterioration of CARNEGIE project before the end of its period.

Surprisingly some of the respondents who are just members of the projects they do not know if the internal controls in fund management procedures are effective or not.

The researcher however imposed the direct question to the respondents as follows, “do u think internal controls are effective as to the fund management procedure in the project?” The answers were as tabulated hereunder;

**Table 4.7: Response on Internal Controls Effectiveness**

<table>
<thead>
<tr>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>24</td>
<td>80</td>
</tr>
<tr>
<td>Ineffective</td>
<td>4</td>
<td>13.33</td>
</tr>
<tr>
<td>I don’t know</td>
<td>2</td>
<td>6.67</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source:** Researcher’s findings, 2013
Also, graphically the analyzed data can be presented as above.
To conclude this, despite the numerous financial challenges facing the internal controls of the projects as seen in the findings and discussion above, still they in a good quality spot to say that, Internal Controls of the projects are successful.

4.6 Response on Financial Systems and Procedures for Donor Fund Management Review and Implementation
In this question it was the desire of the researcher to check whether the projects’ financial systems and procedures are implemented and reviewed effectively. Since a financial system and procedures for donor funded projects should be successful in accomplishing the targets that were set for, in terms of quality and quantity.
This was done by considering if the projects’ managers achieve the short and long term targets that were set in the projects contracts, by taking into account accomplishing budgetary levels, accomplishing periodically planned outputs and also accomplishing the targeted outputs as in the terms of contracts.

However the researcher paid attention on the procedures of financial management by considering the uniqueness of the projects’ requirements and how they deliver the services to the beneficiaries of the projects’. This was done by looking into the projects’ accountant if they are oriented or they are trained on the peculiarities of the service and projects’ environment. Since in order to deliver the targeted objectives of the projects and to meet the stakeholders expectations, the projects’ accountants should have skills necessary to serve the projects’ team by controlling staff conflicts and the finances of the projects, carrying out the finance technical work, providing financial advice and providing financial services to other sections of the projects as it is currently the practice of the merged function of the head of finance and administration, or a project officer.

The following are the results of the researcher on this question, gathered via interview and questionnaires.

4.6.1 **Financial Systems and Procedures Implementations**,  
To find this, it was the desire of the researcher to know if there is implementation of financial systems such as financial control procedures, financial payment procedures, financial documentation procedures, financial purchasing procedures, financial budgeting procedures, financial reporting procedures, financial auditing procedures and the like, or they just treat their financial transactions in a traditional way, such as paying a payee without following the payment procedures. As far as modern accountants are concerned, they must be modernized so as to face the challenges of a modernized world, in order to meet the projects’ objectives. In order to know this, the researcher conducted personal observation, interview and questionnaires as data collection methods.
The following are the results obtained from interviews and questionnaires, which were systematically collected, analyzed and then interpreted as follows:

<table>
<thead>
<tr>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully implemented</td>
<td>18</td>
<td>60%</td>
</tr>
<tr>
<td>Partially implemented</td>
<td>12</td>
<td>40%</td>
</tr>
<tr>
<td>Not implemented</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Research findings 2013

Graphically the analyzed data can be presented as follows:

**Figure 4.4: A Graph Presenting Financial Systems and Procedure Implementation Status**

Source: Researcher’s findings, 2013
As it can be seen from table 4.4, 60% of the respondents stated that, the financial systems are fully implemented, due to the fact that, the project managers and accountants follow prudent financial policies and procedures. It employs appropriate operational policies and compliance of with established business procedures for appraising and supervising projects and an operational fiduciary framework including safeguards, project procurement and financial management for the beneficiaries of the donor fund.

The chief account of the projects, during his interview with the researcher revealed that, for financial intermediary funds project implementation is carried out by other agencies or entities.

The fund balance is tracked to ensure that grant commitments for projects do not exceed available and expected funding. Forecasts are prepared to project the ability of a fund to commit grant amounts for future project disbursements.

Cash flows and liquidity are managed in order to ensure that funds are available when required for disbursement. Disbursements to the beneficiary are dependent on receipt of funds from the donors. Allocations of funds for specific grants are recorded and tracked by the task manager of a donor fund. These allocations can encompass grant or loan commitments, administrative budgets, fees for project supervision, and other commitments. Commitments will translate into subsequent disbursements for eligible expenditures and transfers of funds to recipients.

Furthermore, all transactions are carried out with specifications and authorizations by management of the projects. Managers are charged with the responsibility of ensuring that all transactions are carried out basing on what was specified and ensuring that such transactions are authorized before any payments are done for them.
Also, every transaction is accounted for in the relevant books of accounts timely, correctly, and systematically according to the accounting policies and procedures. That all transactions should be accounted in the books where they are supposed to be, for example, orders for anything required by the projects’ staff are to be prepared using purchase order forms and later corresponding invoices filed against them before payments are made for accountability.

40% of the respondents stated that the financial systems are partially implemented, since sometimes the payments can be done without following the financial payment procedures such as the completeness of the payment process.

The money can be paid to the payee while his/her payment voucher is not yet approved by the appropriate person. Sometimes you can find that, the accountant are busy requiring signatures of the payee one month after the payment has been done, which is not right, and it has legal consequences as regards to the compliance of accounting laws and regulations. It also paves the way for frauds.

While none of the respondents stated that the financial systems and procedures are not implemented.

From the findings and discussion above, it portrays that, there is effectiveness in the implementation of financial management systems and procedures in donor funded projects at TCU’s projects despite the fact that there are some issues of transgression which were reported and discussed. It must be born in mind that, a key strength of the financial management is that it ensures that projects will operate with a balanced budget and the project finance officer had powers to ensure that all payments authorized are within budget. Also a strong financial management systems emphasis on the implementation of the projects as well as financial reporting and monitoring, the transparency of financial management systems will lead to the confident of Donors, for instance, in providing more funds to those projects that required it.
4.6.2 Financial Systems and Procedures Effectiveness

It is obvious that, the financial systems and procedures can be implemented, but the question is, are they implemented effectively? This was also one of the questions which came into researcher’s mind and decided to find out from the respondents via observation, interviews and questionnaires.

In finding out this one the researcher did not overlook several things such as the time factor, the existence of loopholes factor, reporting time factor and the accuracy of data factor as discussed hereunder.

(i) Time Factor

The researcher was interested to know if the financial systems and procedures are implemented without ignoring the delay of the projects’ transactions such as fund disbursement. This can be caused by the whole process of financial systems and procedures to take a long time to be executed in a way that it deteriorates other things.

The researcher during her interview with the beneficiaries of the funded money from the project, she asked about the accessibility of those funds, and she found that, the money are not disbursed on time due to the fact that, the whole process of cash disbursement involves a long process in its preparation via the financial systems and procedures to the extent that, money can be borrowed from other sources to finance an activity which was supposed to be financed by the projects’ fund and being refunded later on when the procedures are complete.

Also the researcher asked how long does it take for the disbursed money to be disbursed to the respective beneficiary as they are desirable? The following were the response:
Table 4.9: Response on Financial Systems and Procedures (Time Factor) Effectiveness

<table>
<thead>
<tr>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediately</td>
<td>16</td>
<td>53.33</td>
</tr>
<tr>
<td>Long</td>
<td>8</td>
<td>26.67</td>
</tr>
<tr>
<td>Too long</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher 2013*

Graphically the data can be presented as follows:

**Figure 4.5:** A Graph Presenting Response on Time Factor as a Measure for Financial Systems and Procedures Effectiveness

*Source: Researcher’s findings, 2013*
(ii) **Existence of Loopholes;**

This occurs when the financial systems and procedures are designed in such a way that one can use them to commit frauds. For instance when there is no segregation of duties, you may find that, an accountant can be responsible in preparing the payment voucher, also the same person is the one to check the same PV, and at the same time is the one among the signatories. In a case like this, it is very possible for one to use such a loophole to commit fraud.

The researcher asked the respondents if there is a possibility of having a loophole which may lenience fraud. The following were the possible answers in a tabulated and graph form for easy clarification.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
<td>33.33</td>
</tr>
<tr>
<td>No</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>I don’t know</td>
<td>2</td>
<td>0.67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

**Source:** Research findings 2013

Graphically the processed data can be presented as follows;
Figure 4.6: A Graph Presenting Possibilities of Loopholes Caused by Financial Systems and Procedures

Source: Researcher’s findings, 2013

This is to say that, the financial systems and procedures of the projects have been implemented as required and are effective as it has been proven in the above findings.
4.7 The Results of the Tested Hypotheses

Table 4.11: The Result of Testing Hypotheses

<table>
<thead>
<tr>
<th>HYPOTHESES</th>
<th>MEANING</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>The projects’ fund management procedures are effective in TCU’s donor funded projects.</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H2</td>
<td>In donor funded projects at TCU value for money is achieved</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H3</td>
<td>At TCU’s donor funded projects, the funded money is spent according to the related projects.</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H4</td>
<td>At TCU, fund management procedure adheres to Internal Controls effectiveness.</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H5</td>
<td>Financial systems and procedures are fully implemented and they are effective at donor funded projects of TCU.</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

Source: Research findings 2013

Due to the fact that all of the researchers’ hypotheses have been confirmed, the researcher is in a good position to draw down her final and generalized conclusion and recommendations in the following chapter five.
CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND POLICY IMPLICATIONS

5.1 Summary and Conclusion

The objectives of this study were to assess the effectiveness of fund management procedures in donor funded projects, to see whether there is achievement of value for money on those projects, to find out if the funded money is used according to the related projects, to assess the effectiveness of internal controls and also to review the financial systems and procedures for donor fund management and how it is being implemented. To accomplish these objectives, the observation and interviews were conducted; questionnaires were designed and distributed to a sample of TCU’s project members. The expected respondents were 35 people while the actual respondents were 30 people (85.71% of the expected respondents).

As seen from the previous chapter, the researcher came up with the following conclusion in regard to each specific objective of the study;

Large number of the respondents from the study’s population confirmed that the projects have been achieving the value for money, as both parts are in agreement that the projects are giving benefits to the wished-for groups and societies beneficiaries. Also the funds are used according to the fundamentals and conditions stipulated in the financial support agreements.

However, despite the numerous financial challenges facing the internal controls of the projects, still it can be concluded that Internal Controls of the projects are effective.

Furthermore after all the necessary investigation done by the researcher, the majority of the respondents acknowledged that the projects’ financial systems and procedures are implemented well and are effectively for the wellness of the projects and its beneficiaries as well.
To generalize what have been found and discussed from the commencement of this study, regardless of the minor issues contrasting the effectiveness of the fund management procedures, the researcher can tranquil lay it in one way that, the assessment proved that the fund management procedures in donor funded projects are effective, and in order to get rid of those minor issues that opposes its effectiveness found in the study, the projects’ managers, top management and the donors must pay attention to the following recommendations suggested by the researcher.

5.2 Recommendations

(i) Donors should make frequently follow ups and physical visits to their projects members. This will enhance good relationship and communication to the members, especially the beneficiaries of the funded projects.

(ii) Since we all know that a well and effective budgeting process and control enables or helps the organization to achieve the targeted goals, objective, its mission as well as its vision. So TCU’s projects are recommended to continuing having a well organized budgeting process and effective internal controls projects in order to achieve targeted level of performance or nearest goals.

(iii) Enhance greater accessibility to information through a commitment to greater openness, transparency and accountability. This means that the projects’ fund management procedures must have effective information systems that provide the information needed to make sound funds management decisions.

(iv) The Internal Audit Units must be established immediately and be fully integrated into projects’ structure. Moreover Projects’ managers must make full use of the Internal Audit Units of the projects to ensure
value for money, misapplication of funds and also prevent project cost overruns.

(v) Donors and projects’ top managers must provide frequent training in the areas of project and financial management, and specifically on projects’ financial management procedures to key staff of the projects.

(vi) Such training is very important not only to orient financial officers of the project about projects’ financial management procedure but also to build and improve the overall capacity of staff.

(vii) Projects’ top managers must find ways of motivating project staff in order to enhance project implementation, monitoring and evaluation, and project outcomes. This may involve monetary rewards such as payment of allowances to managers and other project staff and non-monetary rewards such as awarding certificates of participation or recognition’ to project participation staff.

(viii) The appropriate segregation of duties to ensure and maintain the accuracy and legitimacy of accounts and transactions. This can be implemented, by alternating sequential tasks, so that no one person has fully responsibility for the entire transaction, provided that some separation occurs between key activities. Functions that should be separated include authorization, payment, custody and recording.

(ix) TCU must review the effectiveness fund management procedures in donor funds projects to have a clearly defined funds management process that includes sound policies, procedures, and controls.

(x) The money should not be paid to the payee while his/her payment voucher is not yet approved. Proper Internal Controls procedures must be adhered to.
However, donors if they seek to find the answer to sustainable development, must always acknowledging the role of the people receiving support in all stages of the project process meaningfully and in full participatory consultation, especially in the scoping, fund management and design. Such may be explored in a situational analysis, through conversations; semi structured interviews and Social Impact assessments in the scoping stages, and again reviewed in the design phase of a project.

It is essential that all of these consultative methods and approaches be monitored and evaluated in consultation with key community stakeholders throughout the project, and in the post project evaluations.

Lastly but not the least, it is important for firms to identify, establish, and implement effective internal controls because such measures ensure compliance with regulatory requirements, timely accurate reporting, elimination of fraud, waste, unauthorized access to and use of assets, misuse of resources, and fulfillment of management objectives.
Books and Articles


Axel van Trotsemburg Vice President, Financial Management of Donor Funds, Concessional Finance and Global Partnerships (CFP), the World Bank


Funds Management and Liquidity, Effective date July 1997, Section 3200.1


Gideon Njini, FCCEA, ACPA Country Manager, Republic of Cameroon, CMCameroon@ACPAglobal.com


M. Cooper certified Accountant Journal, June (1996)

Nguyen Minh Ngoc, Bangkok Thailand in (March 1999) ‘How an organization can be benefited from budgeting processes’ Productivity Improvement.

Owaga Saleem, Kenya in (1990) ‘Budgeting system with its conditions”

Tanzanian Non-Governmental Organizations - Their Perceptions Of Their Relationships With The Government Of Tanzania And Donors, And Their Role In Poverty Reduction And Development Special Paper 07.21 Mkuki Na Nyota Publishers P. O. Box 4246 Dar Es Salaam [www.mkukinanyota.com]


http://www.epa.gov/owm/finan.htm
http://www1.worldbank.org/publicsector/anticorruption/Flagshipcourse03/CamposPradhan
APPENDICES

Appendix 1: Research Budget

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (Tshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typing facilities</td>
<td>350,000/=</td>
</tr>
<tr>
<td>Stationery &amp; Printing</td>
<td>200,000/=</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>150,000/=</td>
</tr>
<tr>
<td>Fuel expenses</td>
<td>300,000/=</td>
</tr>
<tr>
<td>Total</td>
<td>1,000,000/=</td>
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</table>
Appendix 2: Questionnaires

I am carrying out a study on the Assessment of fund management procedures in donor funded projects at TCU under CARNEGIE and DAAD projects. The study is for the partial fulfillment of the requirements for the award of masters of Science degree in accountancy and finance (Msc.A & F) at Mzumbe University. There are no wrong and right answers, I therefore requesting you to fill in all the questions with an assurance that your answers will be kept private and confidential used for academic purposes only. Thus your names are not required. My appreciations for your profound contribution towards this study.

SECTION ONE: GENERAL INFORMATION

Please Tick your appropriate Choice

1. Age (Years):
   (i) 21-30 ( )
   (ii) 31 – 40 ( )
   (iii) 41 – 50 ( )
   (iv) Above 50 ( )

2. Gender:
   (i) Male ( )
   (ii) Female ( )

3. Marital Status
   (i) Single ( )
   (ii) Married ( )
   (iii) Divorced/Separated ( )
4. Level of Education
   (i) Professional (    )
   (ii) Masters Degree (    )
   (iii) Bachelor Degree (    )
   (iv) Diploma (    )
   (v) Certificate (    )
   (vi) Any other please specify ..........................................................

5. Length of service in the projects
   (i) Less than one year (    )
   (ii) 1 – 3 years (    )
   (iii) 3 – 6 years (    )
   (iv) Above 6 years (    )
SECTION TWO: EFFECTIVENESS OF FUND MANAGEMENT PROCEDURES

In this section the researcher seeks to establish the effectiveness of internal controls, fund management procedures and the accessibility of fund in the projects. Please Tick the appropriate alternative

<table>
<thead>
<tr>
<th>QUESTIONS</th>
<th>YES</th>
<th>NO</th>
<th>DO NOT KNOW</th>
<th>COMMENT</th>
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<tbody>
<tr>
<td>Does the planning and budgeting function consider funding and liquidity requirements?</td>
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<tr>
<td>Have internal management reports been prepared that provide an adequate basis for making ongoing liquidity management decisions and for monitoring the results of those decisions?</td>
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<tr>
<td>Does senior management review and approve the policy at least annually?</td>
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<td>Is the current system set up to improve Value for Money?</td>
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<td>Why is internal control a key financial management area?</td>
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<td>Does management clearly communicate and demonstrate integrity and other ethical values consistent with the project’s business conduct policy?</td>
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<tr>
<td>Has your department documented all internal policies and procedures that are related to performing all significant administrative processes specific to the project’s department or division’s operations?</td>
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<td>Are funding sources evaluated annually to assess the sustainability of current funding levels?</td>
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<td>Does the budget process include key members of management?</td>
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<td>Does your department prepare an annual financial report?</td>
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<td>Are managers held accountable for financial performance?</td>
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Thank you
**Appendix 3: Schedule of Activities**

**Action Research Activity Time-Line**

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<th>Tasks</th>
<th>Weeks</th>
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<tr>
<td>Data collection for Research paper</td>
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<tr>
<td>Data processing and analysis</td>
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<tr>
<td>The first draft of the Thesis</td>
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<tr>
<td>Final draft and submission of the Thesis</td>
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Researcher findings 2013