

**AN ASSESSMENT OF THE EFFECTIVENESS OF AUDIT
FUNCTIONS IN LOCAL GOVERNMENT'S FINANCIAL
MANAGEMENT IN TANZANIA: A CASE STUDY OF MWANZA
CITY COUNCIL**

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**A Dissertation Submitted in Partial Fulfilment of the Requirements for Award of
the Degree of Master of Science Accounting and Finance (MSc A&F)
of Mzumbe University**

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DECLARATION

I, Michael Magange, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

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ABBREVIATION

NAOT	-	National Audit Office Tanzania
NAO	-	National Audit Office
CAG	-	Controller and Auditor General
NSGRP	-	National Strategy for Growth and Reduction of Poverty
PMO-RALG	-	Prime Minister Office -Regional Administration and Local Government
ISA	-	Internal Standard of Auditing
SOX	-	Sarbanes-Oxley Act
UK	-	United Kingdom
PRAT	-	Process Review and Action Team
PAC	-	Public Accounting Committee
TZ	-	Tanzania
LGA's	-	Local Government Authorities
PE	-	Personal Emolument
OC	-	Other Charges
MPEE	-	Ministry of Planning and Economic Empowerment
PO-PSM	-	President's Office - Public Service Management
LAAC Local	-	Authority Accounts Committee
IPSAS's	-	International Public Sector Accounting Standards
IPSAS's B	-	International Public Sector Accounting Standards Board

- IFAC** - International Federation of Accountants
- LGRP** - Local Government Reform Programme
- RDD** - Rural Development Director

ABSTRACT

The problem investigated in this study was existence of lack of accountability, financial discipline and transparency in the use of public fund.

The study attempted to investigation reasons behind the prominent habit of lack of accountability, financial discipline and transparency in government expenditure, and how auditing function in Local Government addresses the problem.

To investigate the matter different research instrument were used to obtain both primary and secondary data. Primary data were obtained through questionnaires. While secondary data were obtained by studying the Controller and Auditor's General report and relevant book and journals.

Good quality of audit system is crucial for effective financial management, accountability, decision making of an organization.

The result of the study proved that there is lack of accountability, financial discipline and transparency in government expenditure. There are many factors which contribute to this situation, some of them are; lack of accountability on public expenditure by the government and Accounting officers are not taking relevant action on the CAG audit reports, in-effective functioning of National audit Office.

To alleviate the problem raised the following measures are recommended; first, the existing laws have to be reviewed, second, the LAAC should ensure that it takes relevant/disciplinary actions to Accounting Officers when necessary and the NAO should become more independent, that is:-

- The CAG should be appointed by the parliament'
- The NAO should become and Agency
- Extensive training on CAG staffs
- Remuneration of CAG Staff must be reasonable and fair.

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CHAPTER ONE

1.0 INTRODUCTION AND BACKGROUND INFORMATION

1.1 Background information

This study is aimed to assess the effectiveness of audit functions on Local Government authority's Financial Management in Tanzania, where the researcher is employee of National Audit Office Tanzania as public sector external auditor for five years now.

The Office of Controller and Auditor General (The National Audit Office Tanzania-NAOT) was established under Article 143 of the Constitution of the United Republic of Tanzania.

The statutory duties and responsibilities of the Controller and Auditor General (CAG) as given in the Public Finance Act No.6 of 2001 as revised in 2004, is the appointed Auditor of the Central Government, Local Government, Parastatal/Agencies and other organization institution of which the Government is the majority owner e.g. where it possesses more than 50% of ownership.

The main objectives of auditing in public sector are ensuring that;

- Government revenue is collected and accounted for as required by the Public Finance Act No.6 Of 2001, as revised in 2004, Financial regulations, the approved budgets etc.
- Public funds are spent in the line with the financial regulations, Procurement regulations, Treasury circulars, and Standing Orders.
- The NAOT's vision is to install a culture of financial discipline, transparency accountability and value for money in the collection and use of Public resources with the Government of Tanzania.
- Also NAOT's mission is to provide timely and high quality audit services to their clients in order to enhance public sector financial performance by

educating key stakeholders on the effective management of public finances, providing added services and functioning independently and impartially in auditing and reporting on public accounts.

In Tanzania, Local Government Authorities are established by the National Constitution. Section 145(1) of constitution of the United Republic of Tanzania state that; ‘There shall be established local Government authorities in each region, district, urban area and village in the United Republic, which shall of the type and designation prescribed by the law to be enacted by Parliament or the House of representatives’ (The Constitution of the United Republic of Tanzania. Section 145(1))

The Local Governments operate within a system of general powers which implies that they are allowed to decide and implement all kinds of activities which are not in conflict with the existing laws and regulations and which serve general welfare purposes. According to the new local government legislation (The Local Government laws miscellaneous amendments Act 1998).The council is the highest political authority in its areas of jurisdiction within the legal framework.

According to the cited legislation the council has the overall responsibility for;

- Local government finances
- Local government administration and organization and
- Service delivery

Local government authorities in Tanzania play an important role in the delivery of public services. Local government authorities collect roughly five 5% of all public revenues and are responsible for about twenty 25% of recurrent public expending and an increasing share of development spending. As such, local governments are crucial stakeholders in implementation of the country’ National Strategy for Growth and Reduction of Poverty (NSGRP or MKUKUTA).Hence, a sound system of local government financial Management is a key factor in assuring that the public sector provides an economic growth.

1.2 Statement of the problem

Situation regarding existence of lack of transparency, financial discipline and accountability of Government funds has been prominent in most of local Government authorities year after year. This has been recognized through the Controller and Auditor General annual reports for the five years consecutively (July, 2005-June, 2010). The report has disclosed lack of transparency, financial discipline and accountability e.g. Un-vouched expenditures (missing payment vouchers) and improperly vouched expenditures ranking from **Tshs.976,420,590 to Tshs.8,345,792,116** as shown in the Table 1.1 below:

Table 1.1 Un-vouched expenditures and improperly vouched expenditures for the five years on Local Government Authority Financial Statements of United Republic of Tanzania.

Financial Year	Un-vouched expenditures (Tshs.)	Improperly vouched expenditures (Tshs.)	Total (Tshs.)
2005-2006	1,934,374,846	2,403,092,747	4,337,467,593
2006-2007	81,329,428	895,091,162	976,420,590
2007-2008	1,370,245,729	3,590,228,595	4,960,474,324
2008-2009	2,526,117,587	5,313,071,671	7,839,189,258
2009-2010	2,830,338,208	5,515,453,908	8,345,792,116
Totals-Tshs.	8,742,405,798	17,716,938,083	26,459,343,881

Source: Report of Controller and Auditor General Annual Reports (for financial years 2005/2006-2009-2010 on Local Government Authority Financial Statements of United Republic of Tanzania.)

The study intended to assess effectiveness of audit functions on Local Government Authority's Financial Management, to identify causes behind for prominent lack of transparency, financial discipline and accountability in Governments funds and Suggesting measures to be taken to rectify the situation so that there is better Financial Management in the local authorities.

1.3 Objective of the study

1.3.1 Main objectives

The main objectives of the study was to assess effectiveness of audit functions on Local Government Authority's financial management and to identify causes for prominent lack of transparency, financial discipline and accountability in local Government's financial management.

1.3.2 Specific objectives

The followings were the specific objectives;

- i) To assess the extent audit functions were carried out to achieve its objectives of ensure public funds are spent in the line with the laws and Financial Regulations.
- ii) To assess the degree of response of Accounting Officers to audit observations/queries.
- iii) To identify the causes for the prominent lack of transparency, financial discipline and accountability of government funds in local government authority's financial management in Tanzania
- iv) To assess effectiveness of existing laws and regulations in regard to public expenditures.

1.4 Research questions

The followings were research questions;

- i) To what extent external audit (National Audit Office Tanzania) was conducted in local government authority during the period of 2005-2010?
- ii) Do Government Officers take relevant actions on Controller and Auditor General Reports and recommendations?

- iii) What are the reasons for prominent lack of transparency, financial discipline and accountability of government funds in local government authority's financial management in Tanzania?
- iv) Are existing laws and regulation adequate implemented to enhance transparency, financial discipline and accountability in public expenditures?

1.5 Significance of the study

Lack of transparency, financial discipline and accountability to Government funds has been prominent in Local Government year after year despite the existence of audit. Controller and Auditor General Reports and also local media, such as television and news paper reported poor financial management in Local Government authorities e.g. With reference to the daily news paper 'the citizen' dated 18th October, 2006 which pointed out that the ministry of Regional Administration and Local government (PMO-RALG) is worst performer in public funds management according to Controller and Auditor General Report for financial year ended 2004/2005.

These Lacks of transparency, financial discipline and accountability to Government funds have lead loss of public funds hence create social problems e.g. poor health services, educations etc. For these reasons there is need to conduct a research on assessment of effectiveness of audit functions on Local Government's financial management in Tanzania in order to have knowledge to improve management of public funds for public development. Effective Public Financial Management is therefore central to government's ability to deliver services to the citizen and alleviate poverty.

Specifically, the study is undertaken to justify the following;

- a) The fact that public funds are tax payer's money, so it's important to contribute through this study for improvement of transparency, financial discipline and accountability of public funds.
- b) Given that fact that, Office of Controller and Auditor General Tanzania-National Audit Office Tanzania is a supreme audit institution, it's important to assess effectiveness of audit functions for the development of Tanzania.

- c) It is also intended to serve as a guide in the improvement of the operation of the audit function in Tanzania.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Theoretical Literature

International Standard of Auditing (ISA)-200 on general principles, nature, scope and objectives of an audit defines an audit authoritatively as 'Independent examination of and expression of an opinion on financial statements of reporting entity by an appointed auditor in pursuance to his appointment and in compliance with any other relevant statutory obligations.

An external auditor is an audit professional who performs an audit in accordance with specific laws or rules on the financial statements of a company, government entity, other legal entity or organization, and who is independent of the entity being audited. Users of these entities' financial information, such as investors, government agencies, and the general public, rely on the external auditor to present an unbiased and independent audit report.

The manner of appointment, the qualifications and the format of reporting by an external auditor is defined by statute which varies according to jurisdiction of different countries. External auditors must be a member of one of the recognized professional accountancy bodies. External auditors normally address their reports to the shareholders of a corporation. In the United States, certified public accountants are the only authorized non-governmental type of external auditors who may perform audits and attestations on an entity's financial statements and provide reports on such audits for public review. In the UK, Canada and other Commonwealth nations Chartered Accountants and Certified General Accountants have served this role.

For public companies listed on stock exchanges in the United States, the Sarbanes-Oxley Act (SOX) has imposed stringent requirements on external auditors in their evaluation of internal controls and financial reporting. In many countries external auditors of nationalized commercial entities are appointed by an independent government body such as the Controller and Auditor General. Securities and Exchange commissions of countries

also impose specific requirements and roles on external auditors, including strict rules to establish independence.^[4]

(http://en.wikipedia.org/wiki/External_auditor)

Audit functions

Audits are performed to ascertain the validity and reliability of information; also to provide an assessment of a system's internal control. The goal of an audit is to express an opinion on the person / organization / system (etc.) in question, under evaluation based on work done on a test basis.

Due to practical constraints, an audit seeks to provide only **reasonable assurance** that the statements are free from material error. Hence, statistical sampling is often adopted in audits. In the case of financial audits, a set of financial statements are said to be true and fair when they are free of material misstatements - a concept influenced by both quantitative (numerical) and qualitative factors. But recently, argument that auditing should go beyond just True and fair is gaining momentum.

The function of external auditors

External auditors seek to obtain sufficient evidence to support on overall fairness of Financial Statements and accounting. Their perspective is therefore mainly backwards, what happened last year.

The internal auditor on the other hand is mainly interested in the situation now and in future. External auditors are also need to evaluate the system of internal control. Mainly external auditors are interested in internal controls only as far as the concern the Financial Statements and accounting

Also the main difference between internal audit and external audit is the line of reporting. Internal auditor works for the top management of the organization whereas an external auditor works for the stakeholders and to some extent to the authorities.

The main objective of internal audit is to evaluate established and implemented financial systems, i.e procedures which are used in preparations, accounting and presenting reliable information on financial transactions

That is why it is possible to acknowledge the main objective of an external auditor is to confirm that the final is correct, whilst the mainly objective of internal auditor is to confirm that procedures used as the basis to reach the end results are correct.

The majority of external audit objectives coincide with internal audit objectives and goals quite often even adequate or identical procedures and methods for identifying audit environment, selection of evidence, audit are used.

External Audit functions and accountability in Local Government's financial management

According to the United Kingdom Public Audit Forum (1998)

A crucial element of public accountability is independent external scrutiny. External audit strengthens accountability, both upwards to the elected or appointed members who provide resources, and outwards to the consumed and beneficiaries, taxpayers and the wider community at larger.

External audit serves several purposes as outlined below;

(i) Hold the executive to account

More specifically, financial statements provide an important means by which Parliament hold the executive accountable for the way money has been spent.

(ii) Helping public bodies to improve their performance

Public Audit adds value not merely by analyzing and reporting what has happened after the event, but also by looking forwarded, identifying lessons to be learnt, and by disseminating good practice. External public auditors thereby have a direct and positive influence on the way

organizations and people in the public services discharge their responsibilities

(iii) Ensuring standards of public conduct

Public audit has a key part to play in safeguarding public money, ensuring proper accountability, upholding proper standards of conduct in public services, and helping services achieve value for money (Public Audit Forum)

(iv) Establishing and maintaining public confidence

Public audit is also deemed to be a key element in establishing public confidence that public money is spent. Whilst few people ever read published accounts or audit reports, the fact that auditors report publicly acts as an important element of reassurances.

(v) Watchdog Vs Advisory

Studies have shown a conflict in the position of the external audit function between a role as ‘watchdog’ and a more advisory role. The watchdog is seen as acting on behalf of the public providing assurance that taxpayers’ money was well spent and that information was available on which to judge performance. The advisory role is deemed to focus more on promoting learning, encouraging change, possibly through internal mechanism, and helping those responsible to improve service

The principle of public Audit

As dispensed by public Audit Forum (1998) about the principle and characteristics of the audit of public money. The key principles that have been expounded are;

- (i)** The independence of public sector auditors from the organizations being audited.

- (ii) The wide scope of public audit, that is covering the audit of financial statement, regularity (or legality), propriety (or probity) and value for money.
- (iii) The ability of public auditor to make the results of their audits available to the public and to democratically elected representatives

The overall purpose of an audit function is to provide report in a sufficiently independent manner from the institution or subject being audited in order to add its value and improve its operations. Specifically, its objectives are:

- To independently identify information which is essential to develop an overall picture of the institution/local authority
- To identify any weaknesses or administrative flows which otherwise would not be identified due to unwillingness or inability by insiders of the institutions.
- To identify strengths and weaknesses of the administrative structures in order to inform decisions on overall strengthening of the institution.
- To provide baselines on which reforms can be assessed.
- To provide the government (other governing bodies) and general public with credible information that result in public faith or trust of the institution and/or pressure for any reforms to address problems identified.

Management of the Audit Function

An effective audit function should provide all levels of management an *independent appraisal of their operations and assist them in achieving maximum efficiency while achieving overall organizational goals* (Institute of Internal Auditors, “Standards for the Professional Practice of Internal Auditing”). However, before the manager of the organization’s audit function can begin to promote the audit department’s positive contributions to the organization, improve upon the products generated by auditing (i.e., audit reports, analysis), or contribute to the overall continuous improvement of the organization in general, the audit department’s leadership must seek feedback on its own

performance. There are many sources of feedback; both internal and external to the audit department.

Feedback from Management

Certainly one of the most important sources of feedback is from senior management. It is critical the audits scheduled to be performed by the audit department closely match the interests of the company's senior leadership. The audit department's mission statement must be in line with organizational policies, special interests, and short-term and long-term goals.

Feedback from the Auditee

You might think it unusual for the auditor to ask for feedback from the auditee, however, it is important that his or her voice be heard. There is nothing quite so difficult as requesting an assessment of your performance by those whose management and leadership abilities you've just reviewed and critiqued. Nevertheless, it is important to know how you and your work were perceived by the auditee. From the initial contact, to the audit entrance conference, through to the exit briefing, you need feedback regarding the auditee's perception of you (and the team). Without this feedback, you will not have the information you need to improve your future performance.

Feedback from the Auditee

Almost as difficult as asking for performance feedback from the auditee is requesting it from your own audit team members. No one is as tough on a quality auditor's performance as a fellow auditor. Obtaining feedback, and evaluating team effectiveness, is usually best achieved in the Process Review and Action Team (PRAT) setting. The PRAT is one avenue that may be used to determine not just whether the audit team's performance (or audit function, for that matter) can be improved upon, but how it can be improved upon. Methods such as brainstorming; nominal group technique; cause and effect analysis; and so on, work well in this forum.

What does the Auditor-General look for?

As auditor of the public entities, the Auditor-General has five main concerns:

- **Performance:** Have public entities carried out activities in keeping with Parliament's intentions in an effective and efficient manner?

- **Performance:** Have public entities carried out activities in keeping with Parliament's intentions in an effective and efficient manner?
- **Authority:** Have activities been carried out, and accountability requirements observed, within the authority granted by Parliament?
- **Waste:** Have resources been obtained and applied in an economical manner? Are taxpayers' dollars being wasted?
- **Probity:** Are entities meeting Parliament's and the public's expectations of an appropriate standard of behaviour?
- **Accountability:** Have entities given full and accurate accounts of their activities? Are governance and management arrangements able to address any concerns?

(<http://www.oag.govt.nz/about-us/frequently-asked-questions/audit-function>)

Type of auditing

- **System based audit;** refer to an in depth evaluation of internal control system with objective to assess to extent to which controls are functioning effectively
- **Performance audit or operational audit;** refer assessing whether the activity, programme or body has been performed economically and or efficiently and/or effectively
- **Financial or Accounting audit;** refer to evaluating the accuracy of accounting and related procedures and practices. It assess the accuracy and completeness of Financial Statements of activities
- **Compliance audit;** refer to evaluating how well the organization conforms and adheres to relevant policies, plans, procedure, laws, regulations and contracts

Ways of achieving the objectives;

In a well planned audit, the objectives can be achieved by undertaking the followings steps;

- By vouching the transactions for authority, recording, date, name and amount

- By verification of Assets, Liabilities, Contingencies and provisions for Disclosures, Ownership, Valuation, Existences, Accuracy and Completeness.
- By performing the analytical review procedures for;
 - Ration analysis;
 - Trend analysis;
 - Reasonableness test
- By conducting review procedures for the audit i.e internal and external reviews
- By confirmation of balances with third parties i.e debtors, creditors and bankers
- By engagement of special list or experts to provide fair valuation of assets, liabilities and contingencies
- By implementing as far as possible the recommendations in the previous management letter by external auditors

Linkage to Transparency

The underlying principle of auditing is disclosure of administrative processes and financial practices in any organization. This exercise aims at building transparency and enhancing accountability of key officials and decision makers within the organization being audited. Positive findings of an independent audit can go a long way in building public trust in the organization, while negative findings can serve to catalyse change.

Auditors, both internal and external, have the general responsibilities of investigating administrative and financial practices and developing factual reports. They can and often do make recommendations or refer findings to other bodies for action. The real powers of auditing are in the fact that audit reports are made public. Key aspects of the audit function are described below.

Scope. Auditing can be quite specific, wherein which auditors are mandated to carry out specified tasks, such as only examining only administrative procedures of an

organization. Alternatively, the scope of the audit can be wide-ranging, covering administrative, legal, financial and other practices, i.e., an overall audit of the organization or local authority.

Selection of auditors. The important factors in choosing auditors include the level of expertise needed, degree of autonomy and resistance to undue influence. Audits may be carried out by specialised units within the local authority or government, or by external specialised auditing agencies. Auditors must also be financially and budgetary independent in accomplishing their tasks.

Audit procedures. Are those systematic step in auditing. Audit methods and procedures are standardised. Such standards are available universally and are meant to provide a framework for performing and promoting value-added audit activities that improve the operations of agencies/local authorities.

Dissemination of audit report. Audit reports must be made available to stakeholders in the city or community. As stated earlier, these can help in building accountability and enhancing trust in public agencies, or in reinforcing the need for change.

http://ww2.unhabitat.org/cdrom/transparency/html/2d_5.html

Audit of Local government's financial management

Audits of local government management functions and financial operations are a key source of information on practices that are either corrupt or susceptible to corruption. While it is common practice to have a central office at the national/federal level to monitor the effectiveness and efficiency of governmental programmes, local government (as well as other government departments) would be well served in having its own audit department. In order to be effective as well as credible, an audit department or agency needs to be both well funded and to have certain independence.

Strengthening of auditing functions in government machinery is crucial as underscored by some studies. "The proper and productive use of public money is an indispensable

element of any modern, well-managed, and fully accountable democratic state. It's is essential that, where Government, and the prime instruments of scrutiny, Parliament, interact, there exists a common understanding of how, and on what terms, public money can be used. Over the last 140 years, increasingly refined techniques for patrolling the boundary between government and parliament have been developed. The turn of new century marks an appropriate time for a further consideration of accountability arrangements (Sharman 2001)".

Accountability has been various defined as the quality of being accountable, a liability to give account of and answer for, discharge of duties or conduct and responsibility. Sharman (2001) reports, refers to accountability as the requirement to provide explanations about the stewardship of public money and how this money has been used.

According to Sharman's (2001), the United Kingdom (UK) reforms laid the foundation of parliament's scrutiny of public money. Under this, parliament votes money to the government which the government spends. The government is responsible for ensuring that arrangements are in place to safeguard these funds, and is then held accountable for how it has used the money. Parliament has assigned to the Public Accounting Committee (PAC) responsibility for looking in details at how public money including voted money, government trading funds, the consolidated funds and the National Loans funds has been used. The committee is assisted in this by the Controller and Auditor General, who is an officer of the house of Audit Office (NAO), which carries out works on his behalf. These arrangements remain relevant to this day. Greater independence in the process of external scrutiny was provided with the establishment of the NAO in 1984, outside the civil services.

The provision of the public Finance Act

According to section 5 & 6 of the public Finance Act No.6 of 2001, as reversed in 2004, the control and management of public money is the duty of the minister for finance.

Reluctance in enforcing financial accountability

The situation of poor level of compliance is exacerbated by the inaction by government to follow up and enforce rules and regulations. To quote from the Controller and Auditor General (CAG) report of Financial Year 2003(Para.18):"Many Accounting Officers pay little regard to matters reported upon, and issues that demand financial accountability continue to be ignored". Further more, the fact that the public Account Committee (PAC) reports are not being debated on timely basis by the parliament o action taken by the relevant bodies on their recommendations seriously undermines the financial accountability cycle. In real situation financial accountability will be improved if the PAC becomes effective (e.g. take required disciplinary action to Accounting Officers) also the government have to ensure that rules and regulations are enforced (Word Bank report No.36642-TZ of June 2005/3006).

Government inaction

Ineffectiveness and delays in the judicial system are a factor hampering the fight against corruption. Lack of sanction for the non-compliance and financial improprieties uncover by the CAG could conceivably be excused on those grounds. However, the Public Finance Act gives the Minister of Finance clear authority to pursue personal restitution of funds, if he is satisfied that the officer concerned is responsible for the impropriety, based on an administrative(not judicial) proceeding. Moreover, the public service Act, 2002, provide for various administrative sanctions, including termination of employment. Thus, there is no legitimate reason for lack of vigorous follow-up and sanction by the government that is a grave neglect of basic duty-or worse. The functioning of the departmental Audit Committee should help in the future to truck the rate and sufficiency of response to audit finding. Nevertheless, a major improvement of in responsiveness to audit findings and thus is financial integrity will require fresh resolve from the top

political leadership, and a link between such responsiveness and career prospects of the individuals concerned (World Bank report No.36642-TZ of June 2005/20026).

The role of the Accounting Officer in enhancing accountability [(Lord Sharman (2001))]

The fundamental importance of the role of the accounting Officer is a key characteristics of accountability for public funds in Central/Local government, and one in clear contrast to arrangements in the private sector. In its submission, the government suggested that reliance on sole responsibility has a number of implications, and questioned whether a single person at the top of an organization can reasonably be held responsible for every activity of that organization, except through the responsibility for setting a risk strategy. In addition, in many ways the concentration of personal authority is not as unqualified as it may sound. In reality, the Accounting Officer delegates responsibilities to other senior staff and is not personally responsible for actions throughout the organization, even if he is accountable for them.

Local Government or Local Authority

The term Local Government or Local Authority refer to a rural (district) or urban political subdivision within the nation which is constituted by law and has a substantial control over local affairs. Its functions depend very much on the way it interacts with the Central Government and the Regional Administration. The term may thus be taken to mean levels of Government that are subordinate to Central Government but do not include state Governments in federal systems of government.

The Local Government Authorities have a wide range of responsibilities for the provision of essential services and good governance for the citizens of their locality. In order to fulfil these responsibilities, they have to collect revenues through taxes, licenses, fees and other sources. In this respect, sound financial management is crucial to ensure that revenues are properly accounted for and used for intended purpose and have yield the maximum benefits possible.

(Controller and Auditor General (CAG) General Report on LGAs for 2009/10)

The legislative framework for local governance and local government finance is provided by a series of Acts jointly referred to as the Government Acts adopted in 1982. The financial framework for all local government authorities is provided by the Local Government Finance Act.No.9.

Court of Law is exercised external control over local government finances. Local Authorities by law can sue and be sued. Section 51(1-6) of the Act No.9 of 1982 provides that where, in consequence of the audit, the auditor becomes aware of:

- Any payment made without due authority according to law
- Any deficiency or loss occasioned by negligence or misconduct
- Any failure to observe a policy of the highest thrift
- Any sum which ought to have been but was not brought to account, he shall which report the matter to the Regional Commissioner who may, in the case of expenditure, disallow the same in other cases.

The person who contravenes the law and regulations may also be surcharged in any competent court.(Act No.9 of 1982 section 51(5))

For transparency and accountability reasons, Sect. 49 of LGFA, 1982 (Revised 2000) and amplified by Order No. 90 of the Local Authority Financial Memorandum (LAFM) 1997 requires Councils to publish at their own offices and in local newspapers within their areas of jurisdiction the following:

(i) The audited consolidated statement of financial position (balance sheet) and statement of financial performance (income and expenditure)- abstract of accounts; and

(ii) Any signed audit report on the accounts

The audit procedures in the audit of public sector including Local Government Authorities (LGAs) does not end up with an audit report but is followed by the follow-up procedures. Sect. 40 of the Public Audit Act, 2008 provides follow-up mechanisms in the Tanzanian context. The aim of follow-up processes is to identify and report on whether the auditee has come up with the action plan or has

implemented the recommendations pointed out in the audit report. According to Sect. 40(4) of the Public Audit Act, 2008 CAG obliged to include the implementation status in the next audit report.

Effectiveness means the capability of producing an effect, and is most frequently used in connection with the degree to which something is capable of producing a specific, desired effect. Or the degree to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, effectiveness is determined without reference to costs and, whereas efficiency means "doing the thing right," effectiveness means "doing the right thing."(<http://www.lifetoolsforwomen.com/p/efficiency-effective.htm>). **Accountability;** The state of being accountable; liability to be called on to render an account; the obligation to bear the consequences for failure to perform as expected;accountableness(<http://www.answers.com/topic/accountability>). **Legal and financial framework;** The legislative framework for local governance and local government finance is provided by a series of Acts jointly referred to as the government acts adopted in 1982. In fact, two different laws (Act Number 7 & 8 respectively) govern the establishment and authority of urban Councils (Urban Authority Act) and rural district Councils (the District Authorities Act). The Financial frame work for all local government authorities is provided by the Local Government Finance Act (Act Number 9).

Definition and role of Financial Management

Financial Management is not an end to its self, it is however, crucial to the successfully functioning of any organization since it relates to how resources available to the government are been utilized.

Considering that public sector is services delivery driven the analysis and evaluation of management performance is somewhat different and more complex than that of industries that are driven by profits incentives. In the public sector, economy is measured by the relationship between quantity and quality of resource inputs and its related cost. Efficiency is measured by the relationship between resources inputs and the outputs whilst effectiveness is measured by the extent to which outputs accomplish set of outcomes.

Appropriateness is measured by the extent to which programmes meet the real needs of the community, which also the form part of government priorities.

The purposes of Financial Management in the public sector

The aim of Financial Management in Public sector is to manage limited financial resources with the purpose to ensure economy, and efficiency in delivery of outputs required to achieve desired outcomes (effectively) that will serve the needs of the communities (Appropriateness).

Financial Management ranges from daily cash management through to the formulation of long terms financial objectives, policies, and strategies in support of the strategic and operational plan of the government. It includes the planning and control of capital expenditure, working capital interaction with the relevant treasury, funding and performance decisions

Principle of Financial Management in the public sector

Financial resources must be optimally planned and allocated between required outputs. The optimal investment in total assets require to support specified departmental outputs must be quantified and economically funded. Internal controls must be designed, implemented and maintained to ensure that;

- (i). Transactions are executed in accordance with management's general or specific authorization.
- (ii). All transaction are promptly recorded at the correct amount, in the correct appropriate account, with the correct period to which it relates and in accordance with the departmental accounting policies.
- (iii). Access to assets is prohibited only in accordance with management authorization. Recorded assets are compared with the existing assets and vice versa at a reasonable intervals and appropriate action is taken with regard to any variance.
- (iv). Accountability must be established for performance associated with the freedom to consume scarce financial resources in the delivery of specified outputs

2.2 Empirical Literature

Expenditure management

Un-vouched expenditure is an expenditure which lacks payment vouchers and other supporting documents to substantiate the authenticity of expenditure.

During the financial year 2009/2010, 34 Councils out of 134 audited had effected payments amounting to Shs.2,830,338,208 where supporting payment vouchers were not made available for audit purpose, hence limiting the scope of audit. The Council with the highest value is Kishapu District Council which had Shs.1,393,123,804 followed by Ruangwa District Council which had Shs.411,876,806. Since this has been a persistent problem with the majority of the Councils for a long time, CAG remind the Management of Councils on their responsibility in ensuring that, the Councils' accountable documents including payment vouchers are properly safeguarded and should be made available for audit verification when needed.

Order No. 5(c) and 368 of the Local Authority Financial Memorandum of 1997 requires all payments made from Councils to be supported by proper supporting documentation.

During audit, based on sample selected, noted that some of the supporting documents of the reported expenditures totalling Shs.5,515,453,908 in respect of 71 Councils were missing contrary to the above cited order shown as above. The highest being Ruangwa District Council having Shs.803,959,615 followed by Kilwa District Council having Shs. 449,681,752.

The LGA Finance system in Tanzania

Tanzania's local government authorities play an important role in the delivery of public services in Tanzania. Local government authorities collect roughly 5 percent of all public revenues and are responsible for about 20 percent of public spending. This means that one out of every five shillings spent in the public sector is spent at the local government level. For the purpose of this brief overview, the local government finance system in Tanzania Mainland can be divided into the two sides of the local government's budget,

namely local resource inflows (such as intergovernmental transfers and local government revenues) as well as local resource outflows (local government expenditures).

Local government expenditure responsibilities

Local Government Authorities are responsible for delivering three types of public services in Tanzania Mainland: (1) concurrent functions; (2) exclusive local functions; and (3) delegated functions. Concurrent expenditure responsibilities are public services which are funded and regulated by the central government, but for which the provision is devolved to the local government level. These 'concurrent' public services include the five grant-supported sectors, notably primary education; local health services; agriculture extension and livestock; water supply; and local road maintenance. Approximately three-quarters of local government spending in Tanzania are for concurrent functions; the remainder is spent on exclusive local functions (such as refuse collection and other such local services) and local government administration.

Local government expenditures can also be divided into recurrent expenditures (expenditures that recur continually or very frequently, such as salary expenditures or other recurring operational costs) and development expenditures (non-recurrent expenditures, such as spending on capital infrastructure). Recurrent public expenditures in Tanzania are commonly broken down further into wages and wage-related expenditures (Personal Emoluments, or PE) and non-wage expenditure (Other Charges, or OC). In Mainland Tanzania, roughly two-thirds of local spending is for recurrent purposes; of this amount, roughly two-thirds is spent on Personal Emoluments.

Local government financial resources

Local government authorities in Tanzania fund their expenditures from three sources, notably intergovernmental transfers, own source local revenues, and local government borrowing. Intergovernmental transfers fund roughly 90 percent of all local government spending, while local governments' own source revenues (including local rates and other locally collected revenue sources) account for approximately 10 percent of local financial resources. Local borrowing only accounts for approximately 0.1 percent of local

spending. Intergovernmental transfers can be defined as funding received from other levels of government (typically, the central government). These transfers include recurrent sectoral block grants, sectoral basket funds and ministerial subventions, as well as local capital development grants. Recurrent block grants account for about two-thirds of all intergovernmental transfers. Recurrent block grants and local capital development grants are supposed to be formula-based and disbursed directly from the Treasury to LGAs, whereas most basket funds and subventions are more discretionary in nature and disbursed indirectly to LGA's by line Ministries.

Central-Local fiscal relations

Despite the importance of the Local government system in Tanzania, no single central government agency or institution has a comprehensive mandate over the management of local government fiscal affairs. Instead, different central government ministries and agencies have responsibilities for different aspects of the local government finance system.

On one hand, in accordance with the Public Finance Act (2001), the Minister of Finance is broadly responsible for co-ordinating inter-governmental fiscal relations. On the other hand, according to the Local Government Finances Act (1982), the Prime Minister's Office – Regional Administration and Local Government (PMO-RALG) is the responsible for 'ensuring the proper management of the finance of the local government authorities .PMO-RALG ensures proper local financial management through the issuance of local budget guidelines, procedures, and instructions on the development of the local budget, as well as through the provision of technical support and capacity building. Likewise, PMO-RALG monitors local expenditures and revenue collections and audits local government budgets to assure that local budgets are implemented or executed as planned. In addition to the Ministry of Finance and PMO-RALG, the Ministry of Planning and Economic Empowerment (MPEE), the President's Office - Public Service Management (PO-PSM), as well as key line ministries are important stakeholders in the local government finance system. As such, these stakeholders in Local government finance system. As such, these stakeholders are all represented on the inter-ministerial Local Government Finance Working Group.

Fraud Prevention and Control

ISA 240 defines fraud as “an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.” The primary responsibility for the prevention and detection of fraud rests with both those charged with governance and employees of the Council and management. Fraud prevention and control are important to the Local Government Authorities and, of course, to other levels of Government and the private sector. It is one of the many issues which need to be managed effectively by LGAs to ensure they adhere to the principles of sound corporate governance. The aim of fraud assessment is to provide assurance to the Parliament that LGAs have a suitable framework in place to assist in preventing and dealing with fraud and to identify areas for improvement.

Assessment of fraud issues at the selected sample of 83 LGAs disclosed that the Councils management have not documented and approved fraud prevention plans for the financial year 2009/2010 and there were no processes that have been put in place by the Councils’ Management for identifying and responding to the risk of fraud in the Councils. In addition, the LGAs managements have no written identification evidences and specific controls to mitigate the risk resulting from fraud. In addition, the following indicators/red flags which are viewed as symptoms of fraud were noted:

- Inefficiency performance of Audit committees,
- Ineffective Internal Audit Functions,
- Missing payment vouchers,
- There were instances of revenue not banked in the accounts of the Councils.
- Payment without supporting documents,
- Misstatement of financial statements,
- An unauthorized payments,
- Absence of Inspection and Acceptance Committee for procured works and goods,
- Inadequate management, recording and valuation of non current assets management, recording and valuations,

- Unclaimed salaries not transferred to Treasury,
- Inadequate controls to ensure that all revenue due to the LGAs is collected and accurately recorded on the financial systems.
- Missing revenue receipt books.

The nature of the indicators of fraud noted above impairs the internal control systems hence there is a high risk of concealing management fraud and/or employees' fraud at various managerial and/or operational levels of the Councils respectively.

In order to have the expected results from the Local Government Authorities, the Government should seriously strengthen the coordination and supervisory roles of the Regional Administrative Secretaries. This will include ensuring that, the Secretariats have the required capacity in terms of facilitating the promotion, development fostering and upholding of Local Governments and the realisation of goals and targets of LGAs in relation to national development goals.

(Controller and Auditor General (CAG) General Report on LGAs for 2009/10)

Adopting and Implementation of International Public

Sector Accounting Standards by LGAs

There was an increasing demand for accountability and transparency by all stakeholders in the Public Sector in Tanzania. Frequent revelation during the Local Authority Accounts Committee (LAAC) hearing the CAG's reports raise issues of financial accountability and transparency.

The preparation of transparent and understandable financial statements is an important way for LGAs to demonstrate their accountability to the citizens who funds them through taxes and as well as development partners who often contribute to the development activities of the Government either through the General Budget Support or other acceptable means.

International Public Sector Accounting Standards (IPSASs) is a set high quality, independently developed accounting standards aimed at meeting the financial reporting needs of the Public Sector. IPSASs are developed by the International Public Sector Accounting Standards Board (IPSASsB), which is an arm of the International Federation of Accountants (IFAC); the global organization for the accounting profession. Transition

to IPSASs as an accounting framework is designed to improve the quality and consistency of financial reporting, enhance transparency and accountability, facilitate better decision making and financial management and good governance in our entire Public Sector.

(Controller and Auditor General (CAG) General Report on LGAs for 2009/10)

In the effort to enhance Local government performance in the context of service delivery and financial management, most of governments in Africa, including Tanzania, have introduced Medium Term Expenditure Framework (MTEF) budgeting approach. This requires Local Government Authorities and others Agencies to allocate resources so as to achieve their overall missions in a given period. Introduction of this tool is part of wide package of budget reforms which most African countries undertake in Local Government *(Kianga & Maziku, 2006) MTEF budgeting in Tanzania: how effective in local government Authorities.*

Finance management is the area that attracts significant attention of local self government official and citizen because the quality of life of residents depends on a commitment to, good long range planning and sound financial management by the local government and the continued cooperation and support of the local business community.

(USAID, 200 Financial Management model for local government, Local government reform project, The urban institute: Washington D.C.)

Two primary drivers that form the foundation for effective financial management are accountability and decision usefulness. Manager needs an oversight process that will ensure positive answer to the question ‘did we use our resources effectively, in accordance with programme priorities, and in compliance with laws and regulations?’ The decision usefulness mandates that the structure and integrity of financial accounting systems are proficient in providing current, accurate and relevant information.*(U.S Government, 1996-www.doeal.gov/ofcfo/fmdp/fmdp.htm)*

The Local Government Reform Programme (LGRP) was prompted by among other things, poor financial management in LGs and hold by the RDD-Rural Development Director resources which would otherwise be held and operate/managed by Local Authorities. (Kitula et op cit 1990).

Several studies have been conducted on how best to finance Local Authorities and monitor the use of finances. Such studies have been conducted by price water House Cooper (1998 and 1999). The British overseas Development Agency (DFID 2000) and Adrew Yough School policy studies-Georgia state University.

Other studies have been conducted by Adger College of Norway –jointly with mzumbe University. Such studies have covered such as Arusha Municipal Council, now city, kibaha District Council, Karatu District Council, Morogoro Municipal Council, and others (Nylehn et al, 2000, Madale et al 2001, Chao et al 2001. Most of those researchers’ findings were almost the same as they observed poorly performance in financial management.

The major objective of the LGRP has been to assist Local Authorities to improve their financial management through training, strengthening of oversight mechanism and other relevant interventions.

2.3 Conclusion from others studies

The General outcome of the findings shows that Accounting Officers do take relevant action on audit reports. Out of 41 respondents 51% said Accounting officers do take the relevant actions on audit reports and recommendations of Controller and Auditor General (CAG). The results are contrary to expectations hence proper actions of Accounting Officers on Audit reports would have decreased the un-vouched and improperly vouched expenditures instead of increasing as noted in literature review.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

This chapter deals with methodology process that the researcher used conduct the research and the theoretical basis behind the approaches. It includes the research approach, methods, and technique used for the collection of relevant data and data analysis method.

3.1 Study design

The research adopted a case study design in order to be able to get in-depth information; it is intensive study of the case. The aim in this case is to investigate the unit across a variety of characteristics. The validity of findings in the studies is relevant to the case under investigation and generalization is limited. The study employs a deductive approach and descriptive approach to analyses both primary and secondary data.

3.2 Area of study

The study was conducted in Mwanza City Council in Mwanza Region in Tanzania. In this study, Council's Official and National Audit Office (NAO's) Official will be unit of study.

3.3 Unity of inquiry

The number of unity targeted and actual results shown in the table 3.1 below:

Table 3.1: Targeted unity of inquiry and actual results

S/No.	Category	Target	Actual respondents	Percentages
1.	Assistant Auditor Generals /External/Resident Auditors	15	12	80
2.	Regional Administrative Secretary	1	1	100
3.	Accounting Officers	1	1	100
4.	City Treasury	1	1	100
5.	Head of departments	25	20	80
6.	Council staffs	30	26	86.70

7.	Beneficiaries	20	5	25
8.	Financial Experts	3	-	0
9.	Councilor	1	1	100
	Total	97	67	69.10

Source: Researcher data-(survey/case study data)

3.4 Data collection methods

Questionnaires, interviews, observation and documentation were used as data collection method. Both primary and secondary data were collected.

3.4.1 Primary data collection

Primary data are those collected afresh and for the first time used in solving the problem under study.

(i) Questionnaires

Both open and closed ended questions were used in order not to give limit to respondents in a giving their wide view and experiences about the problem. So the questionnaires were used to gather information which leads in identifying courses of lack of accountability and transparency in use of public money.

(ii) Interviews

Interviews were conducted for various officials as stated in unit of inquiry.

(iii) Observation

The researcher observed variables indicators of Audit functions and financial management in Local government e.g. strongly internal control-segregation of duties, physical controls etc

3.4.2 Secondary Data collection

(i) Documentation

The researcher obtained more information by reviewing and documenting various documents relating to the area of study. These documents were Controller and Auditor General (CAG) - reports, local government reports, and relevant publications.

3.5 Financial management variables and their measurements

Table 3.2: Measurement strategy /operationalisation of concepts/variables

Variables	Measurement/indicators	source
Audit functions	Number/quality of audit reports	Audit reports
Financial management	Audit opinion issued on financial statements	Financial statements

Source: Designed by the researcher.

3.6 Reliability and validity of measurement

Measure of validity is similar to the measure of reliability. Reliability can be measured through subject error/participant basis, and observer error basis. The researcher compared one measurement of variables on the group of subject. A main measure of reliability was changed in the mean, and retest correlation. The research instrument that used was neutral in their effect and produced the same result when used on the occasion and applied on the subject of object. The reliability of finding ensured by ensuring that the interview question and questionnaire designed not included any threats/biasness.

Validity was measured through testing, instrumentation, maturation, and generalizability. The researcher compared two measurements on the same subject. The first measurement was for variable interested for the topic (practical variable) the second measurement was be for variable (criterion variable) that gave value close as true variable. Interview and questionnaire was able to measure what is aimed to be measured. The finding did not divert from the fact.

3.7 Sampling and sampling procedure

The following sampling method was used, purposeful sampling, and random sampling.

3.8 Data analysis Techniques

Research used, narrative notes, use of percentage, tables, figures and graphs, different charts and percentage were used in information gathering and narratives notes were used in explain information put in the tables, figures, graphs and percentages.

3.8.1 Data processing

Data was processed through editing, coding, and classifying them. To allow quantitative analysis, data was converted into numerical codes representing attributes of variables. Editing was done to check any missing information, errors, and unclear information.

3.8.2 Test for reliability and validity

Test for reliability

Reliability of secondary data was tested by finding out such thing about the said data; who collected the data ,what were the sources of the data, were they collected using proper methods, at what time were they collected, was there any bias of complier, what level of accuracy was desired,(was it achieved?). Test was consistent and stable in measuring what was it intended to measure. Test was reliable due consistence within itself and across the time. Reliability of finding was ensured by ensuring stability, equalization questionnaire designed and even the objectivity of the measurement instrument itself which provided consistent findings.

Test validity

The test actually measured what it claimed to measure. The test for validity was extended to which inference; conclusion and decision made on the basis of the test scored are appropriate and meaningful. Criterion related to validity was tested researcher ability to predict some outcome or estimate the existence of source current condition. It reflected the success of measures used for some empirical estimation purpose. Criterion was relevance, free from bias, and reliable

CHAPTER FOUR

4.0 PRESENTATION OF RESEACH FINDINGS, DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter aims at analyzing data collected through questionnaire survey from Local Government Authority and case studies. One Local Government Authority was chosen, for the survey. The questionnaire was designed along the best practice framework identified during the literature and researcher experience. So, the purpose was to identify cause of lack of accountability, financial discipline and transparency in the use of public funds, and what action should be taken in order to rectify the situation so that there is better Financial Management in Local Government Authority on use of public money. The main objective of the questionnaire was to gather evidence on opinions on:-

- (a) Strength and weakness in the National Audit Office.
- (b) Strength and weakness on Accountability of Accounting Officer.
- (c) Strength and weakness in the existing laws and regulations; and
- (d) Strength and weakness of the Local Government Authority's financial management.

Also, research was conducted in the ways of improving accountability, financial discipline and transparency in the use of public funds was done.

Therefore, questionnaires have been analyzed with these objectives in mind. Both positive and negative comments have been carefully analyzed for the purpose of coming up with realistic conclusions and recommendations.

This chapter covers analysis of five year financial performance of one Local Government Authority as per CAG'S reports (Case studies) and analysis of responses received from Local Government Authority officers as well as Officer from NAOT in Tanzania

(survey). The questionnaires used were the structured ones. The purpose was to obtain actual situation concerning accountability in public organization and the roles/ contribution of public auditor in Tanzania.

4.2 Data analysis, discussion and research findings

4.2.1 Education of Respondents

Education wise, only 6.9 percent of the respondents reported having certificate level of education, 24.1 percent had diploma formal education, Degree level of education were 40.2 percents, postgraduate level (Postgraduates, Masters and PhDs) were 28.7 percents, How ever non of respondents were found having a PhD holders, this is due to the fact that at the Local Government workers are not encouraged to perform the PhD studies.

4.2.2 Working experience of Respondents

To add-on, the working experience of respondents, majority of respondents (about 41.4 Percent) are having experience of between 4 to 5 years of working/ tenure. 36.8 percent of respondents were having the experience of working above five years (5+), 21.8 percent composed with respondents with experience of 1 to 3 years of working.

4.2.3 Local Government Authority selected as case study

One Local Government Authority was selected for the case study, which is Mwanza City Council. The selection criterion was based on the ground that Mwanza City Council is big Local Government Authority in terms of its budget, activities and development issue.

4.2.4 Mwanza City Council (Vote 18).

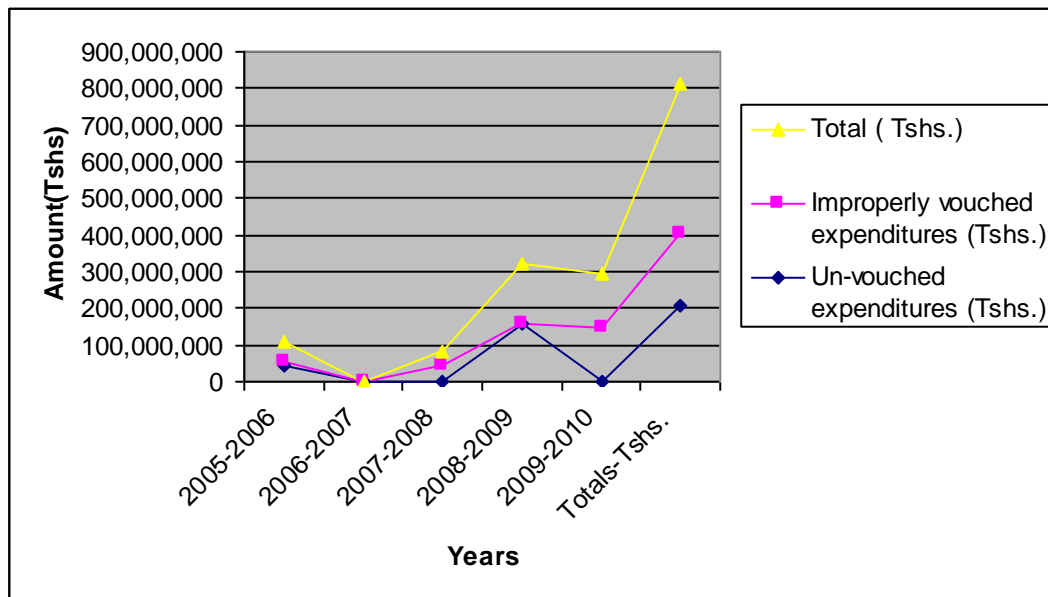
The following data in table 4.1 or figure 4.1 shows the Un-vouched and improperly expenditure for last five (5) years in respect of Mwanza City Council.

Table 4.1: Un-vouched and improperly vouched expenditure in Mwanza City Council

Financial Year	Un-vouched expenditures (Tshs.)	Improperly vouched expenditures (Tshs.)	Total (Tshs.)
2005-2006	45,765,600	9,691,838	55,457,438
2006-2007	-	-	-
2007-2008	-	41,168,900	41,168,900
2008-2009	160,643,900	-	160,643,900
2009-2010	-	148,410,500	148,410,500
Totals-Tshs.	206,409,500	199,271,238	405,680,738

Source: *Report of Controller and Auditor General Annual Reports (for financial years 2005/2006-2009-2010 on Local Government Authority Financial Statements of United Republic of Tanzania.)*

Figure 4.1: Un-vouched and improperly vouched expenditure in Mwanza City Council



Source: field Research Findings, 2012

4.2.5 Analysis techniques

Data collected has been analyzed on the basis of respondent’s opinion regardless of the individual groups. But, before analyzing all responses, questionnaires from different respondents were coded and fed into a spreadsheet to form data matrix;

4.2.6 Response to Questions and analysis

This research outlines the study findings on following areas;

- Strength and weakness in the National Audit Office Tanzania..
- Strength and weakness on Accountability of Accounting Officer.
- Strength and weakness in the existing laws and regulations; and
- Strength and weakness of the Local Government Authority’s financial management

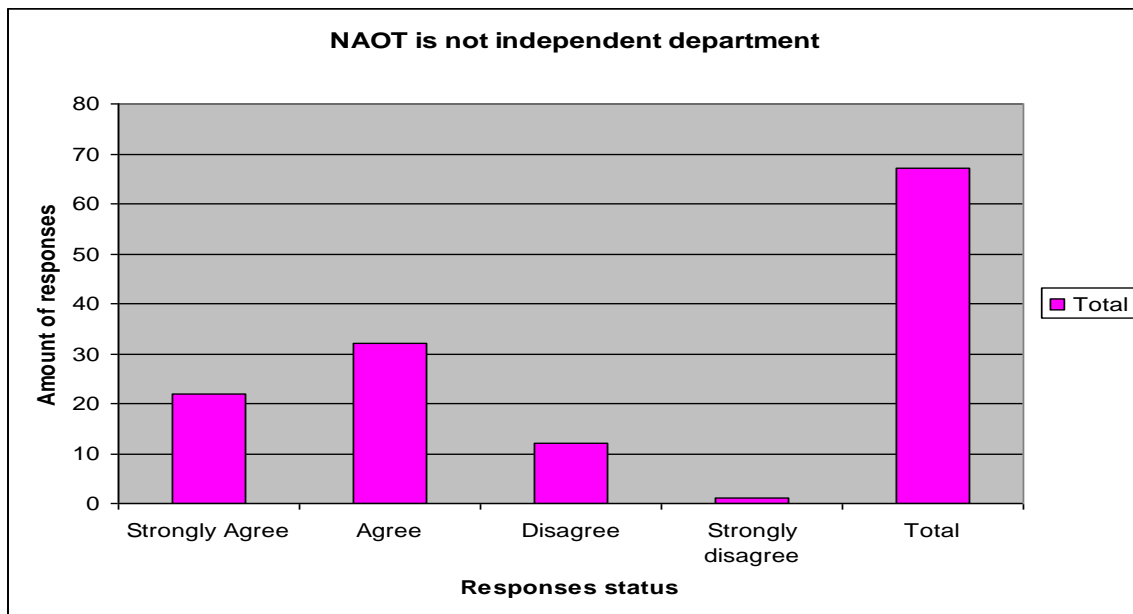
4.2.6.1 Independence of National Audit Office Tanzania

The aim of this question was to find out as to whether the National Audit Office Tanzania (NAOT) is operating independently as required by the law and as found in literature review. The greater the independence of the Office of Controller and Auditor Generals

the more the effectiveness of auditing functions in the public sector organization in the United Republic of Tanzania (URT). In United Kingdom greater independence in the process of external scrutiny was provided with the establishment of the National Audit Office (NAO) in 1984, outside of the Civil Services, (Sharman 2001).

The questionnaire required each respondent to state as to whether he/she strongly agree, agree, disagree and strongly disagree. Out of 67 completed questionnaires, 22(32.8%) strongly agree 32(47.8%) agree, 12(17.9%) disagree and 1(1.5) strongly disagree. The figure 4.2 below shows the respondents how they responded to this question.

Figure 4.2: Respondent’s view on NAOT Independent



Source: Field Research Findings, 2012

It can be concluded from the analyzed data that, accumulation of 65.7% of respondents which is the highest score support (Strongly agree & agree) that the NAOT is not independent department.

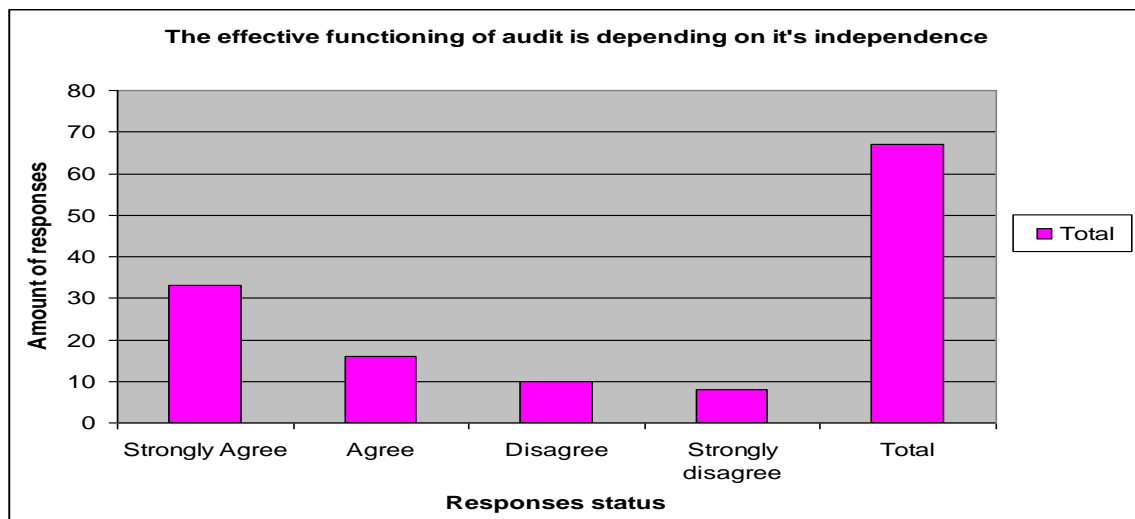
4.2.6.2 The effective functioning of Audit

The greater the independence of the Office of Controller and Auditor Generals (NAOT) the more the effectiveness of auditing functions in the public sector organization in the

United Republic of Tanzania (URT) as found in literature review. In United Kingdom greater independence in the process of external scrutiny was provided with the establishment of the National Audit Office (NAO) in 1984, outside of the Civil Services, (Sharman 2001).

The first questionnaire required each respondent to state as to whether he/she strongly agree, agree, disagree and strongly disagree on the effective functioning of audit is depending on it's independence. Out of 67 completed questionnaires, 33(49.2%) strongly agree 16(23.9%) agree, 10(14.9%) disagree and 8(12%) strongly disagree. The figure 4.3 below shows the respondents how they responded to this question.

Figure 4.3: Respondent's view on the effective functioning of audit (NAOT)



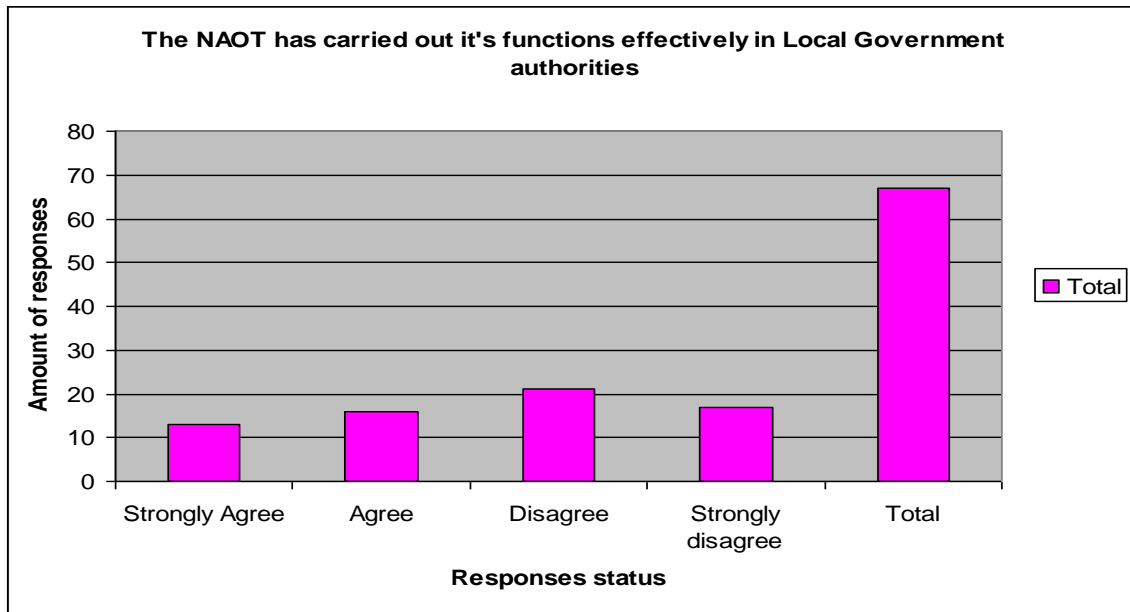
Source; Field Research Findings, 2012

It can be concluded from the analyzed data that accumulation of 73.1% of respondents which is the highest score support(strongly agree) that the effective functioning of audit is depending on it's independence hence the NAOT can perform better its functions effectively if is established and operated independent.

The second question was asked so as to find out whether NAOT has performed out its functions effectively on local Government authorities. This question lead a researcher to assesses whether audit objectives via NAOT have achieved its target on Local Government's Financial Management in URT. The questionnaire required each respondent to state as to whether he/she strongly agree, agree, disagree and strongly

disagree. Out of 67 completed questionnaires; 13 (19.4%) strongly agree, 16 (23.9%) agree, 21 (31.3%) disagree and 17 (25.4%) strongly disagree. The figure 4.4 below shows the respondents how they responded to this question.

Figure: 4.4: Respondent’s views on effective functioning of audit NAOT



Source: Field Research Finding, 2012

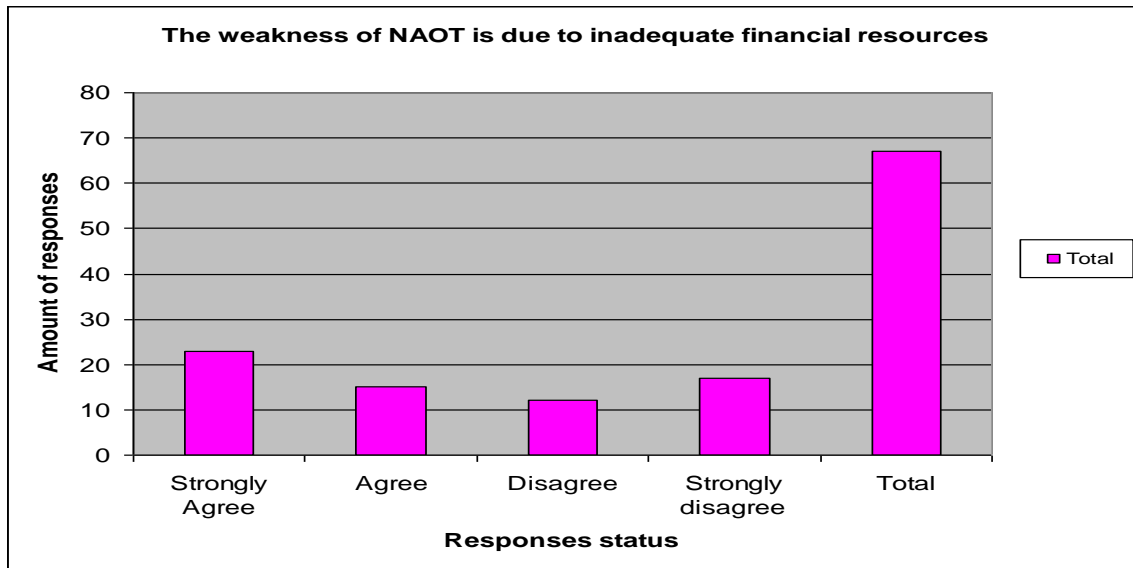
It can be concluded from the analyzed data that accumulation of 56.7% of respondents which is the highest score not support (Strongly disagree & disagree) that the NAOT has carried out its functions effectively in Local Government Authorities. Hence audit objectives via NAOT have not achieved its target on Local Government’s Financial Management in URT.

4.2.6.3 Weakness in NAOT

The intention of these questions were to find out from Government officers and other stake holders who are knowledgeable on National Audit Office functions as to whether there is weakness in the office in-term of its functioning and if there is, is it due to inadequacy of resources (financial recourses and incompetent staff) ?

The first question required each respondent to state as to whether he/she; strongly agree, agree, disagree and strongly disagree on weakness in NAOT is due to inadequate resources (financial recourses). Out of 67 completed questionnaires; 23 (34.3%) strongly agree, 15 (22.4%) agree, 12 (17.9%) disagree and 17 (25.4%) strongly disagree. The figure 4.5 below shows the respondents how they responded to these questions.

Figure 4.5: Respondent’s views on adequacy of financial resources in NAOT.

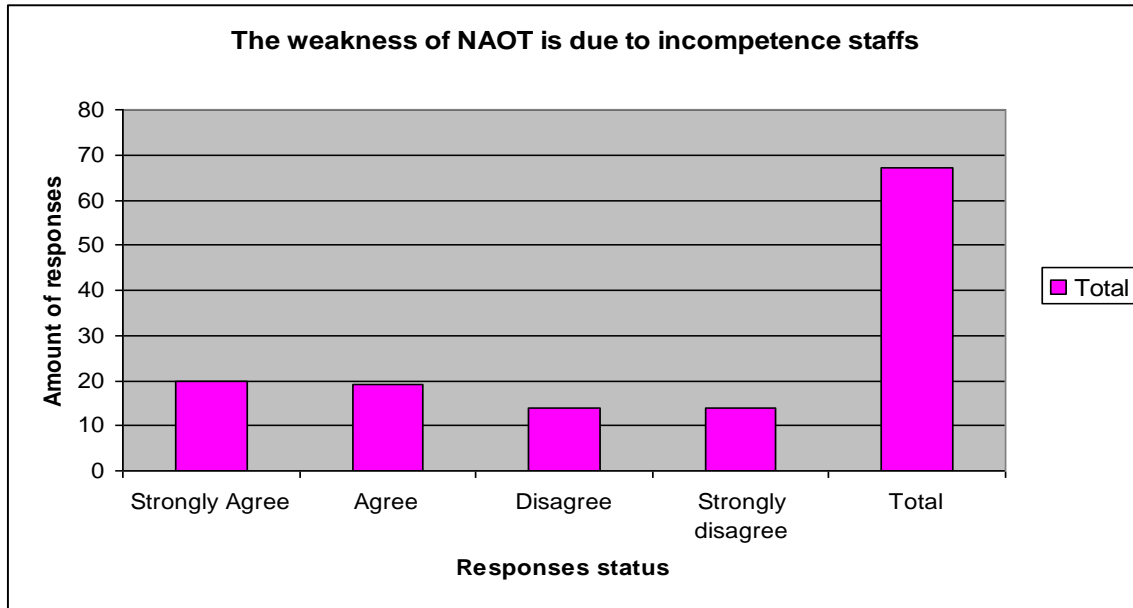


Source: Field Research Findings, 2012

It can be concluded from the analyzed data that, accumulation of 56.7% of respondents which is the highest score support (strongly agree & agree) that the weakness in NAOT in-term of its functions is due to inadequacy of financial resources.

The second question required each respondent to state as to whether he/she; strongly agree, agree, disagree and strongly disagree on weakness in NAOT is due to inadequate resources (Incompetence staffs). Out of 67 completed questionnaires; 20 (29.9%) strongly agree, 19 (28.3%) agree, 14 (20.9%) disagree and 14 (20.9%) strongly disagree. The figure 4.6 below shows the respondents how they responded to these questions.

Figure 4.6: Respondent’s views on adequacy resources (Incompetent staffs) in NAOT



Source: Field Research Findings, 2012

It can be concluded from the analyzed data that, accumulation of 58.2% of respondents which is the highest score support (strongly agree & agree) that the weakness in NAOT in-term of its functions is due to inadequacy human resources (Incompetent staffs).

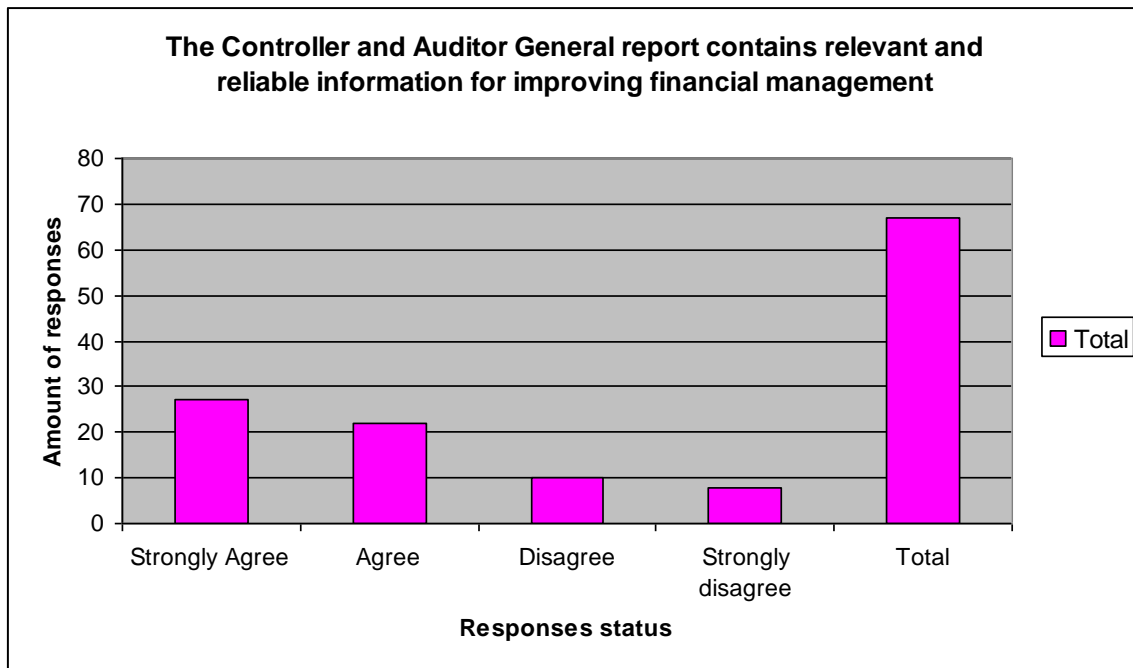
4.2.6.4 Relevancy of CAG reports

The questions were asked so as to find out whether CAG reports contain relevant and reliable information that expected much by society for improving financial Management in Local Government Authority. This question lead a researcher to assesses whether audit objectives via NAOT have achieved its target on Local Government’s Financial Management in URT.

The questionnaire required each respondent to state as to whether he/she strongly agree, agree, disagree, and strongly disagree. Out of 67 completed questionnaires; 27 (40.3%)

strongly agree, 22 (32.8%) agree, 10 (14.9%) disagree and 8 (12%) strongly disagree. The figure 4.7 below shows the respondents how they responded to this question.

Figure: 4.7 Respondent’s views on relevancy of CAG reports



Source: Field Research Finding, 2012

It can be concluded from analyzed data that, accumulation of 40.3% of respondents which is the highest score support (strongly agree & agree) that CAG reports contain relevant and reliable information that expected much by society for improving financial Management in Local Government Authorities.

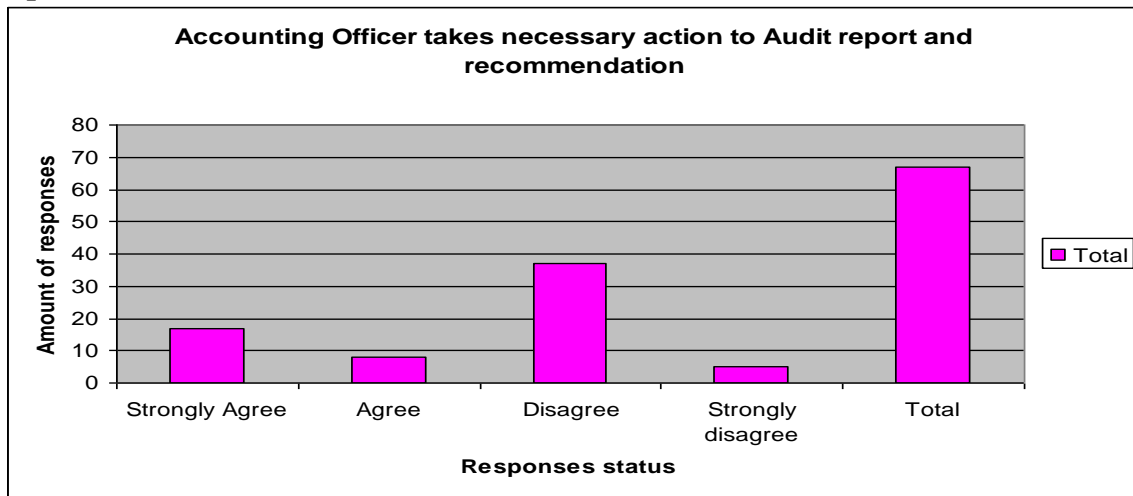
4.2.6.5 Does Accounting Officers take necessary actions to the CAG report and recommendation?

The CAG reports for the last Five years (July, 2005- June, 2010) shown that the un-vouched and improperly vouched expenditure in Local Government Authority have been prominent occurred. The aim of this question was to establish as to whether Accounting Officers in Local Government Authorities (LGA’s) do take necessary action to the report

and recommendation of CAG to enhance accountability, financial discipline, and transparency in Financial Management through audit reports.

The questionnaire required each respondent to state as to whether he/she strongly agree, agree, disagree and strongly disagree. Out of 67 completed questionnaires, 17 (25.37%) strongly agree, 8 (11.94%) agree, 37 (55.2%) disagree and 5 (7.5%) strongly disagree. The figure 4.8 below shows the respondents how they responded to this question.

Figure: 4.8: Respondent’s views on actions of Accounting Officer’s on CAG’s reports



Source: Field Research Finding, 2012

It can be concluded from the analyzed data, accumulation of 62.7% of respondents which is the highest score not support (Strongly disagree & disagree) that that Accounting Officers take necessary actions to the report and recommendation of CAG.

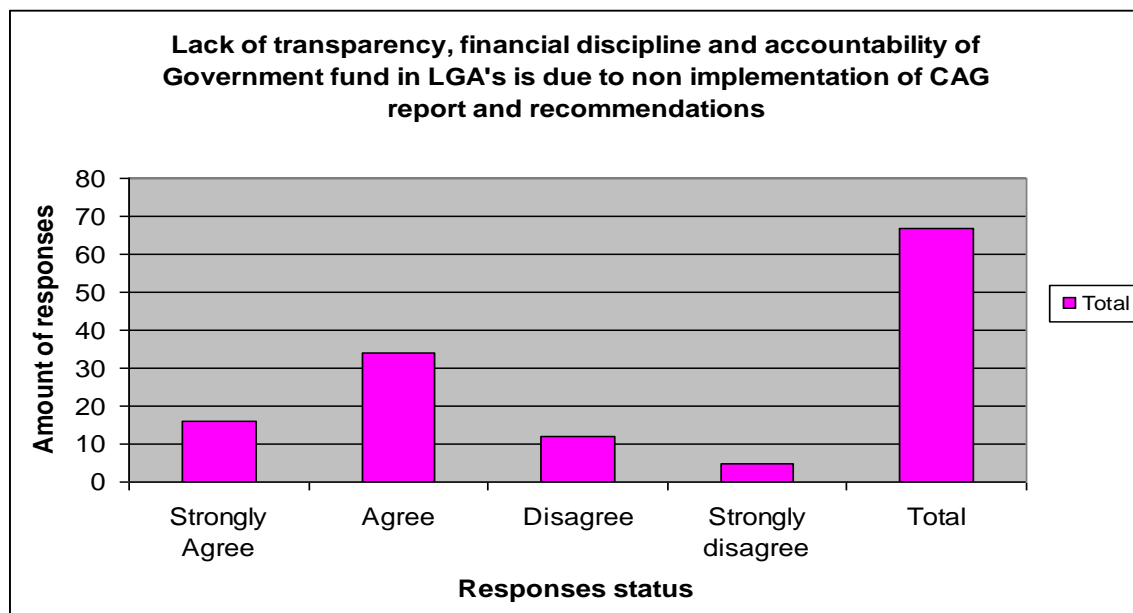
4.2.6.6 Factors that causes Lack of transparency, financial discipline and accountability of Government fund in LGA

These questions were asked for the purpose of obtaining factors that causes lack of transparency, financial discipline and accountability of Government fund in LGA. The logic behind these questions is that, to identify those factors lead to prominent lack of transparency, financial discipline and accountability of Government fund in LGA so that appropriate action can be taken to solve the situation.

Several factors were disclosed by respondents as they influences lack of transparency, financial discipline and accountability of government fund in LGAs financial management in Tanzania as follows;

The first question required each respondent to state as to whether he/she strongly agree, agree, disagree and strongly disagree on Lack of transparency, financial discipline and accountability of Government fund in LGA’s are due to non implementation of CAG report and recommendations. Out of 67 completed questionnaires, 16 (23.88%) strongly agree, 34 (50.74%) agree, 12 (17.91%) disagree and 5 (7.5%) strongly disagree. The figure 4.9 below shows the respondents how they responded to this question.

Figure 4.9: Respondent’s views on Lack of transparency, financial discipline and accountability of Government fund in LGA’s are due to non implementation of CAG report and recommendations.

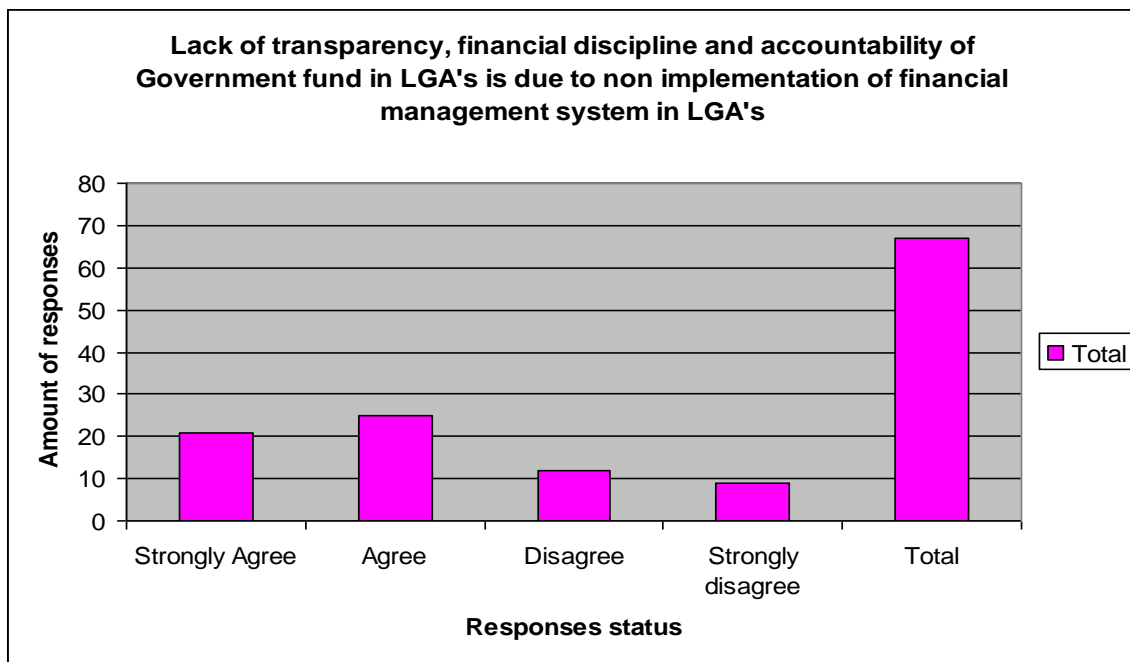


Source: Field Research Findings, 2012.

It can be concluded from the analyzed data that, accumulation of 74.62% of respondents which is the highest score support (Strongly agree & agree) that Lack of transparency, financial discipline and accountability of Government fund in LGA’s are due to non implementation of CAG report and recommendations.

The second question required each respondent to state as to whether he/she strongly agree, agree, disagree and strongly disagree on Lack of transparency, financial discipline and accountability of Government fund in LGA's are due to non implementation of financial management system in LGA'S. Out of 67 completed questionnaires, 21 (31.3%) strongly agree, 25 (37.3%) agree, 12 (17.9%) disagree and 9 (13.5%) strongly disagree. The figure 4.10 below shows the respondents how they responded to this question.

Figure 4.10: Respondent's views on Lack of transparency, financial discipline and accountability of Government fund in LGA's are due to non implementation of financial management system in LGA'S.



Source: Field Research Findings, 2012.

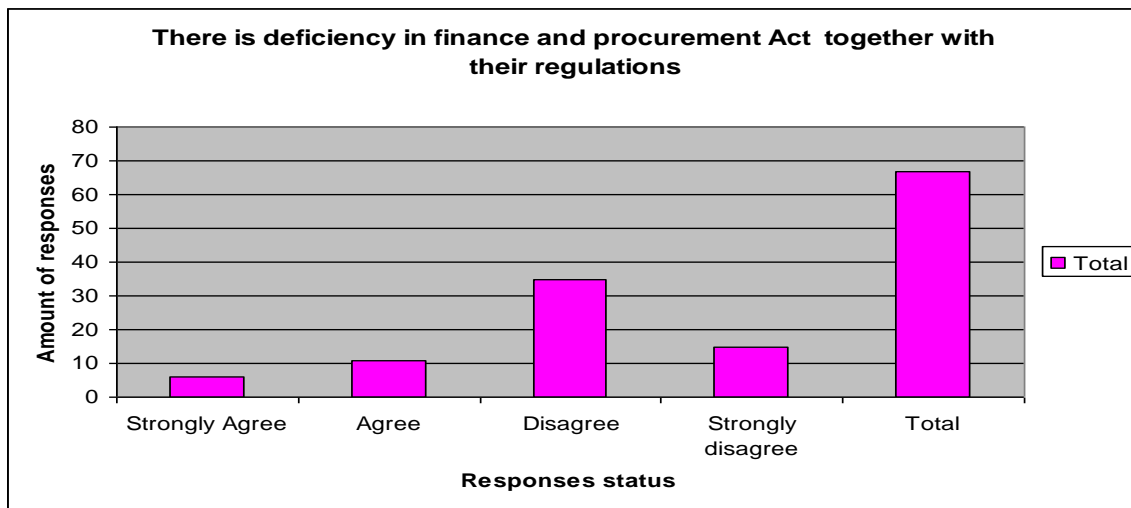
It can be concluded from the analyzed data that, accumulation of 68.6% of respondents which is the highest score support (Strongly agree & agree) that Lack of transparency, financial discipline and accountability of Government fund in LGA's are due to non implementation of financial management system in LGA'S.

4.2.6.7 There is deficiency in finance and procurement Act together with their regulations

This leading question was asked for the purpose of identify the strength and weakness of Financial Management system in LGA's.

The questionnaire required each respondent to state as to whether he/she strongly agree, agree, disagree and strongly disagree. Out of 67 completed questionnaires, 6 (8.95%) strongly agree, 11 (16.4%) agree, 35 (52.2%) disagree and 15 (22.4%) strongly disagree. The figure 4.11 below shows the respondents how they responded to this question.

Figure 4.11: Respondent’s views on deficiency in finance and procurement Act together with their regulations



Source: Field Research Findings, 2012

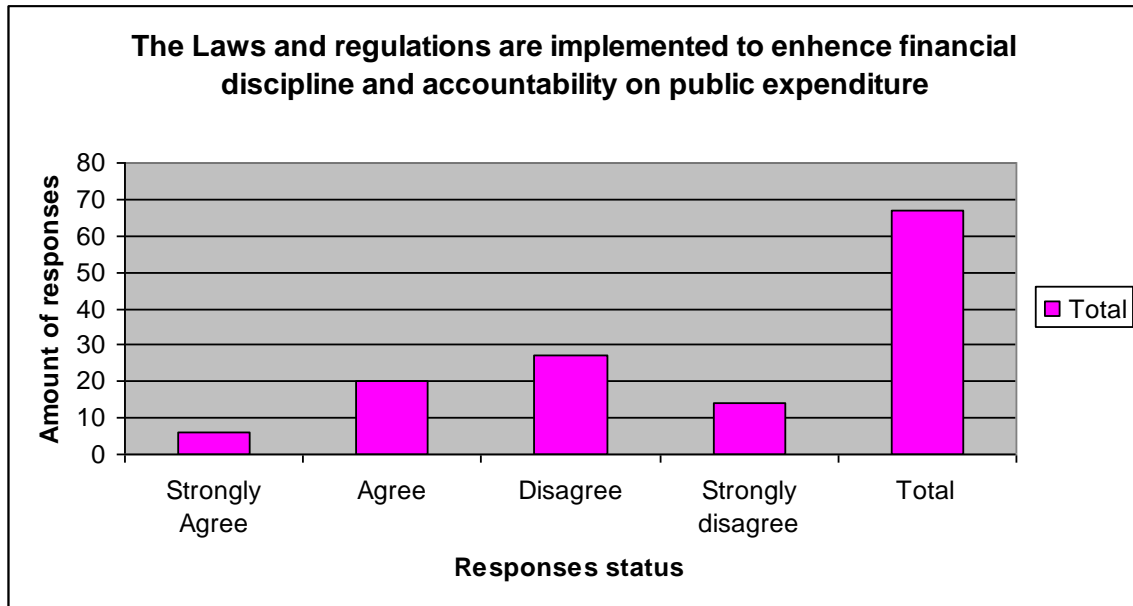
It can be concluded from the analyzed data that, accumulation of 74.6% of respondents which is the most score did not support (strongly disagree & disagree) that there is deficiency in finance and procurement Act together with their regulations.

4.2.6.8 The laws and regulations are adequate implemented to enhance financial discipline and accountability on public expenditure

This question was asked for the purpose of obtaining views on the effectiveness of laws and regulations to enhance financial discipline and accountability on public expenditure.

The questionnaire required each respondent to state as to whether he/she strongly agree, agree, disagree and strongly disagree. Out of 67 completed questionnaires, 6 (9%) strongly agree, 20 (29.8%) agree, 27 (40.3%) disagree and 14 (20.9%) strongly disagree. The figure 4.12 below shows the respondents how they responded to this question.

Figure: 4.12: Respondent’s views on effectiveness of laws and regulations to enhance financial discipline and accountability on public expenditure



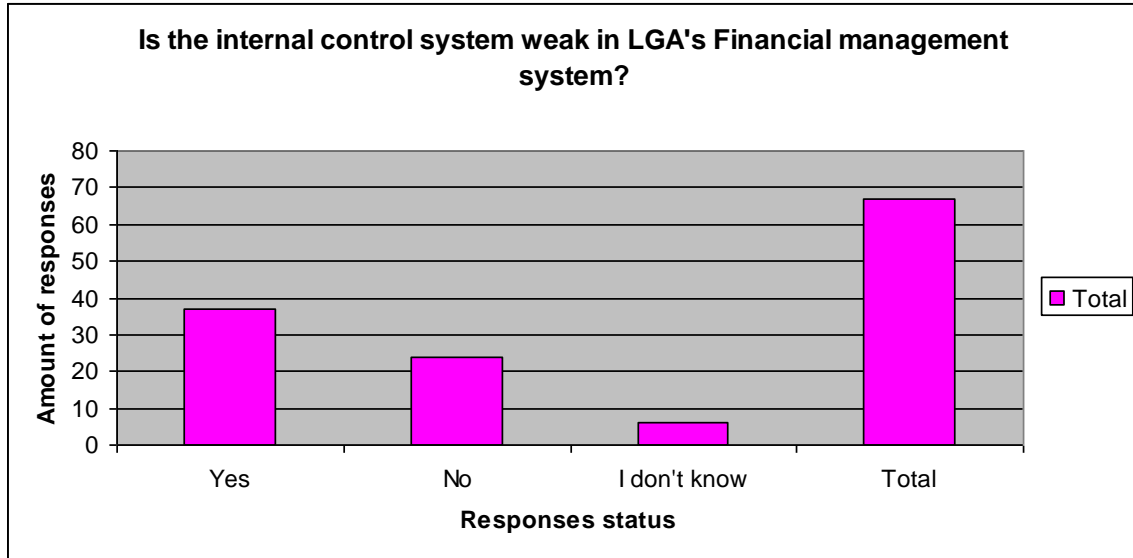
It can be concluded from the analyzed data that, accumulation of 61.2% of respondents which is the most score did not support (strongly disagree & disagree) that laws and regulations are adequate implemented to enhance financial discipline and accountability on public expenditure.

4.2.6.9 Is the Internal Control System weak in LGA’s Financial Management system?

This question was asked for the purpose of obtaining views on the strength of internal control in public sector. The logic behind on this question is that, for the public sector to operate in economy, efficiency and effective way, it requires the existence of strong internal control.

The questionnaire required each respondent to say; yes, no or I don't know. Out 67 completed questionnaires, 37 (55.2%) said yes, 24 (35.8%) said no and 6 (9%) said they don't know. The figure 4.13 below show how the respondents responded to this question.

Figure 4.13: Respondent's views on weakness of internal control System in Government machinery



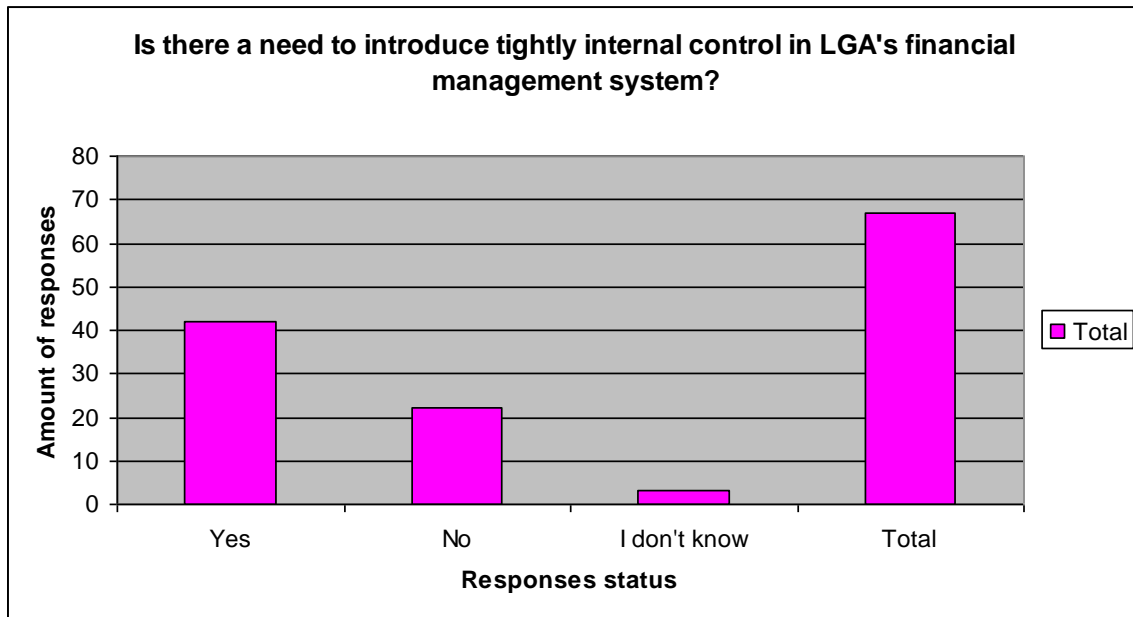
Source: Field Research Findings, 2012.

It can be occluded from the analyzed data that, 55.2% of respondents which is the highest score, said that internal control in public sector is weak; this situation facilitates misuse of public money.

4.2.7.0 Is there a need to introduce tightly internal Control in LGA's Financial Management system?

This question was asked for the purpose of obtaining views on the strength of internal control in LGA's Financial Management system. The questionnaire required each respondent to say; yes, no or I don't know. Out 67 completed questionnaires, 42 (62.7%) said yes, 22 (32.8%) said no and 3 (4.5%) said they don't know. The figure 4.14 below shows how the respondents responded to this question.

Figure 4.14: Respondent’s views on weakness of internal control System in Government machinery



Source: Field Research Findings, 2012.

It can be occluded from the analyzed data that, 62.7% of respondents which is the highest score, said yes there is a need to introduce tightly internal Control in LGA’s Financial Management system.

4.2.7.1 Responsibility for preventing misappropriation of government funds.

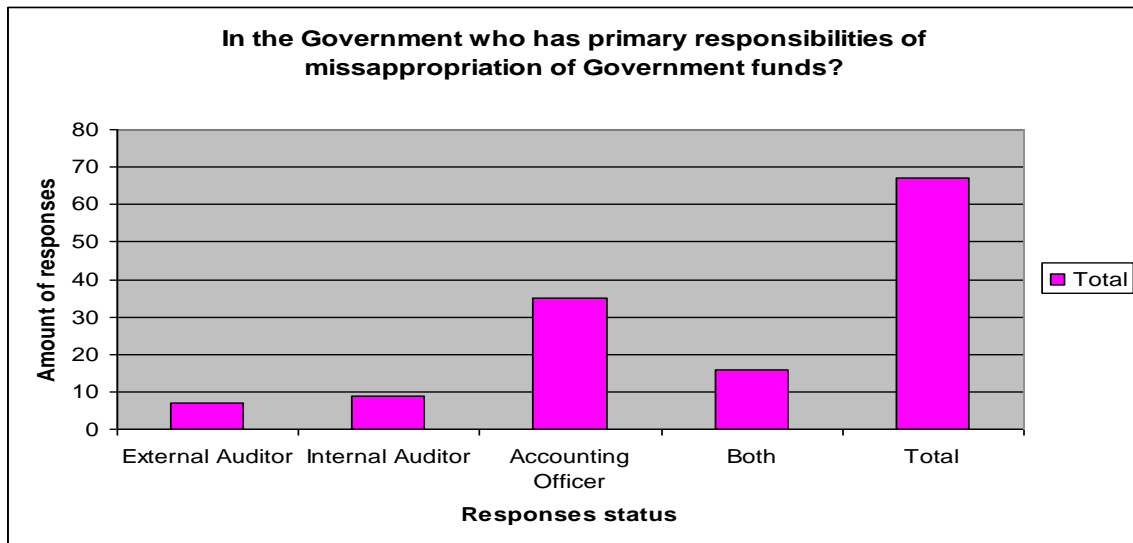
The question was posed on who has the primary responsibility for preventing misappropriation of government funds.

The questions required each respondent to choose who is responsible for preventing misappropriation of Government funds among the External Auditor, Accounting Officer Internal Auditor in public sector or both of them

Out of 67 completed questionnaire, 35 (52.2%) chose the Accounting Officer, 9(13.4%) chose the Internal Auditor, 7(10.4%) chose the External Auditor and 16 (24%) said both

of them are responsible. The figure 4.15 below shows how the respondents responded to this question.

Figure: 4.15: Respondents’ views on responsibility for preventing misappropriation of public funds.



Source; Field Research Finding, 2012

It can be concluded from the analyzed data that, 52.2% of respondents which is the highest score said that Accounting Officer is primary responsible for preventing misappropriation of public money.

This result was expected due to facts that Accounting Office are entrusted to manage public funds under there jurisdiction and have power to discipline officer under their authority for any wrong doing.

4.2.7.2 Any other comments

Out of 67 completed questionnaires, only 16 (23%) contained comments to be used to improve the performance of LGA’s and NAOT.

The following are the summary of comments put forward by the respondent:

In order to improve transparency, financial discipline and accountability of funds in public sector it is important to strengthen the National Audit Office under the Controller and Auditor General of the United Republic of Tanzania.

The following are the actions proposed to be taken so as to strengthen the CAG's Office:

- The National Audit Office should be detached from Civil Service and be an Agency so as to increase its independence.
- Recruitment /employment promotions of employees in the CAG's Office must be a crucial process, so a mechanism must be introduced to ensure that the right person is chosen for a right post.
- Existing Acts should be reviewed so as to enable Value for Money Audit.
- National Audit Office should have adequately and relevant resources to perform its functions effectively and efficiently
- Accounting officer must take appropriate and timely action on CAG's reports and recommendations to enhance accountability.

The following are the actions proposed to be taken so as to strengthen performance of LGA's Financial Management;

- Implementation of LGA's Financial Management System Recruitment
- Strongly internal control system should be put in place
- Government of Tanzania should strengthen resources(Human, Financial and physical) to hence good performance
- Accounting officer should implement fully all CAG's recommendations to enhance accountability.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND POLICY IMPLICATION

5.1 Introduction

The purpose of this chapter is to draw conclusion from the analysis of data and information gathered through literature search, case study and questionnaire survey in relation to the research objectives and research questions set out in chapter one. The main objectives of the study was to assess effectiveness of audit functions on Local Government Authority's financial management and to identify causes for prominent lack of transparency, financial discipline and accountability in local Government's financial management. It was deemed important to undertake this study for the purpose of investigating the existing problem for study. Based on the findings some policy implications and recommendation are made. The empirical research and case study were undertaken with a view to seeking evidence that would support the findings obtained from the literature review.

5.2 Summary of findings

5.2.1 Mwanza City Council

- i) The amount of un-vouched and improperly vouched expenditure, have been increasing in the last five years, with a cumulative increase of between 55,457,438 and 160,643,900 as reflected in graphs.

5.2.2 Findings revealed from Questionnaires

- i) Accounting Officers are responsible for accountability and prevention of misappropriation of public funds entrusted to them.
- ii) Internal control is weak in public sector
- iii) The National Audit Office is not fully independent hence was established under the government civil service.
- iv) Weakness in NAOT is mainly due to;-
 - Incompetence and lack of sufficient working tools

- Shortage of funds in NAOT
- v) In-effective functioning of NAOT
- vi) Accounting Officers does not take necessary actions to the CAG report and recommendations.
- vii) Lack of transparency, financial discipline and accountability of Government fund in LGA'S is due to non implementation of financial management system in LGA'S.
- viii) Accounting Officer is primary responsible for misappropriation of public money.
- ix) There is a need to introduce tightly internal Control in LGA's Financial Management system.
- x) Internal control in public sector is weak; this situation facilitates misuse of public money.
- xi) There is no deficiency in finance and procurement Act together with their regulations.

5.3 Conclusions

Accountability of Government on Public expenditure

The case study in Mwanza City Council on un-vouched and improperly vouched expenditure has revealed that, there is poor accountability on public expenditure. According to trend analysis in Figure 4.1 the amount of un-vouched and improperly vouched expenditure has been increasing for the last five years ending on 30th June 2010. Also it will continue to increase in the following years, as indicated by Trend Analysis, unless measures are taken to remedy the situation. According to the above situation, it is obvious that there is poor accountability on public expenditure by the Government.

The extent external audit (National Audit Office Tanzania) was conducted in local government authority during the period of 2005-2010.

The extent external audit (NAOT) was conducted from 2005 to 2010 was assessed and disclose that the NAOT has not carried out its functions effectively in Local Government Authorities due the weakness of the NAOT found as the number of factors were revealed like the inadequate of the financial and human resources as almost 58.2 percent of respondents were agree that this is the problem. The effective functioning of audit is depending on its independence, 65.7% of respondents support (Strongly agree & agree) that the NAOT is not independent department. Hence the can perform better its functions effectively if is established and operated independent.

The performance of the NAOT function on LGA's were generally recognised by the respondent that's they didn't performs well, 56.7% of respondents did not support (Strongly disagree & disagree) that the NAOT has carried out its functions effectively in Local Government Authorities. As results audit objectives via NAOT have not achieved its target on Local Government's Financial Management in URT.

Action taken by Accounting Officers on Controller and Auditor General Reports and recommendations

The General outcome of the findings shows that Accounting Officers do take relevant actions on audit reports. Out of 67 respondents 62.7% of respondents said Accounting officers do not take relevant actions on audit reports and recommendation of the CAG. The result is in line with increasing trends of the un-vouched and improperly vouched expenditure observed in case study in Mwanza City Council. The results also support the CAG report on Financial year 2003 (para 18): which states that "Many Accounting officers pay little regard to matters reported upon, and issues that demand financial accountability continue to be ignored". According to the United Kingdom Public Audit forum (1998), the external audit assists in providing assurance to Parliament that public money has been properly spent and platys a central role in ensuring that Government performance is open, transparent and accountable, also helps public bodies to improve their performance.

The outcome of the empirical research appears to support with the literature review. Hence calls for further study on this aspect to come up with solution to this problem of Lack of accountability, financial discipline and transparency in the use of Government funds.

Factors that causes for prominent lack of transparency, financial discipline and accountability of government funds in local government authority's financial management in Tanzania

Outcome of the findings shows;

- 74.62% agree that Lack of transparency, financial discipline and accountability of Government fund in LGA's is due to non implementation of CAG report and recommendations.
- 68.6% agree that Lack of transparency, financial discipline and accountability of Government fund in LGA's is due to non implementation of financial management system in LGA'S.
- Lack of transparency, financial discipline and accountability of Government fund in LGA's is due to lack of appropriate action taken to responsible officers

Assessment of effectiveness of existing laws and regulations in regard to public expenditures

Effectiveness of Laws and Regulations with regards to public expenditure were also assessed, in fact the matter is very important in a process of enhancing proper use of public funds. Findings shown that no adequately implementations of existing laws and regulations in regard to public expenditures resulted to ineffective financial management in LGA's

5.4 Recommendations and Policy implications

- Local Authority Accounts Committee (LAAC) should exercise its powers properly which include taking relevant actions to irresponsible Accounting Officer.

- The National Audit Office should become Agency in order to make it more independent, this would be in line with what is found in literature review, where it is stated that; Greater independence in the process of external scrutiny was provided with the establishment of the NAO in 1984, outside of the Civil Service, in the United Kingdom (Sharman 2001).
- The Government must ensure that sufficient funds are provided for the operation of the National Audit Office including training in all relevant fields.
- Remuneration of CAG staffs must be reasonable and fair.
- Accounting Officers should take appropriate actions on the reports and recommendations of the CAG in order to increase accountability, financial discipline and transparency on use of public money. This outcome is in line with the observation obtained in case study which indicates that the amount of un-vouched and improperly vouched expenditure, have been increasing for the last five years. The out come also agree with what has been found in literature review, where the CAG report on financial year 2002/2003 (para 18) states that “Many Accounting Officers pay little regard to matters reported upon, and issues that demand financial accountability continue to be ignored”.
- National Audit Office should be well and sufficiently equipped with both resources, human, physical and financial resources in-order to discharge audit functions effectively to enhance good financial management in Local government Authority.

5.5 Limitations of the Study

It is obvious that any study has limitations and thus this study is not an exception, the following limitations were found;-

- Some respondents were afraid of receiving questionnaires, thought that it was not for the academic purposes. Hence it becomes difficult to convince them, even though they took them other were not returning the questionnaires given to them.
- Example out of the 97 respondents planned during research proposal, only 67 were responding in filling and provide feedback.

- Some respondent were not serious in providing responses, this made to redistribute the questionnaires.
- A financial draw back was as normal but difficult, my study was through Government Sponsorship but a fund was not sufficient, which carries a lot of burden to me until the end of the study.
- The time constraint limited was also a problem that faces us, a more detailed approach for data collection. Thus, the sample survey carried out for this study is limited in both size and scope, as it carries 67 respondents only.

5.6 Further studies

Further studies should be conducted on the following areas;

- Factors cause non implementations of existing laws and regulations in regard to public expenditures resulted to ineffective financial management in LGA's.
- Action taken by Accounting Officers on Controller and Auditor General Reports and recommendations
- Effectiveness of existing laws and regulations in regard to public expenditures

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(<http://www.answers.com/topic/accountability>)

APENDICES

APPENDIX 1

Covering letter for questionnaires sent to various government officials

Dear respondent(s)

My name is Michael Magange. I am studying Msc. Accounting and Finance at Mzumbe University conducting a research on: **An assessment of the effectiveness of audit functions on Local government’s financial management in Tanzania: .A case study of Mwanza City Council**

Kindly requesting you to respond the questions listed below in order to obtain reliable, valid and scientific conclusions on research findings

Strict confidentiality is ensured for the information given, and therefore no need of mentioning your name.

For Maintain confidentiality of the data please, call me to collect the completed questionnaire also you can post/e-mail whichever way is convenient to you.

Name of the organization.....

Title of respondent.....

Thank you, for your time

Michael Magange

National Audit Office

P.O.Box 174

MWANZA.

Tel.No.-0784 513388

E-Mail;-jobfu@yahoo.com

Survey questionnaires
An assessment of the effectiveness of audit functions on Local Government's
Financial Management in Tanzania

Please tick the answer which is the best with regard to the following

1. NAOT is not independence department.

Strong agree []

Agree []

Disagree []

Strong disagree []

2. The effective functioning of Audit is depending on *its* independence

Strong agree []

Agree []

Disagree []

Strong disagree []

3. The weakness of NAOT is due to in adequate financial recourses

Strong agree []

Agree []

Disagree []

Strong disagree []

4. The weakness of NAOT is due to incompetence staff

Strong agree []

Agree []

Disagree []

Strong disagree []

5. The NAOT has performed carried out its functions effectively on local Government authorities.

Strong agree []

Agree []

Disagree []

Strong disagree []

6. Controller and Auditor General report is expected much by Society

Strong agree []

Agree []

Disagree []

Strong disagree []

7. Controller and Auditor General report contains relevant and reliable for improving in financial Management

Strong agree []

Agree []

Disagree []

Strong disagree []

8. Accounting officer takes necessary action to Audit report and recommendation

Strong agree []

Agree []

Disagree []

Strong disagree []

9. Lack of transparency, financial discipline and accountability of Government fund in LGA'S is due to non implementation of CAG report and recommendations.

Strong agree []

Agree []

Disagree []

Strong disagree []

10. Lack of transparency, financial discipline and accountability of Government fund in LGA is due to weakness of financial management in LGA'S.

Strong agree []

Agree []

Disagree []

Strong disagree []

11. Lack of transparency, financial discipline and accountability of Government fund in LGA'S is due to non implementation of financial management system in LGA'S.

Strong agree []

Agree []

Disagree []

Strong disagree []

12. There is deficiency in finance and procurement Act together with their regulations.

Strong agree []

Agree []

Disagree []

Strong disagree []

13. The laws and regulations are adequate implemented to enhance financial discipline and accountability on public expenditure.

Strong agree []

Agree []

Disagree []

Strong disagree []

14. Is the internal control system weak in LGA'S financial management system?

Yes []

No []

I don't know []

15. Is there a need to introduce tightly internal control in LGA's financial management system?

Yes []

No []

I don't know []

16. Do you know the functions of National audit office in Tanzania

Yes []

No []

I don't know []

17. Do you know the responsibilities of Controller and Auditor General in Tanzania

Yes []

No []

I don't know []

18. In Government who has primary responsibilities misappropriation of government funds.

External auditor, []

Internal auditor, []

Accounting officer, []

Both []

19. Does CAG'S report cover /meet the public interest.

Yes []

No []

I don't know []

20. Do you know the functions of Local Government Authority in Tanzania?

Yes [] No [] I don't know []

21. Do you know the responsibilities of Local Government Authority in Tanzania?

Yes [] No [] I don't know []

22. Are there any other comments you wish to make on any of these above questions? If so use the following space or attach addition sheet.

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

THANK YOU FOR YOUR TIME

Qn.1. Independence of National Audit Office Tanzania

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	2	9	1		12
Regional Administrative Secretary		1			1
Accounting Officers		1			1
City Treasury		1			1
Head of departments	8	10	2		20
Council staffs	12	6	7	1	26
Beneficiaries		4	1		5
Financial Experts					
Councillor			1		1
Total	22	32	12	1	67

Qn.2 The effective functioning of Audit depending on its independence

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	7	4	1		12
Regional Administrative Secretary	1				1
Accounting Officers		1			1

City Treasury	1				1
Head of departments	12	3	4	1	20
Council staffs	10	6	4	6	26
Beneficiaries	2	1	1	1	5
Financial Experts					
Councillor		1			1
Total	33	16	10	8	67

Qn.3. The NAOT has carried out its functions effectively on local Government authorities.

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	3	5	1	3	12
Regional Administrative Secretary		1			1
Accounting Officers			1		1
City Treasury			1		1
Head of departments	3	4	8	5	20
Council staffs	6	5	8	7	26
Beneficiaries	1	1	1	2	5
Financial Experts					
Councilors			1		1
Total	13	16	21	17	67

Qn .4. The weakness of NAOT is due to in adequate financial recourses

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	1	6	1	4	12
Regional Administrative Secretary			1		1
Accounting Officers		1			1
City Treasury	1				1
Head of departments	14	1	4	1	20
Council staffs	6	5	4	11	26
Beneficiaries	1	2	1	1	5
Financial Experts					
Councilors			1		1
Total	23	15	12	17	67

Qn.5. The weakness of NAOT is due to incompetence staff

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	2	5	2	3	12
Regional Administrative Secretary		1			1
Accounting Officers		1			1
City Treasury	1				1
Head of departments	10	5	2	3	20
Council staffs	6	5	8	7	26

Beneficiaries	1	1	2	1	5
Financial Experts					
Councilor		1			1
Total	20	19	14	14	67

Qn.6. Controller and Auditor General Report contains relevant and reliable for improving in financial Management

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	8	2	1	1	12
Regional Administrative Secretary	1				1
Accounting Officers		1			1
City Treasury	1				1
Head of departments	6	11	2	1	20
Council staffs	9	6	6	5	26
Beneficiaries	2	1	1	1	5
Financial Experts					
Councillor		1			1
Total	27	22	10	8	67

Qn.7 Accounting officer takes necessary action to Audit report and recommendation

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	1	2	8	1	12

Regional Administrative Secretary			1		1
Accounting Officers			1		1
City Treasury			1		1
Head of departments	6	2	11	1	20
Council staffs	7	2	14	3	26
Beneficiaries	3	1	1	0	5
Financial Experts					
Councilor		1			1
Total	17	8	37	5	67

Qn.8. Lack of transparency, financial discipline and accountability of Government fund in LGA'S is due to non implementation of CAG report and recommendations.

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	2	7	2	1	12
Regional Administrative Secretary			1		1
Accounting Officers		1			1
City Treasury			1		1
Head of departments	7	10	2	1	20
Council staffs	5	14	5	2	26
Beneficiaries	2	1	1	1	5
Financial Experts					
Councilor		1			1
Total	16	34	12	5	67

Qn.9. Lack of transparency, financial discipline and accountability of Government fund in LGA'S is due to non implementation of financial management system in LGA'S.

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	1	6	3	2	12
Regional Administrative Secretary	1				1
Accounting Officers		1			1
City Treasury			1		1
Head of departments	12	2	2	4	20
Council staffs	6	14	4	2	26
Beneficiaries	1	1	2	1	5
Financial Experts					
Councillor		1			1
Total	21	25	12	9	67

Qn.10. There is deficiency in finance and procurement Act together with their regulations.

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	1	2	8	1	12
Regional Administrative Secretary			1		1
Accounting Officers			1		1
City Treasury			1		1
Head of departments	3	1	10	6	20
Council staffs	1	5	13	7	26
Beneficiaries	1	2	1	1	5

Financial Experts					
Councillor		1			1
Total	6	11	35	15	67

Qn.11.The laws and regulations are adequate implemented to enhance financial discipline and accountability on public expenditure

	Strongly Agree	Agree	Disagree	Strongly disagree	Total
Assistant Auditor Generals /External/Resident Auditors	2	3	6	1	12
Regional Administrative Secretary			1		1
Accounting Officers			1		1
City Treasury		1			1
Head of departments	2	8	6	4	20
Council staffs	1	5	12	8	26
Beneficiaries	1	2	1	1	5
Financial Experts					
Councillor		1			1
Total	6	20	27	14	67

Qn.12 Is the internal control system weak in LGA’S financial management system?

	Yes	No	I don't know	Total
Assistant Auditor Generals /External/Resident Auditors	8	4	0	12
Regional Administrative Secretary	1			1
Accounting Officers		1		1
City Treasury		1		1
Head of departments	12	6	2	20
Council staffs	15	9	2	26
Beneficiaries	1	2	2	5
Financial Experts				
Councilor		1		1
Total	37	24	6	67

Qn.13. Is there a need to introduce tightly internal control in LGA’s financial management system?

	Yes	No	I don't know	Total
Assistant Auditor Generals /External/Resident Auditors	10	2	0	12
Regional Administrative Secretary	1			1
Accounting Officers	1			1
City Treasury	1			1
Head of departments	12	8	0	20
Council staffs	15	10	1	26

Beneficiaries	1	2	2	5
Financial Experts				
Councilor	1			1
Total	42	22	3	67

Qn.14. In Government who has primary responsibilities misappropriation of government funds.

	External Auditor	Internal Auditor	Accounting Officer	Both	Total
Assistant Auditor Generals /External/Resident Auditors	0	2	10	0	12
Regional Administrative Secretary			1		1
Accounting Officers				1	1
City Treasury			1		1
Head of departments	3	2	8	7	20
Council staffs	4	5	14	3	26
Beneficiaries	0	0	1	4	5
Financial Experts					
Councilor				1	1
Total	7	9	35	16	67