

## AN ANALYSIS INTO THE PRINCIPAL CAUSES OF FINANCIAL MISMANAGEMENT IN THE PUBLIC SECTOR IN ZAMBIA:

<sup>1</sup>Jonas Chanda Bwali, <sup>2</sup>Lungu Dryson (Mr)

School of Business and Management Studies

Master of Business Administration - Finance

Email: <sup>1</sup>jonaschanda2017@gmail.com, <sup>2</sup>dysonlungu@gmail.com

**Abstract:** *Improved public financial management in the public sector of Zambia comes as a pre-condition for better public service delivery. Agency theory suggests that monitoring mechanisms play an important role in protecting the principals' interests by deterring self-interested managerial behavior. Research examining monitoring mechanisms has focused on the role of the board of directors as internal monitors on optimal incentive alignment (e.g., Bebchuk and Fried 2003), or on the role of other monitors such as external auditors (Defond and Subramanyam 1998), internal auditors (Prawitt, Smith, and Wood 2009; Prawitt, Sharp, and Wood 2012), and institutional investors (Chung, Firth, and Kim 2002). The Government of Zambia is trying its best to better the living standards of every Zambian through its service delivery which is implemented by various spending agencies. Ministry of Agriculture in Zambia in this case becomes one of the major spending agencies more especially that the government is implementing a number of reforms such as E-voucher system and diversification agenda from a copper dependent economy to that of Agriculture. This will then mean that more resources will trickle down to this important sector of the economy. The main worrying thing is that Ministry of Agriculture have year in year out been cited in the Auditor general's report for financial mismanagement with the resources that the government has been disbursing to them which may seem they have insufficient financial management capacities.*

*The research adopted a qualitative case study design and at the same time it will borrow from qualitative paradigm in data collection and analysis. Further the research will sit on the research philosophy of ontology which is the theory of what the world is and what goes on. Sage, (2008) defines ontology where this work is sitting on as the study that describes the nature of reality for example, what is real and what is not, what is fundamental and what is derivative? To reduce the issue of financial misconduct and improve efficiency, public service management division should consider rotating officers through transfers after a period of time and ensure that they have copies of their strategic and action plans for reference purpose as this will reduce the issue of misapplication of funds and indeed financial mismanagement in the public sector. Finance committee meetings should come as a pre-requisite of management to ensure that Government expenditure is supported by minutes among other documents. Further, it is recommended that all government institutions be empowered through system strengthening to ensure that financial data generation, storage and retrieval is assured for timely and good financial decision making. The researcher wishes to recommend that the approved establishment registers for Finance department at spending agency levels be revised to address the understaffing problems.*

*Finally, it is recommended that management give the required support to the internal audit department to ensure that internal controls are strengthened to assure good financial stewardship. It is further recommended that the approved establishment registers for Finance department at spending agency levels be revised to address the understaffing problems and improve the efficiency.*

**Key words;** *Financial mismanagement, public financial management, public sector, Accountability.*

## INTRODUCTION

### 1.1 Background

Agency theory suggests that monitoring mechanisms play an important role in protecting the principals' interests by deterring self-interested managerial behavior. Research examining monitoring mechanisms has focused on the role of the board of directors as internal monitors on optimal incentive alignment (e.g., Bebchuk and Fried 2003), or on the role of other monitors such as external auditors (Defond and Subramanyam 1998), internal auditors (Prawitt, Smith, and Wood 2009; Prawitt, Sharp, and Wood 2012), and institutional investors (Chung, Firth, and Kim 2002).

In the past two decades, the world has witnessed unprecedented increase in both financial and non-financial scandals and these scandals have continued to dominate the press and other electronic media and Zambia is not an exception (Sakalunda F, 1999). The financial scandals have led to the closure of prominent corporations such as Enron in the United States of America (2001) and Parmalat in Italy (2003) The cases of Enron, WorldCom and Parmalat cases have become familiar to most business acumen, though the gravity and nature of the cases that lead to the failure of the firms differ from one another.

According to United Kingdom Higher Education Authority, 2001, the definition of an 'irregularity' in Structural Funds terms includes any administrative or financial mismanagement that comes about either by act or omission by an economic operator which has or would have the effect of prejudicing the general budget of the Communities or budgets managed by them, by charging an unjustified item of expenditure to the Community Budget. Irregularities can be one-off or systemic (Griffiths, D. 2006). Irregularities can arise due to human error and not correctly following the regulations of the Structural Funds. A systemic irregularity is a

recurrent error due to serious failings in management and control systems designed to ensure correct accounting and compliance with rules and regulations. It is important to note that not all irregularities are measurable in monetary terms (Sakalunda F, 1999).

Governments are fundamentally different from business enterprises because they have different purposes, processes of generating revenues, stakeholders, budgetary obligations and propensity for longevity. These differences require separate accounting and financial reporting standards in order to meet the needs of the stakeholders who assess the government's ability for accountability and social economic development. Kenya's Public Sector Reforms (GoK, 2003) have among others focused on the need to have a transparent, reliable and efficient budgeting and financial regulatory framework that would guarantee provision of effective and efficient services to the Kenyan public.

The public sector which represents Ministries, Provinces and other Spending Agencies (MPSAs) have not been spared by the effects of financial irregularities which is linked to financial crimes (Auditor General's reports 2015 - 2017). The Price Water House Cooper (PwC) 2016 world report on economic crime revealed that Zambia is the third highest ranked in the world in as far as economic crime is concerned. Given the state of the Zambian economy and the prevalence in economic crime, a bold approach to tackling economic crime is needed.

Lack of accountability leads to lack of confidence in the accountability system by key stakeholders who include donors. Such stakeholders may decide to reduce or altogether stop providing any aid to the country if low levels of accountability persist. Commenting on the recent suspension by the Global

Fund of more than \$300 million in health assistance to Zambia; economic scholar Oliver Saasa (2010) said, “This directly touches on life and should send a signal to the government on the importance of accountability.”

## 1.2 Statements of the problem

The Office of the Auditor General has continued reporting various financial and non- financial irregularities such as missing payment vouchers, unsupported payments, unretired accountable imprest, irregular procurements, and failure to produce activity reports, irregular payments of allowances, failure to remit tax, unaccounted for,

misapplication and misappropriation of funds among others in MPSAs (Auditor General’s Reports – 2015 to 2017). These irregularities have continued recurring despite having accounting and internal control systems in the MPSAs i.e. attracting public debate and questioning the effectiveness of the accounting and internal controls in the MPSAs including Muchinga Provincial Agricultural office (Sakalunda,2015).

The analysis of the 2015, 2016 and the 2017 Auditors reports give the following trends for Muchinga Provincial Agricultural Coordinator’s Office;

**Table 1.1 Financial Irregularities**

DETAILS	2017	2016	2015
UNACCOUNTED FOR IMPREST	K4,885(AR#2356, PG4)	K21,966	0
FAILURE TO PRODUCE ACTIVITY REPORT	K44,400 (AR2356, PG4)	K9,900	K49,720 (PG 250)
IRREGULAR PAYMENT OF ALLOWANCE	K80,939 (AR#2356, PG5)	K44,240	K51,868 (PG248)
FAILURE TO REMIT TAX	K92,108 (AR#2356, PG6)		K62,883 (PG252)
UNACCOUNTED FOR STORES	K7,085 (AR#2356, PG6)	K3,577	K145,735 (PG238)
OVERPAYMENT OF RURAL HARDSHIP	K355,745(AR#2350, PG3)	K21,320	K14,660 (PG242)
IRREGULAR PAYMENT OF HOUSING ALLOWANCES	K172,794(AR#2350, PG4)	0	K142,139 (PG 242)

Source: Auditor General’s report for 2015, 2016 and 2017

From the above extract, financial irregularities have kept on recurring and in some cases, same type of financial irregularities repeating themselves. The nature and gravity of the irregularities have kept on worsening despite putting in place controls to mitigate these irregularities.

Against this background therefore, the researcher sought to assess the principal causes of financial irregularities in the Public sector in Zambia with the focus study on Muchinga Provincial Agricultural Office of Chinsali District.

### 1.3 Objectives of the project

#### 1.3.1 The General Objective

The overall objective of this study is to analyse the causes of financial mismanagement at Muchinga Provincial Agricultural office as cited in the Auditor General's Report of 2015, 2016 and 2017.

#### 1.3.2 Specific Objectives

The study was guided by the following specific objectives:

- Establish the prevalence of irregular payments at Muchinga Provincial Agriculture Office.
- Investigate the availability of adequate financial planning, management and skill.
- Determine the extent to which management give support to internal audit department to strengthen internal controls
- Identify consequences associated with financial mismanagement at the Provincial Agricultural Office
- Propose measures aimed at addressing the misapplication of finances at the office.

### 1.4 Theoretical Framework

This study was guided by Stewardship theory.

#### Stewardship Theory

According to Davies, Schoorman & Donaldson (1997), a steward protects and maximizes shareholders wealth through firm performance, because by so doing, the steward's utility functions are maximized. They further added that stewardship theory has its roots from psychology and sociology. In other words, a steward is defined as someone who protects and takes care of the needs of others.

Under the stewardship theory, company executives protect the interests of the owners or shareholders and make decisions on their behalf. Their sole objective is to create and maintain a successful organization so that the shareholders prosper.

In this study, civil servants and other public workers should be good stewards of the social institutions and must diligently work to attain high levels of performance (Donaldson & Davis, 1994). The theory will be applied in the study to explain the fact that public servants have fiduciary duty which entails acting with utmost good faith and to act as stewards over government resources.

### 1.5 Literature Review

#### 1.5.1 GLOBAL PERSPECTIVE

Policy research supports the notion that altered perceptions of a monitor's presence and credibility can significantly change individual behaviors. For instance, studies have linked deregulation (which by definition represents a reduction in the monitoring role of government) to fraud committed in the savings and loan (Calavita and Pontell 1990) and auto insurance industries (Tillman 2003). In addition, a robust body of social psychology research supports these ideas. Perceptions of being monitored have been shown to increase honesty, generosity, and prosocial behaviors (Bateson,

Nettle, and Roberts 2006; Baillon, Selim, and van Dolder 2013; Haley and Fessler 2005) while decreasing theft (Nettle, Nott, and Bateson 2012). Furthermore, the perception of monitoring changes how people view ethics: when people believe they are being observed, they demonstrate higher ethical conduct (Bourrat, Baumard, and McKay 2011). On the other hand, changes in external stimuli can produce a disinhibiting sense of anonymity, which has been linked in research to dishonesty and other antisocial behaviors (Zhong, Bohns, and Gino 2010). Applied to the context, the psychology research suggests that the perception of additional monitoring by the state tax authority even if such monitoring does not result in increased likelihood of discovery should be associated with less aggressive financial reporting decisions by managers. Conversely, perceptions of weaker monitoring by the state tax authority should be associated with more aggressive financial reporting.

## 1.5.2 REGIONAL PERSPECTIVE

Most of the people, particularly in developing countries, do not know how governments function. Each department has its enabling laws, rules, regulations and procedures (Muhammad Akram Khan 2006). The public need to know about them and with the onset of Internet, it has become possible to do so. All public departments and agencies should be obliged to make necessary information about their functioning known to the public. The old maxim “ignorance of law is no excuse” needs to be replaced by ‘It is duty of the public managers to inform the citizen about the law’. It is because, the whole compendium of public laws and rules have become so large that it is no more possible for an ordinary citizen to know it (Muhammad Akram Khan,) 2006. It should, thus, be the responsibility of the public managers to inform the public about their laws and procedures. The auditors should be able to report whether the government departments have done that or not.

Governments are fundamentally different from business enterprises because they have different purposes, processes of generating revenues, stakeholders, budgetary obligations and propensity for longevity. These differences require separate accounting and financial reporting standards in order to meet the needs of the stakeholders who assess the government’s ability for accountability and socio-economic development. Kenya’s Public Sector Reforms (GoK, 2003) have among others focused on the need to have a transparent, reliable and efficient budgeting and financial regulatory framework that would guarantee provision of effective and efficient services to the Kenyan public.

## 1.5.3 LOCAL PERSPECTIVE

Corporate governance refers to the process and structure used to direct and manage the business. According to the Bank of Zambia(BOZ) Banking and Financial Services (Corporate Governance) Guidelines, (2006:1) this “process and structure defines the division of power and establishes mechanisms for achieving accountability between the board of directors, management and shareholders... and taking into account the effects of such processes on other stakeholders, such as creditors, employees, customers and the community.” Therefore the, achievement of accountability is one of the major reasons why corporate governance regulations exist.

The Zambian Government has established public sector financial regulations that guide the accounting officers on their roles in executing their duties. The effective delivery of social services to the citizenry and reduction of poverty are dependent on a functioning civil service fully compliant with such public sector financial regulations (Hapenga M. Kabeta 2018; Zambia’s Accountancy Journal). In the recent past, government revised the public finance act of 1994 and has developed a planning



and budgeting legislation aimed at improving public sector financial management.

## 1.6 Establishment of the gap and Personal critique summary

Most studies reviewed show various analysis of levels of financial irregularities and accountability of public funds which is also defined in the Zambian Public Finance act. Very little has been done in terms of researching on the causes of these financial irregularities in public institutions in different countries in the world, Africa and Zambia in particular.

This research work attempt to analyse the principal causes of Financial mismanagement in the public sector of Zambia with the case study of Muchinga Provincial Agricultural office in Chinsali District.

The researcher will further suggest the measures or interventions that could be implemented by the relevant stakeholders to avoid financial irregularities in the public sector in order to give an assurance of value for money to all stakeholders.

There has been no researcher that has brought out issues regarding the causes of these financial Mismanagement in public institutions in different countries in the world, Africa, Zambia and Muchinga Provincial agricultural office in particular.

## 1. METHODOLOGY/RESEARCH DESIGN

### 2.1 Project Design / Approach

The research design refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you will effectively address the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data (SAGE, 2001).

A case study is an in-depth study of a particular research problem rather than a sweeping statistical survey or comprehensive comparative inquiry. It is often used to narrow down a very broad field of research into one or a few easily researchable examples (Sage, 2013). The case study research design is proposed to be used for testing whether a specific theory and model will actually apply. The research proposes to adopt a qualitative case study design and at the same time it will borrow from qualitative paradigm in data collection and analysis. Further the research will sit on the research philosophy of ontology which is the theory of what the world is and what goes on. Sage, (2008) defines ontology where this work is sitting on as the study that describes the nature of reality for example, what is real and what is not, what is fundamental and what is derivative?

The researcher proposes to use a case study design and will apply relevant methodologies and rely on a variety of sources to investigate a research problem which is to analyse the causes of financial mismanagement in the public sector- case study of Muchinga Provincial Agricultural Office.

### 2.2 Sampling procedure

Sampling can be defined as the “selection of research participants from an entire population, and involves decisions about which people, setting, events, behaviours and or social processes to observe.” (Babbie, 1986:163). An ideal population sample will have to include all the stakeholders such as top management, middle management and lower management of Muchinga provincial Agricultural office. The sampling method that will be employed is simple random sampling (probability sampling method). Simple random sampling is the **basic sampling technique where we select a group of subjects (a sample)** for study from a larger population. Each individual is chosen entirely by

chance and each member of the population has an equal chance of being included in the sample. Primary data will be collected from the stakeholders themselves using simple random sampling technique and secondary information, which will review information regarding current situation will be collected from published official government documents, Auditor General's reports and other researched and published papers in journals.

### 2.3 Target populations and Sample size

Basha and Harter (1980 cited in Djan, 2013) "a population is any set of persons or objects that possesses at least one common characteristic." The term population" should not be taken in its normal sense when sampling rather it represents the full set of cases from which the sample is chosen (Saunders et al., 2012). Thus, the population from which sample for the study will be chosen is Muchinga Provincial agricultural Office in Chinsali district. It will be easier for the researcher to approach the officers from this site as the researcher lives in the same district. Choosing any other province apart from Muchinga will mean travelling a long distance just to collect data which will be very difficult considering the time frame of this paper

### 2.4 Instruments of data collection

Since the sample size will be small, data will be collected using semi- structured interview guides. An interview guide is a written list of questions that need to be covered by the interview. Focused interviews, intensively investigated a topic and aims at gaining a complete and detailed situation. A structured questionnaire is proposed as a major tool of collecting primary data while secondary data will be collected using published material.

### 2.5 Data analysis techniques

Data Analysis is the culmination of a lengthy process of the construction of instruments and data collection (Bailey, 1994:378). As several

factors can influence the quality of focus interviews, considerable effort was made to minimize the risk of poor-quality responses within the groups. However, even though much care was taken to maximize quality in these groups, it must be realized that the community cannot be assumed to have "a unitary set of values and interests" (Edwards, 1989), nor that those participating in the focus groups represent the diversity of interests likely to be found within the area. The results of these sessions are therefore only indicative of possible issues and priorities.

Data analysis involves analyzing the data collected. The collected data through questionnaires will be tabulated and converted into frequencies and percentages using frequency tables and interpreted accordingly. Statistical methods were also employed in the data analysis. The methods used were Kendall's table correlation and Chi-square. This method will be used for the purpose of answering the research hypothesis. These hypotheses were designed to assist in answering the research objectives.

### 2.6 Ethical Considerations

During the study, the researcher will observe the ethical considerations by respecting the rights and views of the participants. White (2003) cites the relevance of the information to the participants' decision as one key element in informed consent. Therefore, any information to be collected in this research without the consent of respective respondents will not be used. On the other hand, confidentiality of the information such as respondent's name, will be considered. All in all, before carrying out the research the researcher will seek for ethical clearance where necessary.

## 2. RESULTS AND DISCUSSION

### 3.1. Results / Research findings

#### Quantitative data analysis

Mugenda and Mugenda confirm that “the main purpose of content analysis is to study existing information in order to determine the relationship between variables (1999:78).” To this extent therefore, the responses to the questions will be interpreted and put into different specific and relevant categories. Being a descriptive quantitative research, the data was analysed and tabulated using descriptive statistical methods which illustrated the diverse findings of the study. The descriptive Statistical methods include; frequencies, percentages and presentations of tables, graphs and pie charts.

#### 4.2 Data Processing and Presentation

Having gathered the data from the primary and secondary sources, the data was assembled together, edited, organized by the use of tabulations and statements. There by creating a plat form for summarization of the data. Appropriate analytical methods were then applied so as to manipulate the data to establish their inter-relationship and derive quantitative meaning. Simple tabulation was some of the statistical tools that are to be used to summarize the data.

### 3.2. Discussion and Interpretation of Findings RESPONDENTS’ DATA

#### SECTION A: PERSONAL DATA OF RESPONDENTS

Here, the researcher wanted to gather information on the gender of the respondents.

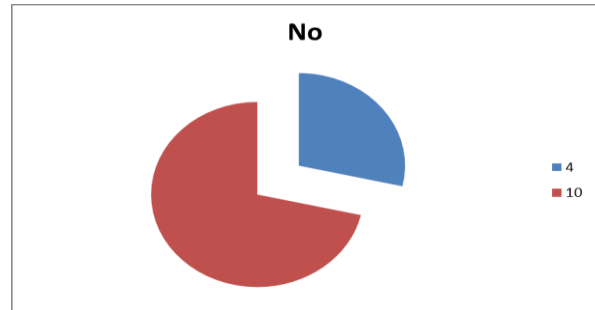
**Table 4.1: Showing Gender of the respondent**

	Frequency	Percent
Male	29	72.5

Female	11	27.5
Total	40	100.0

Source: Fieldwork 2019

**Figure 4.1 Gender of respondents**



Source: Raw data

Table 4.1 and figure 4.1 indicate that 29 of the respondents were male while 11 were female. This represents a 72.5% male and 27.5% female of the total respondents.

The next question here was looking at the age of respondents in order to ascertain the level of maturity and ability to give independent responses on the matter of interest.

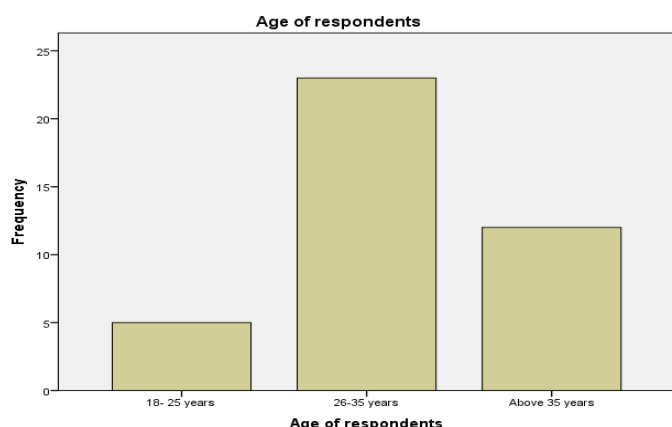
**Table 4.2: Age of respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
18- 25 years	5	12.5	12.5	12.5
26-35 years	23	57.5	57.5	70.0
Valid Above 35 years	12	30.0	30.0	100.0
Total	40	100.0	100.0	

Source: Field work 2019



**Figure 2.4: Age brackets of respondents**



Source: Raw data

The findings in figure 4.2 show that respondents were represented by three age groups. Those of the age between 18 and 25 were 5 representing 12.5%, between 26 and 35 were 23 representing 57.5% and those above 35 were 12 representing a 30% of the total respondents. The total number of respondents was 40 representing a total 100%. This indicates that the information was obtained from a group of mature respondents.

The question was; what is your highest level of education? Below were the findings.

**Table 4.3 Showing Respondent's level of education**

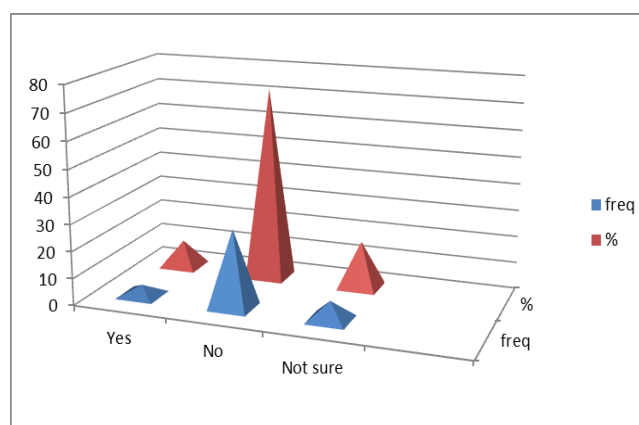
**Qualification of respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
First Degree	8	20.0	20.0	20.0
Diploma	16	40.0	40.0	60.0
Certificate	11	27.5	27.5	87.5

Grade 12 and above	5	12.5	12.5	100.0
Total	40	100.0	100.0	

Source: Field work 2019

**Figure 4.3: Level of Education**



Source: Raw data

From the table 4.3 above, the highest percentage that is 40% of the respondents had attained diploma level of education, followed by 27.5% who had attained certificates, 20% were degree holders while 12.5% were grade 12 and below and lastly 10%. This implies that the workers had acquired some skills and has the ability of understanding the questions and giving out reliable information.

**Table 4.4; Duration of work of respondents in public service**

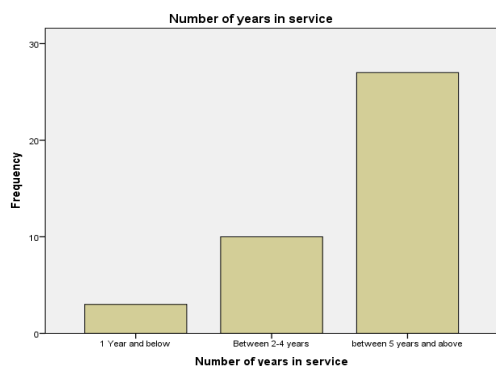
**Number of years in service**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 Year and below	3	7.5	7.5	7.5

Between 2-4 years	10	25.0	25.0	32.5
between 5 years and above	27	67.5	67.5	100.0
Total	40	100.0	100.0	

Source: Field work 2019

**Figure 4.4: Duration of work in Public Service**



Source: Raw data

From the findings in table 4.4 and figure 4.4 above shows that 67.5% of the respondent employees in the organization had served in civil service for a period of 5yrs and above. 25% had saved for a period of 2 to 4 years while 7.5% of the respondents had saved in the public Service for and below 1 year and acquainted with public financial management system or procedures not only at Muchinga PACO but in other public institutions and are able to make comparisons with other institutions or departments. Question; How long have you worked at Muchinga Provincial Agricultural Office? Responses were gives and analyzed as below;

**Table 4.5; Duration of work of respondents at Muchinga Provincial Agricultural Office**

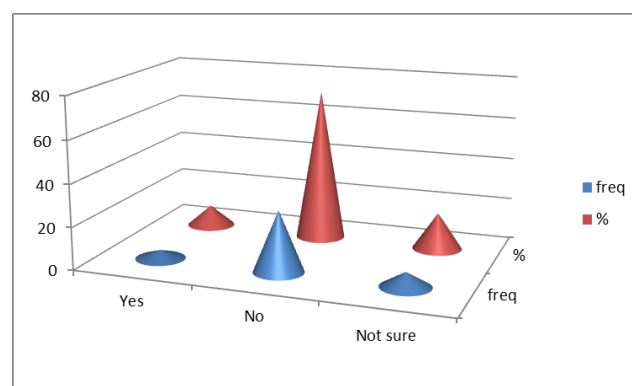
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 year and below	2	5.0	5.0	5.0
Between 2-4 years	16	40.0	40.0	45.0
Between 5 years and above	22	55.0	55.0	100.0
Total	40	100.0	100.0	

Source: Field work 2019

**Figure 4.5; % of work of respondents at Muchinga Provincial Agricultural Office**

Source: Raw data

From the findings above, 22 respondents



representing a 55% of the respondents in the organization had served at Muchinga PACO's office for 5years and above at different levels, 16 respondents representing a 40% had worked at Muchinga PACO for a period of 2 to 4 year. Further, only 2 of the respondents representing a 5% had worked at the station for 1 year and below.

This shows that respondents are acquainted with the operations of Public financial management and are able to give out reliable information on the performance of not only the financial management but the institution as a whole.

### 4.2.1.2 SECTION B: Availability of adequate financial planning, management and reporting skills at Muchinga Provincial Agricultural Office

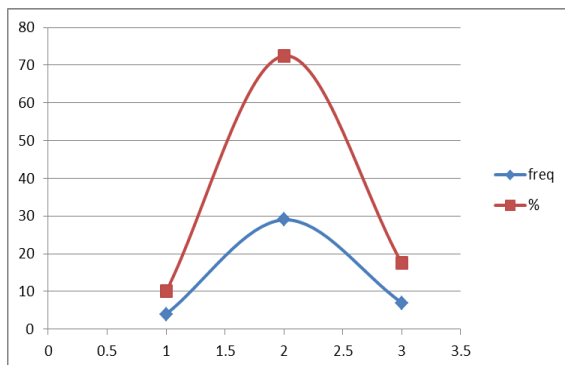
The question here was; does Muchinga Provincial Agricultural Office have the strategic and action plan? Table 4.5 and figure 4.5 shows the responses obtained from respondents.

**Table 4.6 Presence of an Action and Strategic Plan**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	4	10.0	10.0	10.0
No	29	72.5	72.5	82.5
Not Sure	7	17.5	17.5	100.0
Total	40	100.0	100.0	

Source: Field work 2019.

**Figure 4.6: presence of action and strategic plan**



Source: Raw data

From table 4.6 and figure 4.6 above, the majority of respondents representing 72.5% indicated that they were not sure if the institution had an action and strategic plan, 17.5% of the respondents didn't know if the plan was present at the institution while a 10% of the total respondents indicated that there was an action plan. This implies that only 25% of the respondents had seen or known that the action and strategic plan existed.

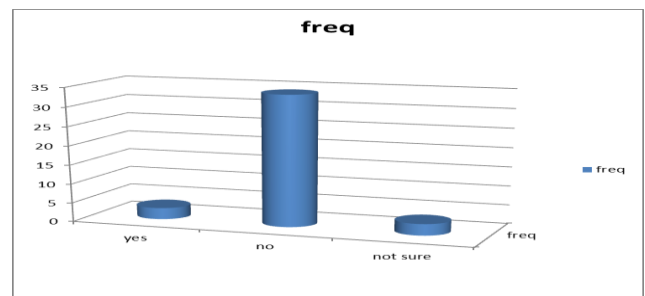
The question here was; Do management review the action plan? The table and figure below show the feedback collected from respondents.

**Table 4.7 Review of Action Plan**

	Frequency	Percent	Valid Percent	Cumulative Percent
Monthly	6	15.0	15.0	15.0
Quarterly	30	75.0	75.0	90.0
Not Sure	4	10.0	10.0	100.0
Total	40	100.0	100.0	

Source: Field work 2019.

**Figure 4.7: Review of action plan**



Source: Raw data

From table 4.7 above, the majority of respondents representing 75% indicated that the reviewed their Action plan was not done at Muchinga PACO's office. 15% of the total respondents indicated that they reviewed the institutional action plan while 10% of the respondents were not sure if the action plan was reviewed.

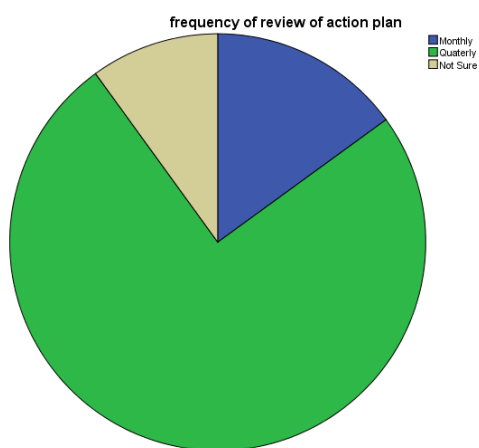
The question was; if yes to Q2, how often do you review your plans? The responses were provided by respondents as shown in the table and figure below.

**Table 4.8 Frequency of Review of Action Plan**

	Frequency	Percent	Valid Percent	Cumulative Percent
Monthly	6	15.0	15.0	15.0
Quarterly	30	75.0	75.0	90.0
Not Sure	4	10.0	10.0	100.0
Total	40	100.0	100.0	

Source: Field work 2019.

**Figure 4.8: Frequency of Review of Action Plan**



Source; Raw Data

From figure 4.8 above, it shows that only one respondent indicated that the action plan was reviewed quarterly representing a 2.5%. 7 respondents indicated that the action plan was reviewed monthly representing a 17.5%. 32 respondents maintained that the action plan which they had never seen was not even reviewed any representing 80% of the total respondents.

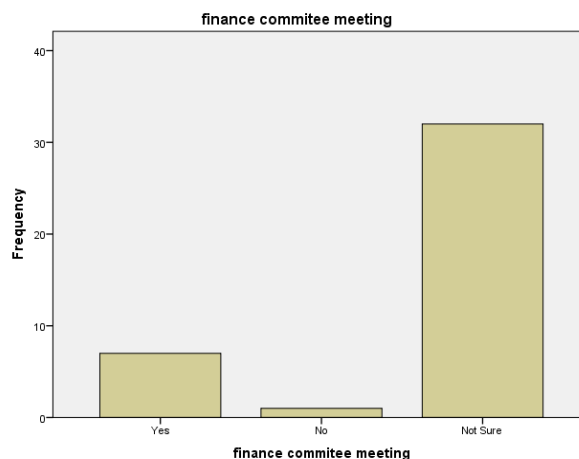
The question provided to the respondents was; Does the PACO's office hold finance meetings before spending? Table 4.9 and figure 4.9 represents the answers collected from respondents.

**Table 4.9: Finance committee meeting**

Response	Frequency	Percentage (%)
Yes	3	7.5
No	34	85
Not sure	3	7.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

Source: Field work 2019.

**Figure 4.9: committee meetings**



Source: Raw data

To total number of respondents was 40 represented by a 100%. 7.5% of respondents affirmed to the fact

that they had finance meetings were held before spending. 34 respondents representing 85% indicated that finance meetings were not held before spending financial resources. 3 respondents further representing 7.5% were not sure if finance committee meetings were held at the institution.

In reviewing the presence of the financial reporting system, the question posed was; Does Muchinga PACO’s office have a defined financial reporting system?

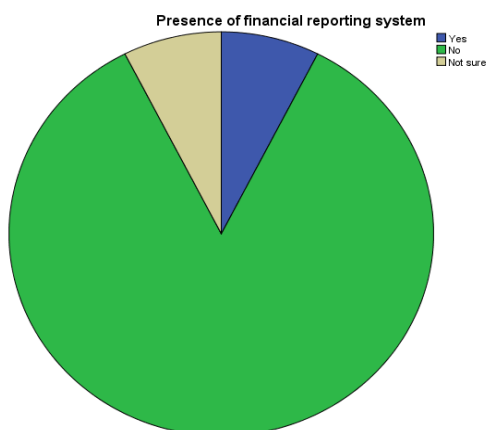
Answers provided by respondents are as shown in the table below.

**Table 4.10: presence of financial reporting system**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	3	7.5	7.5	7.5
No	34	85.0	85.0	92.5
Not sure	3	7.5	7.5	100.0
Total	40	100.0	100.0	

Source: Field work 2019.

**Figure 4.10: Presence of financial reporting system**



Source: Raw data

The total number of respondents was 40 representing a total 100%. Of the total respondents, 28 respondents indicated

that there was a financial reporting system in place in the organization representing 70%. Only 2 respondents

representing 5% indicated that there was no reporting system at Muchinga PACO’s office leaving 10 respondents

who were not sure if there was a financial reporting system in place. Accounts department establishment; the

researcher wanted to establish the approved staff establishment at Muchinga Provincial Agricultural Office.

Table 4.11 and figure 4.11 gives the details of responses from respondents in the field.

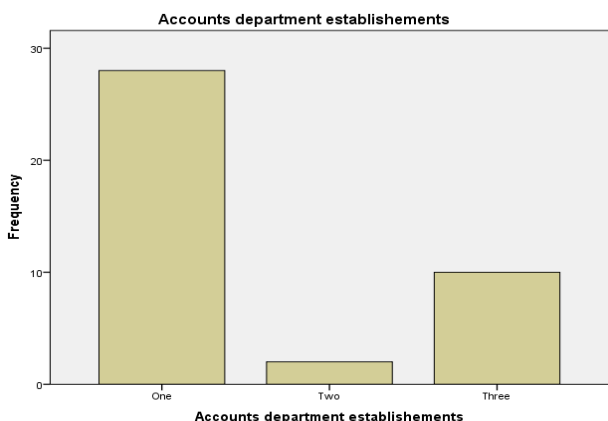
**Table 4.11 Accounts department establishment**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	One	28	70.0	70.0
	Two	2	5.0	75.0
	Three	10	25.0	100.0
	Total	40	100.0	100.0

Source; field work 2019



**Figure 4.11 Accounts department establishment**



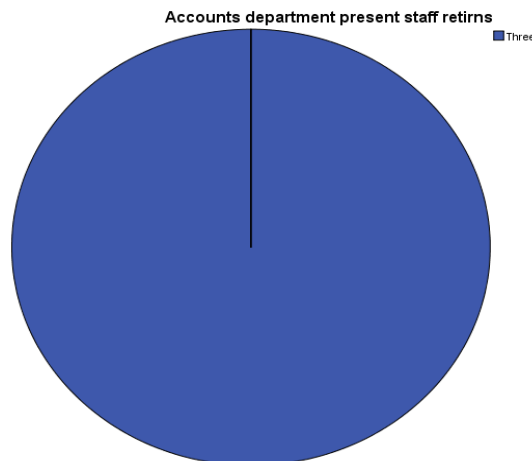
**Source; Row data**

In reviewing the establishment of accounts department, the respondents gave their opinions as follows; the total number of respondents were 40 representing a 100%. 28 respondents indicated that the establishment of accounting staff at Muchinga provincial agricultural office was 1 representing 70%, two respondents representing 5% indicated that an establishment of 2 accounting staff while 10 of them indicated that the establishment of 3 accounting staff at the institution representing 25

We further went on to look at the number of officers who were present at Muchinga PACO’s office so as to relate it with the approved establishment. Table 4.12 and figure 4.12 gives details of the results;

**Table 4.12 Accounts Dept present staff returns**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Three	40		100.0	100.0



**Source; row data**

In reviewing the if the accounts department was well established, the respondents gave their opinions as follows; the total number of respondents were 40 representing a 100%. 28 respondents indicated that there was only one accounting staff at Muchinga provincial agricultural office representing 70%, two respondents representing 5% indicated that there were two accounting staff while 10 of them indicated that there were three accounting staff at the institution representing 25%. This shows that it was not clear to officers as to how many accounting staff the institution had as the same officers also manages the ministry of fisheries and livestock financial resources

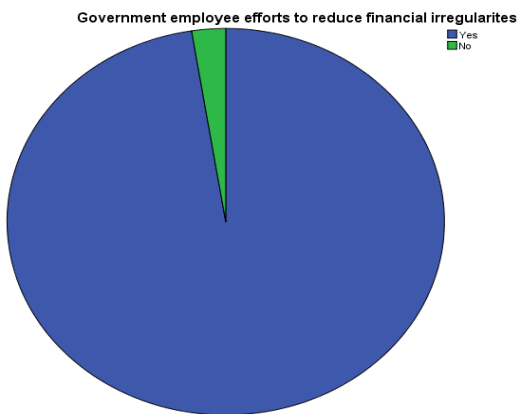
Another area of concern was that of government employee’s efforts towards work in relation to financial irregularities/ mismanagement. We wanted to review if at all Government employees were putting in efforts to reduce financial irregularities. Field results were as indicated in table 4.13 and figure 4.13

**Table 4.13 Government employee efforts to reduce financial Irregularities**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	39	97.5	97.5	97.5
No	1	2.5	2.5	100.0
Total	40	100.0	100.0	

Source; field work 2019

Figure 4.13 government employee efforts to reduce financial irregularities



Source; row data

Here the researcher attempted to establish government employee's efforts in reducing financial irregularities and below are the results obtained from respondents;

The total number of respondents was 40 representing 100%. 39 respondents representing 97.5% were of a view that government employees had shown efforts to reduce financial irregularities while one respondent representing 2.5% indicated that actually, government employees had not shown efforts in trying to reduce financial irregularities.

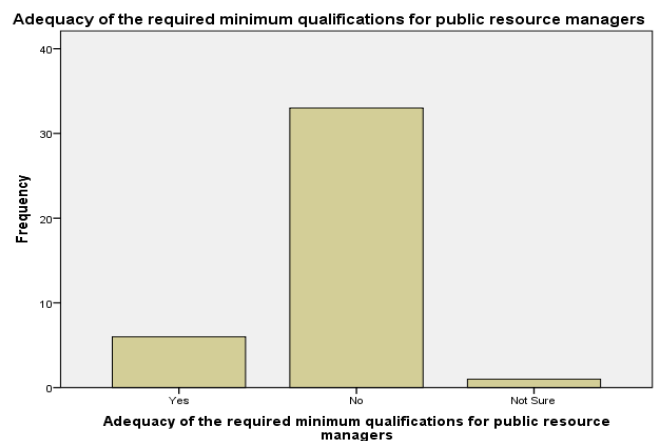
Adequacy of the required minimum qualifications for public resource managers; The researcher wanted to establish the facts on the ground to verify the adequacy of the current minimum qualifications for the people who are charged with the responsibility to manage financial resources

**Table 4.14 Adequacy of the required minimum qualifications for public resource managers**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	6	15.0	15.0	15.0
No	33	82.5	82.5	97.5
Not Sure	1	2.5	2.5	100.0
Total	40	100.0	100.0	

Source; Field work 2019

Figure 4.14



Source; Row data

From the graphical presentation above, it shows that a total of 40 respondents were interviewed representing a 100%. 33respondents representing 82.5% indicated that the current minimum qualifications for public resource managers were not adequate. 6 respondents of the 40 representing 15% indicated that the current minimum qualifications were actually adequate for public resource managers while 1 respondent was not sure if the current minimum qualification was adequate representing 2.5%

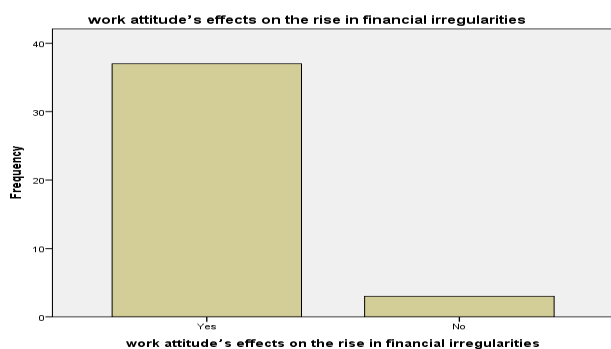
Work attitude' effect on the rise in financial mismanagement/irregularities; at attempt here was made to establish if at all staff work attitude has an effect on the rise in financial mismanagement/irregularities in the public sector of Zambia.

**Table4.15; work attitude's effects on the rise in financial mismanagement**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	37	92.5	92.5	92.5
No	3	7.5	7.5	100.0
Total	40	100.0	100.0	

Source; field work

**Figure 4.15; work attitude's effect on the rise in financial irregularities /mismanagement**



Source; Row data

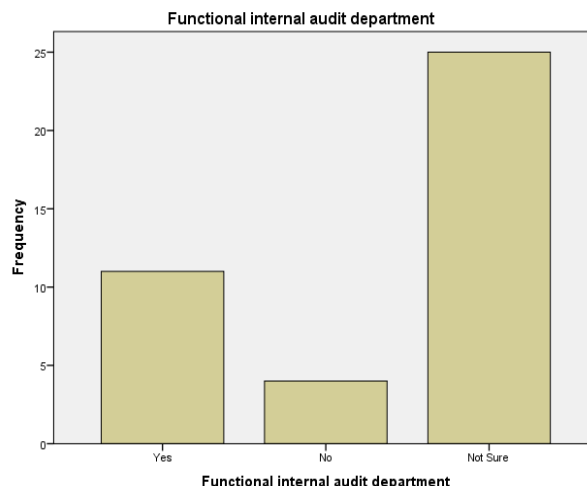
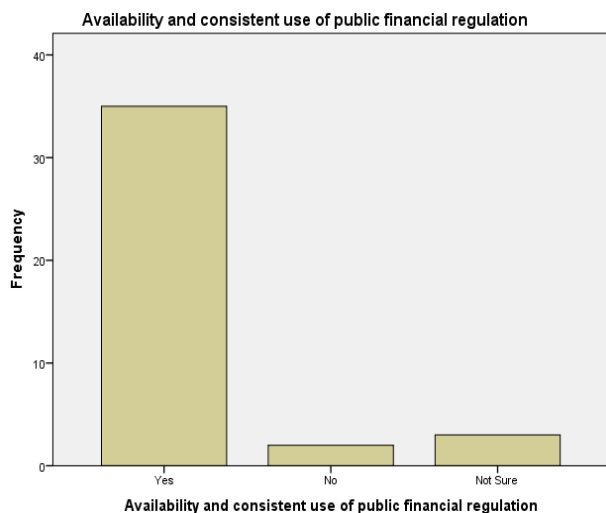
Table 4.15 and figure 4.15 shows that a total of 40 respondents were engaged with a 100% representation. 37 respondents of the 40 representing 92.5% reviewed that work attitude of public workers had an effect on the rise in financial irregularities and mismanagement while 3 of the 40 respondents representing a 7.5% indicated that public worker's attitude actually had no effect on the rise in financial irregularities and mismanagement.

This research also wanted to review if Muchinga provincial agricultural office had and consistently used financial regulations in their operations. Results from respondents are shown in table 4.16 and figure 4.16 below;

**Table4.16; Availability and consistent use of public financial regulation**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	35	87.5	87.5	87.5
No	2	5.0	5.0	92.5
Not Sure	3	7.5	7.5	100.0
Total	40	100.0	100.0	

Source; Field work 2019



Source; Row data

Here we wanted to establish if Muchinga PACO had a functional internal audit department to look at internal controls in the day to day operations of the institution. Below is table 4.17 and figure 4.17 to show the obtained results;

**Table 4.17; Functional internal audit department**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	11	27.5	27.5	27.5
No	4	10.0	10.0	37.5
Not Sure	25	62.5	62.5	100.0
Total	40	100.0	100.0	

Source; Field work 2019

**Figure 4.17; Functional Internal audit department**

Source; Row data

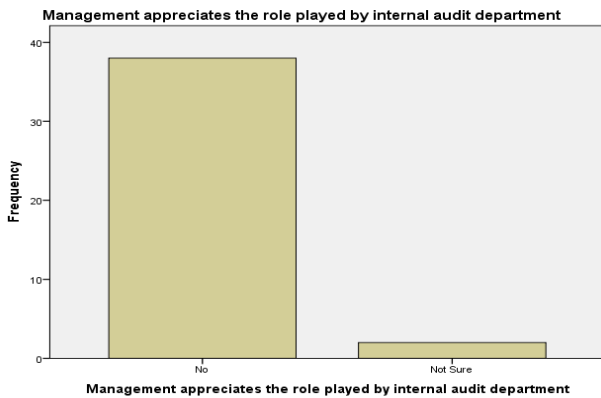
The paper also wanted to review if management appreciated the role that internal audit department plays in the establishment of Muchinga provincial agricultural office and the entire public service at large. table 4.18 and figure 4.18 reviews the results obtained from the field;

**Table 4.18; Management appreciates the role played by internal audit department**

	Frequency	Percent	Valid Percent	Cumulative Percent
No	38	95.0	95.0	95.0
Not Sure	2	5.0	5.0	100.0
Total	40	100.0	100.0	

Source; Field work 2019

**Figure 4.18 Management appreciates the role played by internal audit department**



Source; Row data

Table 4.18 and figure 4.18 above shows that a total number of respondents were 40 representing 100%. No respondent reviewed that management appreciated the role played by internal audit department representing a 0%. 38 respondents of the 40 representing 95% indicated that management did not appreciate the role played by internal audit department while the remaining 2 respondents out of the 40 representing 5% reviewed that management actually appreciated the role of internal audit department in the system.

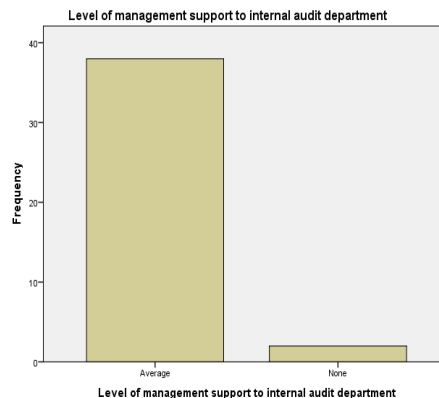
The researcher further wanted to establish the level of management support to internal audit department. Table 4.19 and figure 4.19 shows the results obtained during field work.

**Table 4.19 Level of management support to internal audit department**

	Frequency	Percent	Valid Percent	Cumulative Percent
V Avg	38	95.0	95.0	95.0
a None	2	5.0	5.0	100.0
l Total	40	100.0	100.0	

Source; Field work 2019

**Figure 4.19; Level of management support to internal audit department**



Source; Row data

Table 4.19 shows that 40 respondents participated in this research question representing 100%. 38 out of the 40 respondents reviewed that management support to internal audit department was average while the remaining two respondents reviewed that there was no management support to internal audit department representing 5%.

The last question attempted to know if there were prompt actions to internal audit reports by management. Results obtained from the field are shown in table 4.20 and figure 4.20 as below;

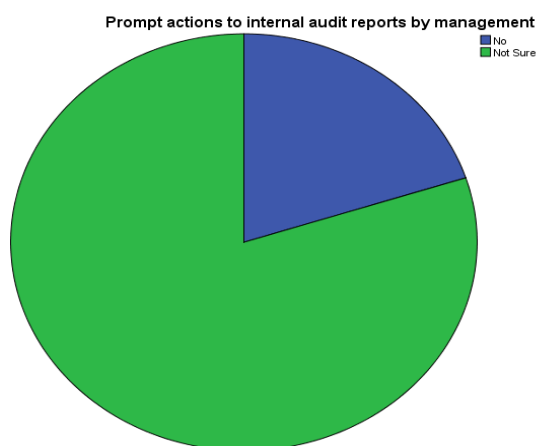
**Table 4.20; Prompt actions to internal audit reports by management**

	Frequency	Percent	Valid Percent	Cumulative Percent
\ No	8	20.0	20.0	20.0
a Not Sure	32	80.0	80.0	100.0
l Total	40	100.0	100.0	

Source; field work 2019



**Figure 4.20, Prompt actions to internal audit reports by management**



Source; Row data

Table 4.20 and figure 4.20 above shows that 40 respondents participated in this research representing 100%. No respondent agreed that there was prompt action to audit reports by management representing 0%. 8 respondents of the 40 indicated that management did not take prompt actions on internal audit reports while 32 respondents of the 40 were no sure if management took prompt actions on internal audit reports.

## Conclusions of the study

The researcher made the following conclusion of the study:

1. The research reviewed that officers in key decision-making positions overstayed in one place which is one of the contributing factors to high levels of financial misconduct by public servants.
2. Action and strategic plan are key to financial discipline and good financial stewardship. It was found that management did not have copies of their action and strategic plans in place. They only relied on a soft copy of the yellow book which only has summaries of

appropriation done by parliament. This made it possible to establish if at all management even reviewed their plans whenever need be. It was also concluded that lack of such an important document in Government institutions lead to misapplication of funds.

3. Finance committees are a vital organ of any establishment as it is the one charged with the responsibility of making necessary recommendations expenditures in line with the strategic and action plan of the institution. It was however discovered that finance committee meetings were not regularly held to validate payments made in the period under review. This may lead to failure to equal distribution of financial resources among the competing needs.

The research reviewed that there was no standard financial reporting system in place which resulted into errors and difficulties in consolidation of reports in the public sector.

4. Placing the right persons in right positions at a right time will always improve efficiency and effectiveness in service delivery. The research reviewed that Muchinga Provincial Agricultural Office had an establishment of one accountant. The institution depended on the same officer to deal with all financial related work which may compromise on the principle of corporate Governance and that of division of labour. This also meant that the officer in question may not have chance to take leave to rest. It was further concluded that due to lack of adequate accounting staff, errors and mistakes were expected which validated the auditor general's reports.
5. Internal Audit department is charged with the responsibility of insuring that internal controls are strengthened to avoid loss of public resources. Management at Muchinga Agricultural Office did not give necessary

support to this important department hence the reason for weak internal controls at the institution. Management allowed the position of internal auditor to be frozen hence making the department nonfunctional.

## Recommendations of the study

In order to resolve these problems in the public sector, the researcher makes the following recommendations:

1. To reduce the issue of financial misconduct and improve efficiency, public service management division should consider rotating officers through transfers after a period of time. The researcher recommends that officers in key financial management decision positions be rotated every after five years. This will come with a cost on Government but the benefits will surpass the cost in the end.
2. Management should make sure that they have copies of their strategic and action plans for reference purpose. This will reduce the issue of misapplication of funds and indeed financial mismanagement in the public sector.
3. Finance committee meetings should come as a pre-requisite of management to ensure that Government expenditure is supported by minutes among other documents.
4. It is recommended that all government institutions be empowered through system strengthening to ensure that financial data generation, storage and retrieval is assured for timely and good financial decision making.
5. The researcher wishes to recommend that the approved establishment registers for Finance department at spending agency

levels be revised to address the understaffing problems.

6. Finally, it is recommended that management give the required support to the internal audit department to ensure that internal controls are strengthened to assure good financial stewardship.

## ACKNOWLEDGMENTS

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Lastly, my gratitude goes to all names and organizations that I may have not mentioned in here but rendered their support to me in one way or another in the completion of this dissertation.

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