

**EVALUATION OF FUND MANAGEMENT IN ZAMBIA'S LOCAL GOVERNMENT:
A CASE STUDY OF CHONGWE, LUSAKA, AND KAFUE**

BY

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**A dissertation submitted to the University of Zambia in partial fulfilment of the
requirements for the award of the Degree of Master of Business Administration Finance**

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DECLARATION

I, Regina Tisuzgechi Nyirongo, do hereby declare that this work is my original work achieved through personal reading and research. This work has never been submitted to the University of Zambia or any other Universities. All sources of data used and literature on related works previously done by others, used in the production of this Dissertation have been duly acknowledged. If any omission has been made, it is not by choice but by error.

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APPROVAL

This Dissertation by *Regina Tisuzgechi Nyirongo* is approved as a partial fulfilment of the requirements for the award of the Degree of Master of Business Administration Finance.

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ABSTRACT

This study explores the core of Zambia's local government, focusing on the complexities of fund management. Through literature review and surveys involving local government officials and stakeholders, it uncovers challenges affecting effective fiscal governance. The research reveals hurdles faced by the Zambian local government in fund management, including a lack of transparency, inadequate budget planning, and limited financial management capacity. Despite these challenges, glimpses of progress emerge, showcasing ongoing efforts to improve budgetary processes and financial management practices. The study aims to assess the capacity of the Ministry of Local Government and Rural Development in Zambia, specifically in Lusaka, Kafue, and Chongwe. The evaluation centers on the Auditor General's Main Report for 2021, aiming for a comprehensive understanding of fund management outcomes. This research goes beyond the typical narrative, contributing significantly to the discourse on Zambian local governance. By identifying challenges and highlighting positive developments, it provides a roadmap for enhancing transparency, accountability, and financial management practices. Proposing actionable steps, the study advocates for improved transparency and accountability, increased capacity-building initiatives, and strengthened financial reporting and auditing mechanisms. If implemented, these recommendations have the potential to transform fund management practices in Zambian local government.

In conclusion, the research emphasizes the importance of sustained efforts to improve fund management practices. It asserts that these efforts are not just desirable but essential for the effective functioning and sustainable development of Zambia's local government. The study encourages stakeholders to embrace its findings and recommendations for a positive fiscal transformation.

Keywords: Funds Management, Zambian Local Government, Transparency, Accountability, Decentralization, Sustainable Development.

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DEDICATION

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LIST ACROYNMS

- CDF:** Community Development Fund
- GDP:** Gross Domestic Product
- GSB:** Graduate School of Business
- LGA:** Local Government Authorities
- LCC:** Lusaka City Council
- MLGRD:** Ministry of Local Government and rural development
- MLGH:** Ministry of Local Government and Housing
- MOF:** Ministry of Finance
- MTEF:** Medium Term Expenditure Framework
- SPSS:** Statistical Package for Social Sciences
- UN:** United Nations
- UNDP:** United Nations Development Programme
- UNHSP:** United Nations Human Settlements Programme
- UNZA:** University of Zambia
- VAT:** Value Added Tax
- WB:** World Bank
- ZIPAR:** Zambia Institute for Policy Analysis and Research
- ZRA:** Zambia Revenue Authority

CHAPTER 1

INTRODUCTION

1.0 Introduction

The purpose of this chapter is to discuss fund management in the context of Local government. Fund management will be presented and thoroughly investigated, with an emphasis on its importance in local government administration. This chapter discusses the research problem, significance, aim, and objective, problem statement, research questions, assumptions and study structure. As a result, chapter one gives the reader a comprehensive overview of the research.

1.1 Background to the Study

The Local Authority Act in Zambia underwent a re-establishment in 2019 through parliamentary legislation, specifically outlined in the amended constitution of 2016 under cap 281 of the laws of Zambia (The Local Government System in Zambia Country Profile 2019-2021). This legislative update mandated that each council should comprise two representatives of traditional chiefs, members of the district's Parliament, and all elected council members, portraying a commitment to enhancing inclusivity within the local government framework. Additionally, the amended local act introduced an administrative division for local government authorities, as detailed in The Local Government System in Zambia Country Profile for 2017-18.

The foundational legislation governing local government in Zambia during the years 1965 to 1980 was the Zambian Local Government Act of 1965, adopted from British models and enacted on November 1st, 1965. This legislation introduced three distinct forms of local authorities—one rural and two urban (Ibid). Its primary objective was to rectify disparities and ensure an equitable distribution of public services, as emphasized by Mdagachule (2014) and Ngonyani et al. (2015).

However, due to perceived shortcomings and declared ineffectiveness, the Local Government Act of 1965 was replaced by the Local Administration Act of 1980 in January 1981 (United Cities and Local Government Country Profiles, 2011). The government contended that the local governance system had proven unsuccessful under the 1965 Act.

The Local Administration Act of 1980, which accelerated the institutional and managerial decline of Local Authorities through inappropriate structures, was subsequently repealed in 1991 following a change in government (Public Financial Management Handbook, 2017). This

shift in legislative frameworks reflects ongoing efforts to refine and adapt the legal underpinnings of local governance in Zambia.

The 1991 Act brought about significant changes, including the explicit separation of party structures from the Council and the abandonment of the integrative role of district Councils. Notably, it reintroduced representative local government based on universal adult suffrage, with Council members comprising elected Councillors, Members of Parliament (MPs), and two representatives of chiefs in the district. The Local Government Act No. 2 of 2019 later replaced the 1991 Act, defining Councils under the new Act and the amended Constitution of 2016 as consisting of democratically elected councillors and a Council Chairperson elected in accordance with Article 154 (United Nations Human Settlements Programme 2015). Key actors in this local government system include the Minister, councillors, council chairperson or mayor, and appointed council officials.

The Ministry of Local Government and Rural Development (MLGRD), formerly known as the Ministry of Local Government and Housing (MLGH), oversees local government projects and fund management to ensure diligent operations without disruption due to poor fund management (Mdagachule 2014). Fund management is crucial for organizational success, serving as the lifeblood of any institution. Proper fund management is essential for the efficient, effective, and equitable operation of an organization (Augustine 2020). Local government fund management involves reporting on the wealth of local governments, detailing the sources, collection, and expenditure of funds (Mushimbwa 2020). This is especially vital as local authorities play a pivotal role in enhancing and expanding the delivery of fundamental basic public services (World Bank 2018).

The issue of fund management in Zambian local government authorities nationwide has been highlighted as a significant problem (United Nations Settlement Programme 2015). Auditors General Reports consistently indicate that fund mismanagement is a widespread concern across all council branches throughout the country, with no apparent decrease in the trend from 2014 to 2021 (Auditors General reports 2016-2021). This pervasive challenge is particularly noteworthy considering the reported underfunding of the ministry responsible for local government (Ibid). In light of these circumstances, it is imperative for the researcher to conduct an evaluation of fund management and control within the Zambian Ministry of Local Government and Rural Development.

1.2 Statement of the Problem

According to the auditor's general reports (2016-2021), the main problem facing local government authorities today seems to be inconsistency and noncompliance with financial management practices. Table 1 below shows some of the challenges local government authorities have been facing under fund management from 2015 to 2021 (Table 1).

Table 1: Identified instances of misappropriated project funds during the period from 2016 to 2021

Year	Total amount allocated to project	Total amount of mismanaged Funds	Project name
2015/2016	K8, 500,000	K4, 500,000	Lukanga Bus Station-Kabwe (No proper documentation as to why the cost was revised from (k4,500,000 to k8,500,000).
	K26, 1000	K2, 61000	Water Kiosk project-Dilika Msanga ward (Kiosk not operational)
2018/19	K120, 000	K120, 000	Brick Making project for 7 community-based clubs in the-Kalulushi (None of the clubs were active)
2020/21	k214, 321	k201, 714	Chicken rearing project for 17 community-based clubs in the community in Kalulushi (Only one was active).

Sources: Auditors General reports (2016-2021)

In one of the cases of fund mismanagement shown in the table above, the Ministry of Local Government (MoLG) signed a contract with Stalwart Investments Limited in 2015/2016 for the construction of Kabwe's Lukanga transit bus station at a contract cost of K8,500,000 for months. However, it was discovered that the council actually paid the contractor K4,000,000 rather than the K8,500,000 agreed upon and budgeted, without providing adequate documentation as to why the cost was revised (Auditors General, 2017). This suggests ineffective financial management, casting doubt on the ministry's ability and trustworthiness to handle its finances.

Another major concern highlighted in the chart above, according to the Auditor General's reports from 2018 to 2021, is the continued support of initiatives for dormant community clubs. For instance, the Kalulushi Municipal Council paid K120,000 for a project called "Brick Making" in seven communities where none of the clubs were active, resulting in a complete waste of the materials' cost (Ibid). This raises significant concerns, particularly given the limited resources available for such initiatives. These instances underscore the urgent need for a thorough evaluation of financial management practices within the local government sector to address the identified challenges and ensure the responsible and efficient use of public funds.

1.3 Aim of the Study

The main purpose of this study is to evaluate the capacity of the ministry of local government and rural development in Zambia to raise, utilize, and manage resources to promote local development and progress the decentralization process.

1.4 The Main Objective

The Main objective of this study is to conduct a comprehensive assessment of Fund Management and control within the Zambian Ministry of Local Government and Rural Development, focusing on the specific geographical areas of Lusaka, Kafue, and Chongwe. The evaluation will specifically center on the outcomes presented in the Auditor General's Main Report for the year 2021.

1.4.1 Specific Objectives

1. To investigate the factors affecting accountability and transparency in the management of public fund
2. Establish a relationship between accountability, transparency and Public fund management
3. To determine the effect of Decentralization on public fund management in local government.

1.4.2 Research Questions

1. What are the factors that affecting accountability and transparency in the management of public fund?
2. Is there a relationship between accountability, transparency and public fund management?
3. What is the effect of Decentralization on public fund management in local government?

1.5 Significant of Study

Fund In the specific context of the research study focused on " Evaluating Fund Management in Zambia's Local Government: A Case Study of Chongwe, Lusaka, and Kafue," the significance and practical applications of the research findings are multifaceted.

Beyond the traditional roles of revenue collection and expenditure, the study's insights into investment, capital budgeting, and project management can guide strategic decision-making. Local governments can leverage this knowledge to make informed choices that contribute to sustainable economic, social, and infrastructural development.

By identifying weak areas in fund management, the study offers practical solutions for local governments to enhance their operational efficiency. Addressing these challenges can lead to improved financial performance, streamlined processes, and effective resource allocation.

The study's detailed assessment of revenue sources provides local governments with valuable financial information. This information can aid in financial planning, allowing authorities to predict economic conditions, allocate resources judiciously, and navigate financial challenges more effectively.

Drawing on a combination of theories and empirical research, the study serves as a foundation for insightful policy guidance. Policymakers can use the research findings to formulate and refine policies related to public fund management, local government management, and broader public sector performance.

By exploring the interconnected features of accountability, transparency, decentralization, and development sustainability, the study enriches the body of knowledge in public administration. This integrated knowledge can be instrumental in shaping comprehensive approaches to public-fund management, contributing to the ongoing discourse in the field.

In summary, the research study not only addresses immediate concerns related to fund management in the Zambian Ministry of Local Government and Rural Development but also offers practical applications that extend to strategic decision-making, operational efficiency, financial planning, policy development, academic contributions, and knowledge integration in the broader context of public administration.

1.6 Research Assumption

The research study operates on several foundational assumptions that shape its investigative framework. These assumptions provide a lens through which the researcher seeks to comprehend and analyze the dynamics of public fund management within the Zambian Ministry of Local Government.

The researcher posits that the management of public funds is influenced by accountability, openness, and decentralization. The study explores the direct correlation between these factors and fund management within the ministry.

The research assumes that respondents will express their opinions truthfully, accurately, and objectively regarding the ministry's management of public funds. The assumption underscores the importance of honest and unbiased responses for a comprehensive understanding.

The study operates under the assumption that effective management and control of funds are closely tied to transparency and accountability. The concept of accounting for finances is viewed as integral to responsible financial stewardship.

It is presumed that the time, funding, and other resources allocated to the research project will be sufficient for its completion. This assumption is foundational to the feasibility and success of the study.

The researcher assumes that the resources allocated to the Ministry of Local Government are insufficient for standard operations. Additionally, there is an assumption that the ministry lacks adequately skilled and qualified staff for effective functioning.

The level of education is presumed to play a pivotal role in understanding and executing roles related to fund management. The assumption underscores the significance of education in enhancing competencies in financial management.

The research assumes that local government bodies in rural areas face more challenges related to financial mismanagement compared to those in metropolitan areas. The geographical context is considered a factor influencing the dynamics of fund management.

The researcher assumes that political leaders within the ministry, coupled with political will, heavily influence fund management and control processes. This assumption highlights the role of leadership in shaping financial governance practices.

These assumptions collectively frame the research inquiry, guiding the exploration of relationships, challenges, and contextual nuances within the Zambian Ministry of Local Government's fund management landscape.

1.7 Scope of The Study

The study was limited to the ministry of local government and rural development alone, and it focused on the finance division in order to manage financial activities and finance local revenue and spending. Residents of Zambia, government workers, council management, and civic leaders from the ministry of local government will make up the target population (councillors). Primary data was acquired through the use of structured questionnaires, and secondary data will be gathered through a thorough literature analysis encompassing the years 2014 through 2021.

1.8 Limitations of the Study

This study was of great importance to local government Authorities. However, it was not void of limitations, among the limitations was that the target population for primary data will be collected from only one province of Zambia (Lusaka province) and thus it was difficult to generalise the study to other provinces and the other city councils. Other limitations are that time and finances will be a great constraint in this study as it requires travelling from one place to the other.

There was also limitation to the study due to inadequate fund to carter for the large sample size and large scope that study needs.

Lastly, only revenue related departments or bodies of the ministry of local government were researched on.

1.10 Format of the Dissertation

This dissertation has been presented in six chapters as follows:

Chapter 1: Introduction: The first chapter provided foundational information on the research topic, offering insights into the background of the study. It articulated the research problem, elucidated the purpose and objectives of the study, formulated research questions, and highlighted the significance of the inquiry. Additionally, the chapter delineated the scope of the study, provided an overview of the dissertation's organization, and summarized the key points.

Chapter 2: Literature Review: The second chapter delved into the introductory section of the literature review, offering a comprehensive exploration of the theoretical and conceptual frameworks underpinning the study. This section probed the relationships between independent and dependent variables, operationalizing these variables for clarity. The chapter incorporated a synthesis of prior studies and relevant research, contributing to a robust understanding of the research landscape. The chapter culminated in a succinct summary encapsulating the key insights.

Chapter 3: Research Methodology: Chapter three elucidated the research methodology, outlining the philosophical underpinnings, research approach, study design, target population, sample size, and sampling techniques. This chapter also delineated the data analysis plan, providing a roadmap for the systematic execution of the research. A summary at the end of the chapter consolidated the key methodological elements.

Chapter 4: Results Presentation: This chapter involved the presentation of results obtained from the data analysis conducted in accordance with the methodology outlined in Chapter 3. The analysis was comprehensive, employing statistical tools and visual aids to effectively communicate the findings. The chapter contributed to a nuanced understanding of the research outcomes.

Chapter 5: Discussion: The fifth chapter delved into a comprehensive discussion of the findings presented in Chapter 4. It synthesized the results in light of the research questions and objectives, providing insights, interpretations, and contextualizations. This chapter facilitated a deeper comprehension of the implications of the research outcomes.

Chapter 6: Conclusion and Recommendations: In this Chapter , the study culminated in a conclusive synthesis of the entire research journey. This section encapsulated the key discoveries, summarizing the core findings and their significance. The conclusion provided a reflective overview of how the research addressed the initial objectives and questions. It also acknowledged any limitations encountered during the study, paving the way for future investigations to build upon the current work. The chapter closed with a firm resolution, emphasizing the broader impact and relevance of the study's contributions. The recommendations presented in Chapter 6 served as a pragmatic guide for stakeholders and policymakers based on the study's outcomes. Drawing from the research findings, this section proposed actionable suggestions to address identified challenges or leverage opportunities. The recommendations were tailored to facilitate positive change, improve existing practices, or

inform decision-making processes. Additionally, the chapter underscored the potential implications of implementing these recommendations, highlighting their role in fostering positive outcomes and contributing to the advancement of the subject area.

An additional section, dedicated to future research directions, was included to acknowledge the evolving nature of academic inquiry. This section outlined potential avenues for future investigations, building on the current study's foundation. By identifying gaps, unexplored dimensions, or emerging trends, Chapter 8 aimed to inspire and guide future researchers in expanding the knowledge base within the field. It emphasized the dynamic and ongoing nature of scholarly exploration, encouraging a continuous cycle of inquiry and discovery.

1.11 Conclusion

In this chapter, local government fund management issues were covered in detail. Fund management was introduced and its importance to local government administration was highlighted. The context of the research problem, its significance, aim, objectives, hypothesis, problem statement, research questions, and study design were all reviewed in this chapter. As a result, chapter one gave the reader a thorough introduction to the research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

While this chapter will evaluate the financial management-related literature, the chapter before tried to define the problem and justification for the study. Theoretical and empirical reviews will be covered by the researcher in this chapter. The researcher discusses both the empirical and theoretical literature pertinent to the issue under investigation, clearly demonstrating the relationship between the literature review and the research questions. The researcher also describes previous research, including the methodologies employed, and points out any gaps. Second, the researcher researches and discusses pertinent local government principles in reference to Zambia and the surrounding area. The conceptual framework highlights in the chapter's last section, along with the connections and associations between independent and dependent variables, which would serve as a guide for fieldwork, data collecting, and analysis.

2.2 Prior Research

In the Zambian context, research on funds management within the local government, a critical component of sustainable development, remains insufficient. (Eze & Harrison, 2013) While Kabwe's (2022) study examined the local government's role in community development, it did not specifically delve into the factors influencing financial management within the Ministry of Local Government and Rural Development. The administration grappled with political interference, leading to challenges in the equitable distribution of funds from sources such as the government's Constituency Development Fund (CDF) and equalization funds. Notably, corruption emerged as a significant impediment, underscoring the need for focused attention on funds management, resource allocation, workforce training, infrastructure development, legal frameworks, and technological integration within the local government.

Elias's investigation in 2014 scrutinized financial management in local government projects, with a specific focus on the challenges encountered by the Community Infrastructure Upgrading Program (CIUP) project in Kinondoni Municipal Council. The study revealed issues such as errors in meetings and a deficiency in IT expertise, impacting the overall financial performance of the government.

Waari and Mathenge's study in 2014 explored factors influencing the management of public development funds in Local Authorities in Kenya, with relevance to the larger Meru region. Their findings highlighted the influence of government policies, leadership philosophies, implementation capabilities, monitoring, and evaluation on how local authorities managed

Local Authority Transfer Fund activities. However, a distinct correlation between decentralization and the local government's handling of public development funds was not clearly established.

Fjeldstad et al.'s research in 2006 focused on the financial dynamics and management practices of six Tanzanian councils, emphasizing budgeting, accounting, and auditing. The study exposed the restricted autonomy of district councils in handling revenues and expenditures, primarily relying on federal government grants. Communication inefficiencies regarding financial matters to the public were noted. The study emphasized the importance of scrutinizing the revenue creation process, which includes internal sources and transfers from the federal government, to address budgetary discrepancies and enhance overall financial management.

These studies collectively underscore the need for a comprehensive investigation into funds management practices within the Zambian local government, aligning with key research words such as Funds Management, Zambian Local Government, Transparency, Accountability, Decentralization, and sustainable development. Such an inquiry can contribute significantly to bridging existing gaps and fostering effective policies and practices in the pursuit of sustainable development goals.

2.3 Related Research

Effective financial management in government is essential to prevent, detect, and combat fraud and corruption, making budget reform a critical aspect of public sector transformation, involving skill development and institutional strengthening (Uryszek, 2013). A study by Uryszek (2013) on Polish local governments revealed challenges in financial control due to decentralization, limited financial autonomy, and insufficient revenue, leading to significant debt levels. To address financial disparities, a grant equivalence mechanism was introduced.

Similarly, Cracknell's (1994) study in the UK emphasized the absence of a centralized monitoring and evaluation system, with each government agency developing its own approach. Monitoring, a routine management task in all agencies, faces resource limitations for comprehensive assessments, with factors like program size, uniqueness, relevance, and replicability influencing prioritization (Cracknell, 1994; Uryszek, 2013).

In Nigeria, Eze and Harrison (2013) highlighted challenges in local government financial management, including a shortage of trained staff and legal gaps in managing state and local accounts. They proposed enhancing the local government treasury department's autonomy and upgrading technical staff to improve financial control (Eze & Harrison, 2013). Adebayo, Dada,

and Olarewaju (2014) echoed the need for improved financial control in local governments, suggesting rationalizing spending patterns to enhance performance.

Exploring Ido-Osi local government areas in Nigeria, Izueke, Anyadike, and Nzekwe (2013) identified issues such as a lack of long-term financial planning, ineffective budget processes, corruption, and poor service delivery. Recommendations included addressing administrative challenges for better financial management.

Ohaka, Dagogo, and Banyie's (2016) study on international accounting standards in Nigeria found that adopting these standards improved transparency and accountability, enhancing financial management and governance. Similarly, Ironkwe and Muenee (2016) established a link between sound treasury management and local government growth in Nigeria. They emphasized maintaining a robust treasury administration and implementing effective internal control systems to prevent fraud and theft.

Examining Nigeria's local government administration and governance, Abdullahi and Ahmad (2018) identified poor financial management, lack of autonomy, and weak leadership as contributors to poor performance. The study advocated for instituting good governance, improving revenue collection, and ensuring judicious financial resource utilization for sustainable local government (Abdullahi & Ahmad, 2018).

In the context of managing funds within government systems, South Africa once employed a private budgeting system, leading to a lack of transparency in fund distribution. The government held significant control over the budget, and Parliament had minimal involvement. This opaqueness posed challenges for financial studies and hindered the assessment of service delivery trends, negatively impacting accountability and openness in governance. However, positive transformations occurred with the implementation of the Medium-Term Expenditure Framework (MTEF), a shift from line-item to performance budgeting, the adoption of the Public Finance Management Act (PFMA), Treasury regulations, and constitutional reforms. The effects of these changes on South Africa's Public Finance Management System depend on how institutions respond or adapt to them.

In Kenya, public sector reforms aimed at fostering a culture of performance and delivering high-quality services evolved from the New Public Management (NPM) concept. NPM emphasized a performance-oriented culture to enhance productivity, effectiveness, client focus, mission-driven management, and overall quality improvement. This movement sought to improve government efficiency, addressing hindrances posed by bureaucratic structures. It advocated for a separation between service delivery and policymaking, endorsing a

management style valuing citizens and emphasizing outcomes. Key aspects included strategic capabilities, efficiency in public services, and a transition from input controls to output measurement and performance targets (OPM/PSTD, 2010; Hope, 2002).

Research in Uganda delved into the effects of financial management changes on adherence to laws, transparency in utilizing public funds, and reducing opportunities for corruption. The findings indicated positive impacts of reforms on budget planning, execution, accountability, reporting, and service delivery. Financial management systems witnessed enhanced effectiveness with the adoption of systems such as TSA, OBT, IPPS, and IFMS. The advantages included reduced costs, expedited salary payments, faster financial statement generation, prompt bank reconciliations, timely access to disbursed funds, and swift budget creation and approval (Budget Monitoring and Accountability Unit, 2017).

2.4 Theoretical Framework

This section discusses key terms, defines them, and provides references to pertinent theories related to the study. It enables the researcher to establish the significance of his or her thesis or dissertation topic in his or her field and to analyze, explain, and generalize evidence in a persuasive manner. The main ideas covered in this study are management, which is defined as "the state of exercising wisdom in the use of limited resources, in this case, those provided by local governments," accountability, which is defined as the quality of being answerable for one's actions or conduct, and transparency, Internal control, which includes auditing guidelines as the entire system of controls, financial and otherwise implemented by management in order to conduct government business, involves how authorities ensure that various units and agents in the public sector do not conflict but rather operate in harmony to achieve corporate goals.

The researcher also researched four theories that were relevant to the subject at hand in order to have a thorough understanding of the money management and control in the ministry of local government and rural development. These four theories—Efficiency theory, agency theory, economic theory, and benefit theory—are examined here. The chosen theories will aid in explaining the issue of insufficient service delivery and inherent difficulties in the fiscal structure of Zambia's Local Authorities.

2.4.1 The efficiency theory

The efficiency theory of local government administration underscores the importance of optimizing taxes for social and economic development, as well as fostering individual tax compliance behavior to enhance revenue collection at the local government level. This theoretical framework posits that effective financial management is integral to achieving fiscal

efficiency and discipline, forming the cornerstone of good governance within local government structures. The essence of efficiency, as defined by this theory, lies in the ratio of input to output, emphasizing that local governments should exhibit greater efficiency than other tiers of government in delivering services and public goods at the grassroots.

In the context of the research thesis, the efficiency theory underscores the importance of efficiency as the ratio of input to output. It advocates that local governments should exhibit greater efficiency compared to higher levels of government in delivering services and public goods at the grassroots level. This concept of efficiency is further elucidated as the ratio of actual output to effective capacity, facilitating an assessment of the efficiency achieved in service delivery at the local government level relative to other governmental tiers. A well-managed financial system within local government is theorized to reduce input while concurrently augmenting the output of services, signaling an overall improvement in efficiency.

Ezeani (2013) lends credence to the application of the efficiency theory by rationalizing the role of local governments as indispensable agents for service delivery and the provision of public goods at the grassroots level. Within the research thesis, local governments are portrayed as crucial conduits for service delivery, expected to carry out these functions with superior efficiency compared to higher levels of government. Efficient financial management emerges as a fundamental catalyst empowering local governments to achieve optimal performance, ensuring the judicious utilization of resources to address the diverse needs of citizens at the grassroots level.

2.4.2 Agency Theory

The relevance of agency theory to the research thesis is clearly evident as it scrutinizes the outcomes emerging from contractual interactions, specifically between local government entities and external stakeholders. The theoretical framework accentuates the persistent presence of information asymmetry, wherein certain parties, such as government agents, possess more substantial information than others, like the local government principal (Jensen & Meckling, 1976). The implications of this information imbalance necessitate the inclusion of additional fees or incentives to facilitate effective monitoring of agents, aligning with the foundational principles of agency theory that emphasize aligning the interests of agents and principals to mitigate conflicts (Ross, 1973).

In practical terms, agency theory sheds light on the challenges posed by information asymmetry in contractual relationships involving public entities, particularly in the context of Zambian local government. It underscores the need for mechanisms to mitigate associated risks and ensure effective governance, directly aligning with the research thesis's focus on evaluating fund management in Zambia's local government. The application of agency theory in the public sector, as exemplified in the relationships between government officials and the entities they oversee (Eisenhardt, 1989), becomes indispensable for comprehending and addressing challenges in fund management and governance within the Zambian local government context.

The study's noteworthy contribution to existing knowledge lies in its further exploration of the application of agency theory within the realm of public entities, offering valuable insights into potential strategies to enhance governance mechanisms specific to Zambian local government fund management. Recognizing information asymmetry and its consequences assumes paramount importance in the formulation of policies and practices addressed by the research thesis, promoting transparency and accountability in public administration, particularly in the financial domain (Holmström, 1979).

2.4.3 Economic theory

The economic theory discussed in the literature is highly relevant to and aligns with the research thesis. This theoretical framework emphasizes the government's role in allocating and distributing resources to maximize societal welfare, ensuring that resources are utilized to benefit the greatest number of people in society (Study Corgi, 2021). Central to this theory are the principles of economic efficiency, equity, and effectiveness, which form the basis of modern public service. It highlights the importance of prudent resource management and allocation to achieve societal goals effectively.

This economic theory gains particular significance when applied to the context of fund management and control associated with contracts in the local government of Zambia. The efficient management of funds and oversight of contracts become pivotal for the successful implementation of public projects and services. The theory provides a comprehensive framework that guides decision-making in resource allocation, contract negotiation, and project execution within the specific settings of Chongwe, Lusaka, and Kafue.

The literature also accentuates the significance of involving employees in the management process to effectively implement economic theory in public administration (Kettl & James, 2009). Employee engagement ensures that resource allocation and distribution are not only

economically sound but also considerate of the diverse needs and perspectives within society. In the Zambian local government scenario, engaging employees in decision-making processes is deemed essential for tapping into valuable insights, enhancing organizational performance, and fostering a sense of ownership and commitment among staff.

In summary, the economic theory discussed in the literature, which underlies government resource allocation, aligns seamlessly with the objectives of the research thesis focused on Zambian local government fund management. Emphasizing accountability, social equality, and efficiency in the delivery of public services, this theory becomes a guiding framework for decision-making. Its application in the context of fund management ensures effective and equitable resource distribution for the benefit of society in Chongwe, Lusaka, and Kafue.

2.4.4 Benefit theory of Taxation

The Benefit Theory of Taxation, as articulated by Neil (1999), is highly pertinent to and aligns with the research thesis. This theoretical framework posits that an individual's tax payments should reflect the benefits derived from the goods and services provided by the state. In essence, citizens are expected to financially contribute to the cost or value of state-provided amenities in proportion to the advantages they gain, forming the basis for taxation under the Benefit Theory. The assumption underlying this theory is that higher benefits should correspond to higher tax contributions, thereby justifying taxation based on received benefits.

Within the realm of Zambian local government and the focus on fund management, this theory asserts that citizens should financially support specific amenities, including public goods and services, in alignment with the benefits they derive. The connection between benefits received and tax payments aligns with the fundamental principles of fairness and equity in taxation, which are crucial considerations when evaluating fund management in Zambian local government.

Moreover, the Benefit Theory of Taxation extends its examination to special taxes, such as the gasoline tax, evaluating the specific benefits citizens obtain from these particular levies (Knowledge Team, 2016). This nuanced approach recognizes that different forms of taxation may yield distinct benefits to individuals. Therefore, the tax burden should be proportionate to the specific advantages received, directly aligning with the research thesis's focus on fund management within the municipalities of Chongwe, Lusaka, and Kafue.

A noteworthy aspect of this theory is its assertion that transparently accounting for the benefits derived from taxation encourages citizens to willingly fulfill their tax obligations. By explicitly linking taxes paid to tangible benefits received, the Benefit Theory aims to establish a sense of fairness and reciprocity. This aspect is particularly relevant in the context of Zambian local government, fostering a positive attitude towards taxation compliance among the populace.

In summary, the Benefit Theory of Taxation, as discussed in the literature, affirms that the tax burden should be proportionate to the benefits individuals accrue from state-provided commodities and services. This principle not only justifies taxation but also emphasizes transparency in communicating the connection between taxes paid and the tangible benefits citizens enjoy, thereby promoting fairness and encouraging voluntary compliance in the context of fund management in Zambian local government.

2.5 Conceptual Framework

The conceptual framework presented here serves as a tool to untangle the intricate relationships among various key factors that play a crucial role in shaping the financial landscape of the ministry. By delving into these dynamics, we aim to contribute valuable insights that can enhance the overall effectiveness of funds management within this critical governmental entity, ultimately benefitting local communities and fostering sustainable development.

The realm of effective financial management within the Zambian Ministry of Local Government and Rural Development is influenced by several crucial independent variables that collectively shape the fiscal landscape. These variables, encompassing political interference, technical expertise, staff competency, IT infrastructure, and regulations and policies, are pivotal in determining how funds are handled and allocated within the ministry.

Political Interference: The influence of political dynamics on financial decision-making processes within the ministry is a critical aspect that requires examination (Smith, 2010). Political decisions can significantly impact the direction and utilization of funds, influencing not only the financial priorities but also shaping the overall financial strategy of the ministry (Khemani & Faguet, 2011). The shifts in political landscapes introduce a dynamic element that necessitates an understanding of how such changes affect the allocation and utilization of financial resources.

Technical Expertise: Another key independent variable is the level of technical know-how among ministry officials (Olson et al., 2018). The proficiency of technical skills plays a crucial role in determining the effectiveness of financial planning and execution strategies within the

ministry (Bawole & Adegbite, 2018). The competencies of the personnel involved in financial decision-making are instrumental in ensuring that financial resources are utilized optimally, aligning with the broader objectives of the ministry.

Staff Competency: The competency of individuals handling funds within the ministry is a critical factor that directly influences the efficiency of financial management (Doppelt, 2009). Evaluating how well individuals perform their roles in managing financial resources provides insights into the overall effectiveness of funds utilization. Furthermore, there exists a direct link between the competency of staff and the accuracy of financial reporting (Mia et al., 2012). A skilled and proficient workforce is essential for maintaining transparency and precision in financial reporting, contributing to informed decision-making processes.

IT Infrastructure: The role of information technology in financial data management is an indispensable aspect of modern financial practices within the ministry (Borgman, 2018). Technological tools not only facilitate the efficient handling of financial data but also impact the overall efficiency of financial transactions and reporting processes (Srinivasan et al., 2015). Understanding the dynamics of IT infrastructure is essential for ensuring that the ministry stays abreast of technological advancements, contributing to enhanced financial management practices.

Regulations and Policies: The existence and efficacy of financial regulations and policies form another crucial independent variable that shapes the financial landscape of the ministry (Amran et al., 2014). The regulatory frameworks set the guidelines for financial management, and their effectiveness influences how funds are managed within the ministry (Biondi & Di Giuli, 2014). A comprehensive understanding of these rules is essential for ensuring compliance and fostering responsible fiscal practices.

The realm of effective financial management within the Zambian Ministry of Local Government and Rural Development involves not only independent variables but also intermediate variables that serve as critical connectors in the intricate web of fiscal dynamics. These intermediate variables, specifically accountability and transparency, and decentralization efforts, play a pivotal role in mediating the relationship between the independent variables and the ultimate goal of grassroots socioeconomic development.

Accountability and Transparency: The variable of accountability and transparency serves as a critical intermediary in understanding the impact of political influences and technical expertise on the ministry's fiscal practices. Firstly, it delves into how political dynamics affect

the overall accountability and transparency of the ministry (De Renzio & Wehner, 2015). Political influences can shape the level of openness and responsibility in financial decision-making processes. Additionally, the influence of technical know-how on financial transparency is explored, acknowledging that a higher level of technical expertise can contribute to more transparent financial practices (Alali & Al-Sartawi, 2016). Moreover, the role of effective communication and reporting is emphasized as a means of boosting transparency within the ministry (Smith & Jones, 2020). Clear communication and comprehensive reporting mechanisms contribute to a more transparent financial environment.

Decentralization Efforts: Decentralization efforts represent another crucial intermediate variable that bridges the gap between staff competency, technology use, and the broader impact on local communities. Firstly, it explores how the skills of staff members are linked with successful moves towards sharing responsibilities, particularly in the context of decentralization (Smoke, 2012). The competencies of personnel play a pivotal role in the effective decentralization of financial responsibilities. Additionally, it examines the role of technology in supporting financial management practices that are spread out across decentralized structures (Van Helden et al., 2013). Technological tools are vital in ensuring seamless financial operations within decentralized frameworks. Lastly, the variable checks how decentralization impacts local communities and their involvement in financial decision-making processes (Oates, 1999). Understanding this impact is crucial for ensuring that decentralization efforts align with the development needs and aspirations of local communities.

Grassroots Socioeconomic Development: This variable is instrumental in understanding the tangible effects of financial decisions on the development of local communities. Firstly, it explores how transparent funds management directly influences local development (Kraay & McKenzie, 2014). The transparency in handling funds within the ministry has a direct and tangible impact on the socioeconomic conditions at the grassroots level. Transparent financial practices ensure that resources are allocated efficiently, addressing the specific needs of local communities.

Effective Management: The effectiveness of fund management is contingent on various factors. Studies by Roberts (2021) and Taylor (2019) discuss the relationship between management effectiveness and independent variables. Ineffective financial management, as argued by Evans (2017), may hinder organizational success.

Additionally, this dependent variable establishes a link between successful responsibility-sharing efforts and improved local conditions (Smoke, 2012). When financial responsibilities

are effectively distributed, it contributes to better local outcomes, ensuring that resources are utilized in a manner that aligns with the unique needs and aspirations of different localities. Successful responsibility-sharing becomes a catalyst for positive change at the grassroots level.

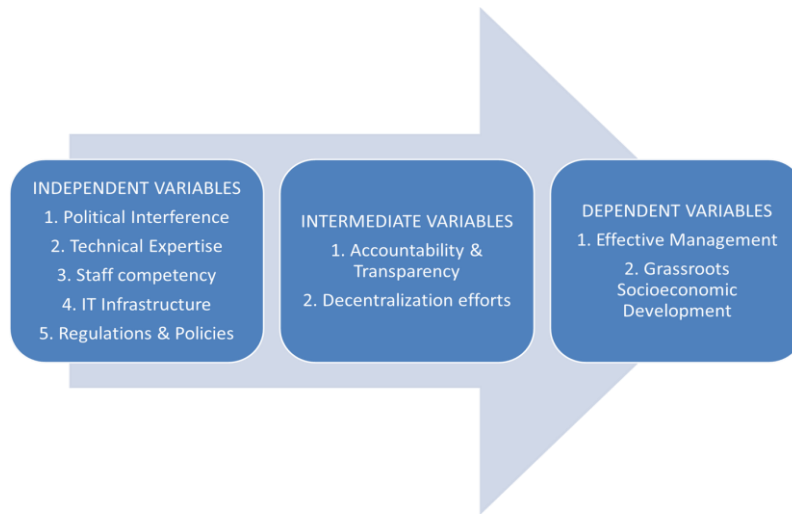


Figure 1: Independent, intermediate and dependent variables

This conceptual framework offers a comprehensive perspective on the intricacies of funds management within the Zambian Ministry of Local Government and Rural Development. Through a meticulous examination of the interrelationships among key factors such as political interference, technical expertise, staff competency, IT infrastructure, regulations and policies, accountability, transparency, decentralization efforts, and grassroots socioeconomic development, this research strives to provide meaningful insights. By delving into these nuanced connections, the objective is to contribute valuable knowledge that can facilitate the improvement of financial management practices within the specified context. Through a holistic approach, this study aspires to enhance the efficiency, transparency, and overall effectiveness of funds management, ultimately fostering positive outcomes for grassroots socioeconomic development in the Zambian Ministry of Local Government and Rural Development.

2.6 Critique of Prior/Related Research and Justification for this Study

Walker and Andrews (2013) conducted a study on Local Government Management and Performance, uncovering insights into factors like networking, representative bureaucracy, and strategy content, which moderately support performance, staff quality, and personnel stability. They emphasized the significant positive impact of planning on local government performance. However, their study overlooked the relationship between decentralization and local government performance, highlighting the need for further investigation in this area.

In a study by Sikobe et al. (2017) on Factors Affecting Management of Public Funds in the County Government of Nairobi, a positive correlation was found between revenue administration and public financial management. They emphasized the strong connection between managing public funds and monitoring them, as well as between budgetary controls and effective financial management. However, the study lacked substantial research on the theories and concepts used, limiting the generalizability of the findings due to insufficient baseline information.

Waari and Mathenge (2014) explored factors affecting the Management of Public Development Funds in Local Authorities in Kenya but failed to establish the relationship between decentralization and the management of public development funds in local authorities. This gap underscores the necessity of investigating the relationship between decentralization and fund management, particularly in Zambia, where similar studies are lacking.

In a study by Kabwe (2022) assessing the role and challenges of local government in community development in Zambia, it was noted that comprehensive research on fund management and control within the Zambian Ministry of Local Government and Rural Development is limited. Kabwe highlighted significant political intervention in office administration and irregularities in fund distribution, leading to prevalent corruption. The study underscored the importance of evaluating the relationship between policies, the role of local government in community development, and fund management. Consequently, there is a notable gap in understanding the dynamics of fund management and control in local government, including resource allocation, skilled labor availability, infrastructure, laws and reforms, and computerization.

2.7 Research Gaps

This section underscores the enduring challenges faced by local governments, with a prominent current issue being the pervasive inconsistency and noncompliance with financial management procedures. The landscape of compliance, control, and fiscal management is now marked by uncertainty. Significantly, the intricate relationship between decentralization, local governance, and performance remains underexplored, highlighting a critical gap in existing research. Recognizing the importance of this interaction, the current study seeks to address this void, emphasizing the necessity and significance of investigating these dynamics.

The researcher astutely observes that certain hypotheses and concepts employed in prior studies have not been exhaustively examined. This recognition underscores the need for a more

comprehensive exploration of these elements to deepen our understanding of their implications. Furthermore, the identification of research gaps in various studies on fund management and control, particularly in areas such as resource allocation, management practices, availability of skilled labor, infrastructure, legal frameworks, and computerization, is crucial. These unaddressed gaps pose a challenge to generalizing findings due to the lack of foundational data on these variables.

In response to these identified challenges and gaps, the researcher underscores the intent to bridge these information voids in the current work. This commitment aligns with the overarching goal of contributing to a more nuanced and robust understanding of the complexities surrounding fund management and control in the context of local government authorities. By addressing these gaps, the study aims to provide valuable insights, enhance existing knowledge, and pave the way for more informed and effective financial management practices in local governance.

2.8 Conclusion

A thorough analysis of the literature revealed that Zambia is not the only country where local government authorities struggle with managing and controlling funds. Making plans and ensuring that there are always enough financial resources to meet costs incurred in achieving the stated goals and objectives are the responsibilities of local government. However, the bulk of financial reports from local governments contain information on misappropriation, bad management, or a lack of funding for activities. According to the literature, there is currently little certainty on compliance, control, and fund management difficulties. To provide the best strategies and approaches for strengthening oversight, accountability, and the efficient use of resources in the ministry, it is imperative that the study evaluate how local government departments manage and regulate their financial resources. As a result, it was discovered that internal auditing contributed to corporate governance. A theoretical study of four concepts is presented to help explain financial management, control.

CHAPTER 3

METHODOLOGY

3.0 Introduction

While chapter two provided the basis for understanding what is known about funds management and control in Local government, this chapter provided the methodological procedures through which the data pertinent to the research problem would be collected. It organised as follows; research design, study area, sample and sampling techniques. It also provided an overview of instruments or methods for data collection, validation of instruments, and analysis procedures together with ethical concerns of the study.

3.1 Research Philosophy and Design

The research at hand aligns itself with a pragmatic philosophy, adopting a mixed-methods approach that seamlessly integrates both quantitative and qualitative methodologies. This pragmatic stance was chosen for its ability to embrace a pluralistic perspective, allowing the researcher to collect diverse data types effectively, thus addressing the research questions comprehensively. Pragmatism, dismissing the conventional quantitative/qualitative divide, emphasizes a more practical approach that prioritizes the ultimate goal of uncovering the researcher's understanding, promoting a holistic exploration of Funds Management, Zambian Local Government, Transparency, Accountability, Decentralization, and Sustainable Development (Johnson & Onwuegbuzie, 2004).

The selection of a mixed-methods approach is deeply rooted in its methodological flexibility, logical grounding, and the profound understanding it offers of smaller cases (Maxwell, 2016). The integration of quantitative and qualitative methods aims to generalize findings and implications to the broader population under investigation, surpassing the limitations of a singular method. This comprehensive approach enriches the study's understanding of the intricate issues associated with funds management and control in the Ministry of Local Government and Rural Development.

A case study design was specifically employed, chosen for its effectiveness in capturing the complexities of respondents' behavior and expectations within the authentic context of the Ministry. This design allows for an in-depth exploration of the reasoning behind respondents' actions, providing a richer understanding of the phenomenon under investigation (Yin, 2018). Furthermore, the case study design accommodates various data collection methods, including questionnaires, interviews, observations, and documentary analysis. This methodological multiplicity ensures a thorough and well-rounded exploration of funds management and control

characteristics within the Ministry, utilizing a diverse array of evidence sources (Creswell & Creswell, 2017).

3.2 Area of the Study

The selection of Lusaka City Council (LCC), Kafue Town, and Chongwe Town Council for in-depth studies within Lusaka province was strategically driven by several specific considerations. Primarily, their geographical proximity served as a critical factor, facilitating easier access for the researcher and ensuring a more focused investigation. Additionally, all three selected councils shared a commonality in facing reported issues of funds misappropriation and challenges in the collection and management of equalization funds. This shared characteristic added a layer of relevance to the study, enabling a concentrated examination of common challenges and potential patterns.

3.3 Target Population

In alignment with Kothari's definition, the target population for this study, as outlined in 2004, represents a specific set of units from whom information is sought. This population encompasses a well-defined collection of elements, events, individuals, services, or households that are the subject of investigation. For this research, the targeted population includes Lusaka City Council, Chongwe Town Council, and Kafue Town Council.

Within these local government entities, the study focuses on specific departments deemed integral to the research objectives. The target respondents are drawn from the departments of Public Health, City Planning, Housing, Finance, Human Resources, and Construction and Engineering. The selection encompasses individuals across different management levels, including senior management in finance, middle management, and lower management. Additionally, the study includes personnel involved in general roles related to revenue collection under the finance department.

The rationale for targeting this particular population is grounded in the assumption that individuals operating within these departments possess information crucial to the achievement of the study's objectives. As key stakeholders, their insights are expected to provide a comprehensive understanding of the challenges and dynamics related to fund management and control within the local government context. This targeted approach ensures that the research focuses on individuals with relevant expertise and firsthand experience in the areas under investigation.

3.4 Sample Size and Sampling Frame

The approach to sampling in this study aligns with the definition provided by Best and Kahn (2006), where a sample is described as a small proportion of a population chosen based on certain characteristics for observation, allowing the researcher to draw inferences about the larger population. In this study, the sample size consists of 51 respondents, each representing specific management levels within the targeted organizations, namely Lusaka City Council, Chongwe Town Council, and Kafue Town Council.

The adoption of two-stage cluster sampling, as described by Latpate and Kshirsacle (2020), provides a structured method for selecting the sample. Two-stage cluster sampling, initially standardized by the World Health Organization in 1978, is well-suited for social science studies, as outlined by Galway et al. (2012). This approach is efficient, requiring limited financial and human resources, and minimizes exposure to potentially unsafe areas.

The first stage of the sampling involved the selection of predetermined clusters, representing the local government authorities under investigation—Lusaka City Council, Chongwe, and Kafue Town Councils. The second stage focused on the identification and targeting of already clustered sections within these organizations, specifically departments critical to the study, such as Public Health, City Planning, Housing, Finance, Human Resources, and Construction and Engineering.

Subsequently, the last stage encompassed simple random sampling from the identified clustered sections, ultimately forming the study's sample size. This methodological approach ensures a systematic and representative selection of respondents from various management levels and departments, contributing to a holistic understanding of financial management and control in local government authorities.

In designing the sample for the research study the following parameters were considered:

1. **Margin of Error (ME):** 0.137
2. **Confidence Level (CL):** 95%
3. **Population Size (N):** 500

The formula used to calculate the sample size (n) is as follows:

$$n = \frac{(Z^2)(p)(1 - p)}{E^2}$$

Where:

- Z is the Z-score corresponding to the chosen confidence level.
- p is the estimated proportion of the population.
- E is the margin of error.

Substituting the given values into the formula:

$$n = \frac{(1.92^2)(0.5)(1 - 0.5)}{0.137^2}$$

$$n = \frac{0.9604}{0.018769}$$

$$n \approx 51.23$$

Rounding up to the nearest whole number, the calculated sample size is approximately 51.

Table 2: Distribution of samples

Department	Top Management	Middle management	Lower management	
Public Health		1	3	10
City Planning and Housing		1	3	8
Finance		1	3	10
Human Resources		1	3	5
Construction and Engineering		-	1	1
Grand Total	4	13		51

3.5 Sampling Approach

The sampling technique serves as a systematic method for selecting specific elements from a population, ensuring that the chosen sample accurately mirrors the authentic characteristics of the total population (Cohen, 2000). In this comprehensive case study, a hybrid approach involving purposive, simple, and stratified random sampling techniques was meticulously implemented to garner a nuanced understanding of Funds Management, Zambian Local Government, Transparency, Accountability, Decentralization, and Sustainable Development (Johnson & Onwuegbuzie, 2004).

The individuals chosen for participation in this study were meticulously selected based on their roles and positions within the local government structure, aligning with the key research words and objectives. Departmental heads from critical areas such as Public Health, City Planning, Housing, Finance, Human Resources, and Engineering across Lusaka, Kafue, and Chongwe councils were included in the sample. Their inclusion was purposive, aiming to capture the

perspectives and insights of individuals holding influential roles directly related to funds management and local governance.

Simultaneously, deputy mayors and chairpersons were purposively selected, recognizing their pivotal positions in local government decision-making processes and their direct involvement in financial matters. This strategic selection ensures a well-rounded representation of leadership perspectives, enriching the study's depth and comprehensiveness.

To further diversify the sample, various technical staff members from different departments were randomly chosen. This random selection aimed to capture a broader range of experiences and perspectives, providing a more holistic view of funds management practices within the Zambian local government.

This mixed-methods research design, rooted in a pragmatic philosophy, facilitated the integration of qualitative and quantitative data, allowing for a comprehensive exploration of the complexities surrounding funds management. The chosen individuals were instrumental in offering diverse insights and perspectives, contributing to a richer understanding of the dynamics involved in funds management within the Zambian local government context.

3.6 Data Collection Methods

The data collection strategy employed in this study draws from both primary and secondary sources, recognizing the complementary strengths of each approach. Various documents, including reports from donors, governments, and organizations, such as assessment and audit reports, as well as worker's registers, were meticulously reviewed to capture secondary data. This information provided a historical and contextual foundation for understanding the fund management and control landscape within the local government authorities under investigation. In addition to secondary sources, primary data was gathered using a combination of questionnaires, interviews, and observation methods. Questionnaires allowed for structured data collection, interviews provided an avenue for in-depth insights and perspectives, and observations facilitated the direct examination of processes and practices within the local government authorities.

The adoption of multiple data collection methods aligns with the approach advocated by Gillham (2004), who highlights that no single kind or source of evidence is likely to be sufficient or sufficiently valid on its own. By incorporating a variety of data sources, each with its inherent strengths and weaknesses, the study adheres to the key characteristic of case study research. This methodological diversity enhances the robustness of the findings and contributes to a more comprehensive understanding of the complex dynamics surrounding fund

management and control in the context of local government authorities in Lusaka, Kafue, and Chongwe.

3.6.1 Documentary Review

Documentary review involves the process of going through different types of documents so as to get useful information for the study (Cohen, 2000). Assessment reports were reviewed to obtain the performance results of councils under study. Periodic financial reports were also reviewed to appraise quality and means of preparation of report that is manual or online. Moreover, audit reports and audit management letters were reviewed to determine the status of the audit opinions from FIC and auditors general report.

3.6.2 Questionnaires

A questionnaire is a method of collecting data by asking people to respond to exactly the same set of questions. It is often used as part of a survey strategy to collect descriptive and explanatory data about opinions, behaviours and attributes (Saunders et al, 2003). For the purpose of this study, the researcher used questionnaires to obtain information from Key respondent from ministry of Local Government and Rural development and the technical staff from various departments under the ministry. The nature of the questions included both the open and closed-ended questions.

3.6.3 Observation

The researcher used field observation to confirm the availability of positioned staff and check the availability and functioning of computers for integrated financial management system. By making a field visit to the case study “site”, one creates the opportunity for direct observations (Yin, 1994). Observation checklist was also used to obtain the required data.

3.6.4 Interviews

Interview schedules was also used consisted of semi-structured, open and closed-ended questions. Interviews are an essential source of evidence because most case studies are about human affairs and management. These human affairs should be reported and interpreted through the eyes of specific interviewees and well informed respondents can provide important insights into a situation (Yin, 1994).

3.7 Data Analysis Procedures

The study employed a mixed-methods approach, integrating both quantitative and qualitative research procedures in data analysis. This methodological choice was driven by the recognition of the strengths and limitations inherent in each technique, as highlighted by

Saunders et al. (2003). The dual approach aimed to mitigate the shortcomings of individual methods and provide a more comprehensive understanding of the research questions.

For the quantitative aspect of the study, data gathered through questionnaires were processed and analyzed using statistical tools such as SPSS (Statistical Package for the Social Sciences) and Microsoft Excel. These tools offered a systematic and efficient means of organizing and analyzing numerical data. The advantage of quantitative methods lies in their ability to provide numerical insights, facilitate statistical inferences, and allow for the presentation of findings through various statistical approaches, such as frequency tables, pie charts, and bar charts.

The use of SPSS and Excel, known for their user-friendly interfaces, made the analysis process accessible and understandable. The statistical approaches employed, including frequency tables and charts, helped in presenting the quantitative data in a clear and visually informative manner.

By incorporating both quantitative and qualitative research procedures, the study aimed to provide a well-rounded and nuanced exploration of the research questions. This mixed-methods approach allows for a more comprehensive analysis and interpretation of the complex dynamics associated with fund management and control in the local government authorities under investigation.

3.8 Validity and Reliability of Instruments

Instrument validation is a crucial process in research, involving the establishment of documented evidence to ensure a high degree of accuracy in data collection. As Cohen (2000) notes, this process is integral to ensuring that specific procedures consistently yield results that meet predetermined specifications and quality attributes. In this study, multiple instruments were utilized for data collection, including questionnaires, interviews, observation, and document review, providing a comprehensive and triangulated approach to information gathering.

The instruments were meticulously prepared, and expert advice from the supervisor was sought to enhance their effectiveness before deployment in the field. This step underscores the importance of careful instrument design and consultation with experienced professionals to ensure validity and reliability.

To further enhance the robustness of the study, multiple sources of information were utilized, incorporating perspectives from district staff workers and document reviews. This multi-faceted approach to data collection helps in cross-checking and validating information from various angles, thereby increasing the credibility of the findings.

The collected data underwent processing and analysis using SPSS and Microsoft Excel. The choice of these tools was deliberate, aiming to avoid unnecessary complexity while ensuring accuracy in the analysis process. By employing these widely used software packages, the study sought to enhance the efficiency of data processing and analysis, ultimately contributing to the reliability of the study's outcomes.

3.8.1 Pilot Study

Piloting, as described by Peter (1994), involves testing research instruments on a subset of respondents not included in the main study. This crucial step is essential because, as Peter argues, "even the most carefully constructed instrument cannot guarantee to obtain a hundred percent reliable data." Thus, conducting a pilot study before the actual research is paramount to identify and rectify any weaknesses in the instruments.

In this study, the research instruments underwent a pilot study at Lusaka City Council in Lusaka, using a simple random sampling method. This preparatory exercise aimed to standardize the instruments before the full-scale data collection. The pilot study involved selecting a sample of 6 subjects, equivalent to 10% of the planned study sample size of 51 subjects, using simple random sampling. According to Mugenda and Mugenda (2003), a sample size equivalent to 10% is deemed sufficient for piloting study instruments.

By administering the instruments to this pilot sample, the researcher could identify potential problems that respondents might encounter and assess whether the items in the research instrument yielded the required data for the study. Following the respondents' feedback and responses, necessary corrections and adjustments were made to enhance the reliability of the instruments, ensuring that they were well-suited for the main study. This iterative process of piloting and refining instruments contributes to the overall validity and effectiveness of the research.

3.9 Ethical Considerations

Ethical considerations are a crucial set of principles and values that guide human affairs, designed to reduce risks to society or individuals and prevent individuals and organizations from engaging in unethical conduct (Committee on Publication Ethics, 2018). In the context of research, adherence to ethical principles is paramount to ensure the responsible conduct of the study.

To uphold ethical standards in the research on funds management and control in the Ministry of Local Government and Rural Development in Zambia, several key considerations were

taken into account. Firstly, an introductory letter was obtained from the University of Zambia (UNZA) Graduate School of Business Management, indicating acknowledgment and support for the research initiative. Additionally, a clearance letter was diligently sought from The University of Zambia Humanities and Social Sciences Research Ethics Committee. This essential step was taken to ensure that the research not only met academic standards but also adhered to ethical principles, as outlined by the university's ethics committee.

By securing approval from the relevant academic and ethical oversight bodies, the researcher demonstrated a commitment to conducting the research in an ethical manner. This approach is crucial not only for the well-being of participants but also for maintaining the integrity of the research process and upholding the fundamental principles of ethical conduct in academic and research endeavors.

Confidentiality

Information obtained from the study was treated with strict confidentiality, with participants' responses receiving maximum protection. Any details that could potentially identify participants were kept strictly confidential or assigned anonymous codes. To further ensure confidentiality, organizational names were replaced with code letters. Individual participant information, instead of names, was identified by numbers known only to the researchers. All collected data were securely stored, kept under lock and key, and accessible only to the researchers involved.

Privacy

Privacy and the identity of respondents were safeguarded throughout the study. Participants' personal characteristics remained anonymous, and the names of the actual organizations represented were not disclosed on the questionnaire. The collected information was exclusively used for the intended research purpose, assuring participants that their privacy was a top priority.

Transparency

The researcher prioritized transparency by providing thorough explanations of the key purposes of the study to participants. This approach aimed to empower respondents to make informed decisions about their participation in the research, specifically focusing on the evaluation of fund management and control in local government authorities. The information sheet furnished

to participants clearly outlined the purpose and significance of the study, ensuring transparency and openness about the research objectives.

Voluntary Participation / Coercion

Participation in the research was entirely voluntary, with no coercion applied to any participant. Individuals had the freedom to decide whether to participate or withdraw from the study without facing any consequences. The researcher emphasized that participants could change their minds at any point and discontinue their involvement, even if they had initially agreed to participate.

Risk

There were no foreseeable risks associated with this study. The researcher took measures to ensure that participants were not exposed to any potential harm or adverse effects as a result of their involvement in the research. This commitment to minimizing risks further underscores the ethical considerations and participant-centric approach adopted in the study.

Benefits

While there were no direct benefits to individual participants, the study holds significant importance for the Ministry of Local Government and Rural Development and the Government at large. The insights gained from the research have the potential to inform improvements in fund management and control within local government, ultimately contributing to enhanced service delivery in communities. The study's outcomes are envisioned to benefit the broader public by fostering more effective and accountable governance.

Compensation

No compensation was provided to participants for their involvement in the study. The voluntary nature of participation was emphasized, and individuals took part in the research without any financial or material incentives.

Plagiarism

To maintain academic integrity and ethical standards, the researcher took measures to prevent plagiarism. All ideas, information, tables, and figures that were not original were appropriately referenced and cited, giving credit to the original authors. This practice not only avoids the

replication of data but also upholds the ethical standards of traditional research by acknowledging the contributions of others.

3.10 Conclusion

The techniques, study design, study area, methodology, and processes that were used to gather information for the study to assess the management and control of finances in the ministry of Local Government and Rural Development were reviewed in this chapter. As a result, it has been described as follows: introduction, research design, study area, target population, sample size, sampling design, instruments used for data collection, testing of the validity and reliability of research instruments, chapter on how the collected data will be analysed, and finally section on ethical issues that will be taken into account in this study.

CHAPTER 4

RESULTS PRESENTATION

4.0 Introduction

The study explores the nexus between fund management and constituency development, positing that the efficacy of this impact hinges on both the allocated funds and the local government's commitment to sound financial management practices. This chapter centers on the presentation of data and a nuanced examination of findings, aligning them with the study's distinctive objectives, assumptions, and conceptual framework. Preceding an in-depth exploration of fund administration and control within the Ministry of Local Government, the chapter initiates with demographic details derived from responses obtained through questionnaires and interviews. The subsequent discussion leads to the chapter's conclusive insights.

4.1 Questionnaire Response Rate

The questionnaire response rate denotes the proportion of filled and returned questionnaires received from the respondents. The analyzed data pertains exclusively to the returned questionnaires. Table 3 details the response rate derived from the sample size. The study aimed to survey 51 respondents and achieved a commendable response rate of 98.03%, surpassing the commonly regarded threshold of excellence set at 50% in most research studies. Nonetheless, a minor 1.97% of respondents did not complete the questionnaire.

Table 3: Response rate of the survey

Details	Frequency	Percentage
Responded	50	98.03%
Not responded	1	1.97%
Total	51	100%

4.2 Demographic Characteristics of the Respondents

4.2.1 Distribution by Location, Age Gender, and level of education of the respondents

This survey exclusively focused on Lusaka City Council, Kafue, and Chongwe District Council within Lusaka Province. Within Lusaka City Council, 52% of respondents participated through questionnaires, and 6% through interviews. In Chongwe, out of 11 respondents, 19% engaged through questionnaires, while 3% participated via interviews. Lastly, in Kafue, 17% of the 20% respondents utilized questionnaires, and 3% engaged in interviews as part of the data collection process.

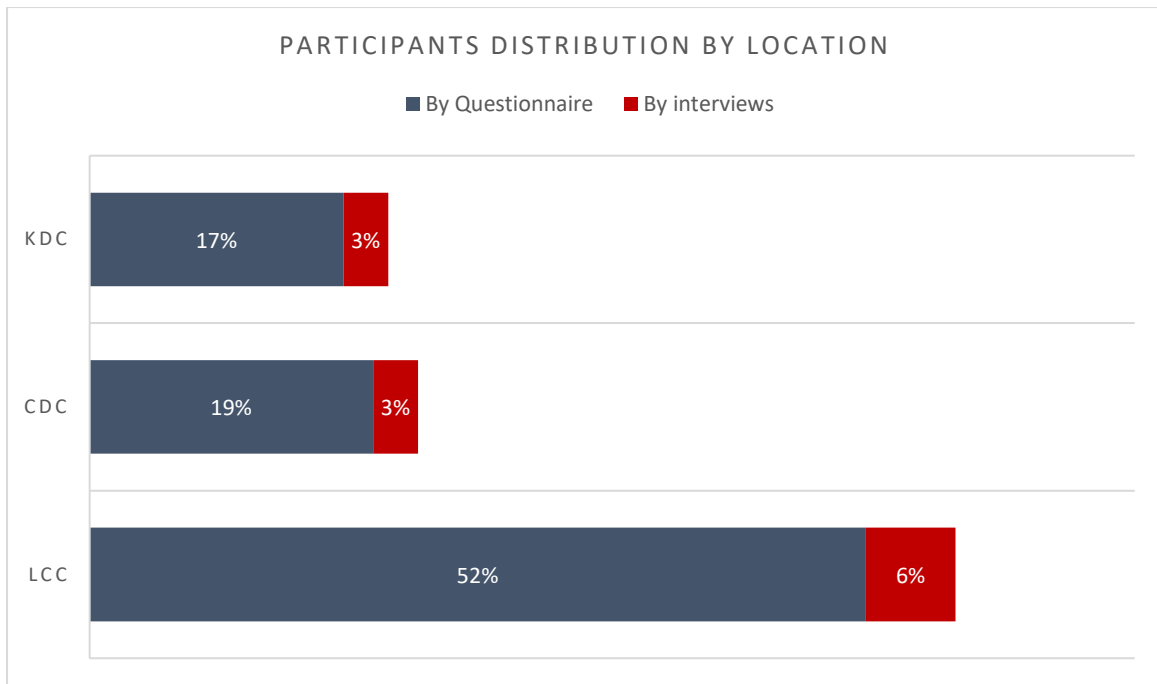


Figure 2: Respondent's distribution by location

Age of the Respondents

The respondents' age distribution in the study revealed the following: 21-30 years (16%), 31-40 years (64%), and 41-50 years (20%). Consequently, the majority of respondents fell within the 31-40 age bracket, followed by the 41-50 age group (20%). Both questionnaires and interviews were employed in the study. As illustrated in the bar chart below, a significant majority, comprising 88% of respondents, utilized questionnaires, whereas interviews contributed to only 12% of the collected responses.

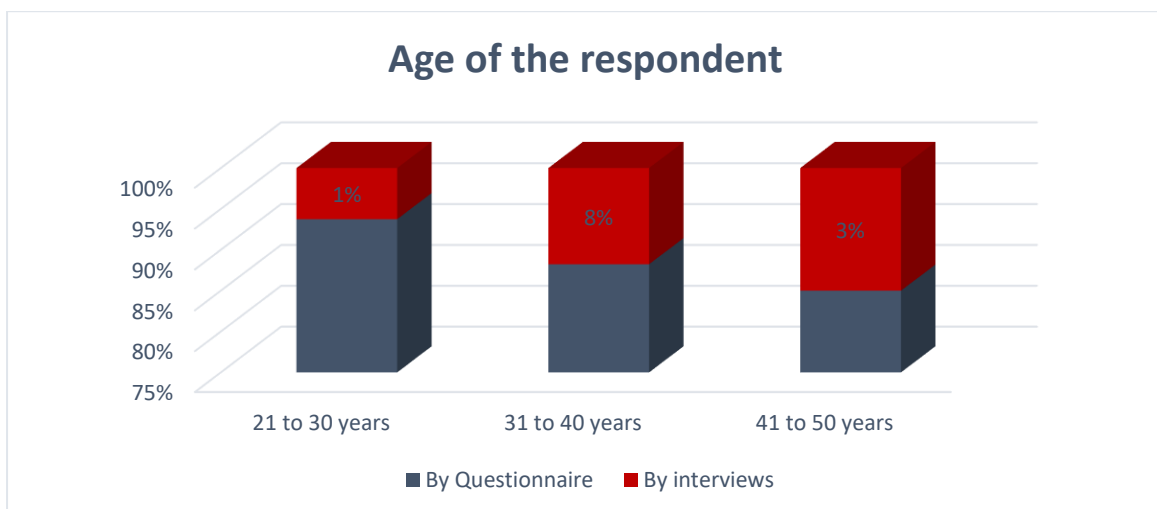


Figure 3: Age distribution

Gender distribution

The study's findings on gender distribution indicated a majority of male respondents at 51%, while female respondents constituted 49%. Furthermore, the data revealed that a substantial majority, comprising 88% of respondents, opted for the use of questionnaires, with interviews contributing only 12% to the collected responses.

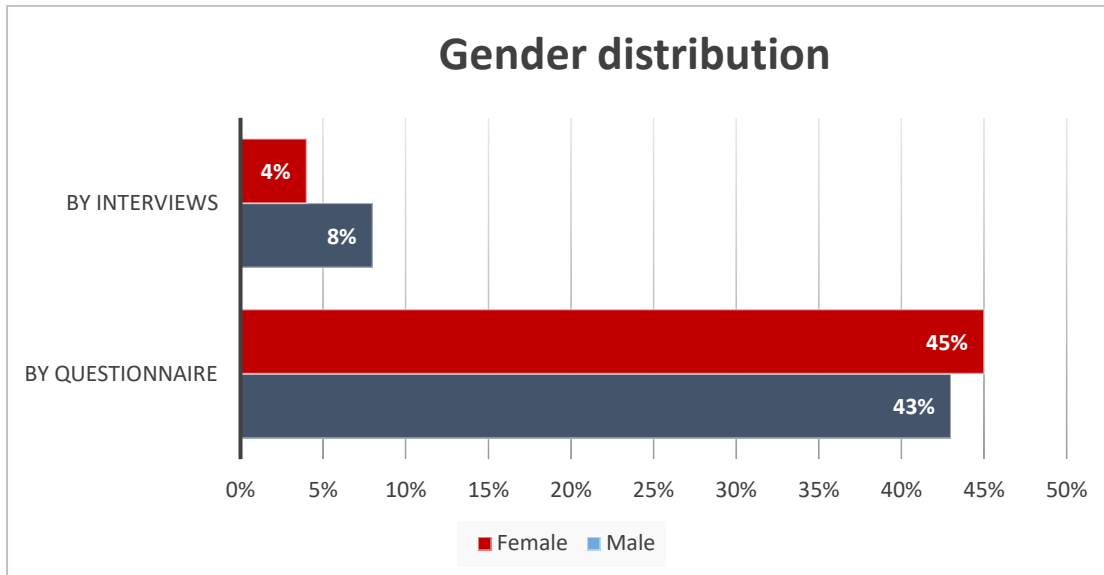


Figure 4: Gender distribution

Education level

The analysis of respondents' educational levels revealed that 50% held bachelor's degrees, 40% held master's degrees, and 9% held diplomas. Additionally, the study noted that the predominant method of data collection was through questionnaires, with 84% of respondents utilizing this approach, while interviews accounted for only 16% of the collected responses.

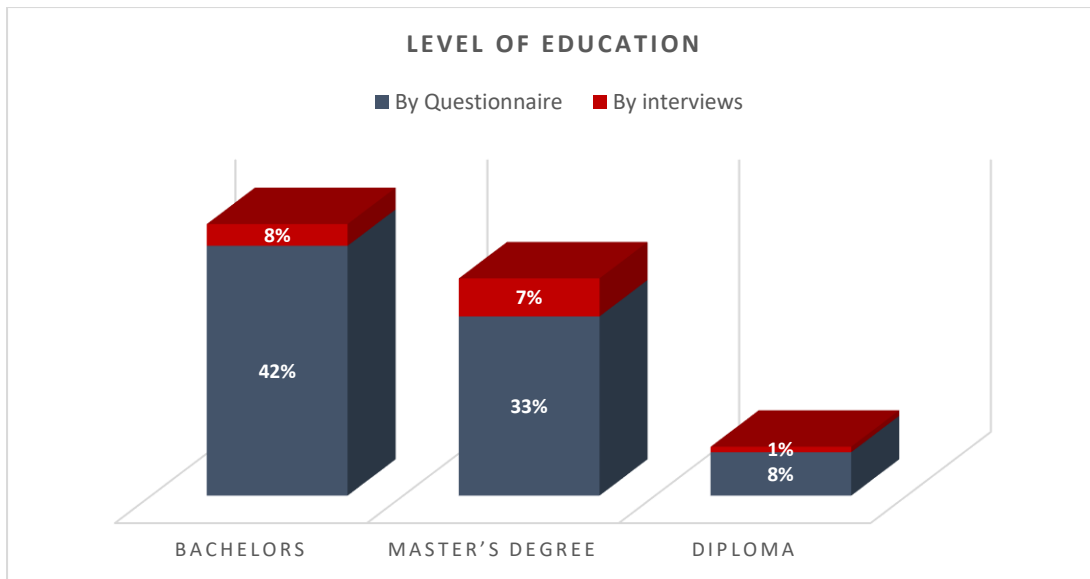


Figure 5: Respondents' education

Years of Experience

The investigation aimed to ascertain the duration of respondents' employment with their respective organizations. The findings revealed a distribution of experience among respondents, with the highest percentage (52%) falling within the 3-5 years range, followed by those with less than 2 years (28%), and lastly, those with 10 years or more (20%). Notably, the majority of responses (88%) were collected through questionnaires, while interviews constituted 12% of the gathered data.

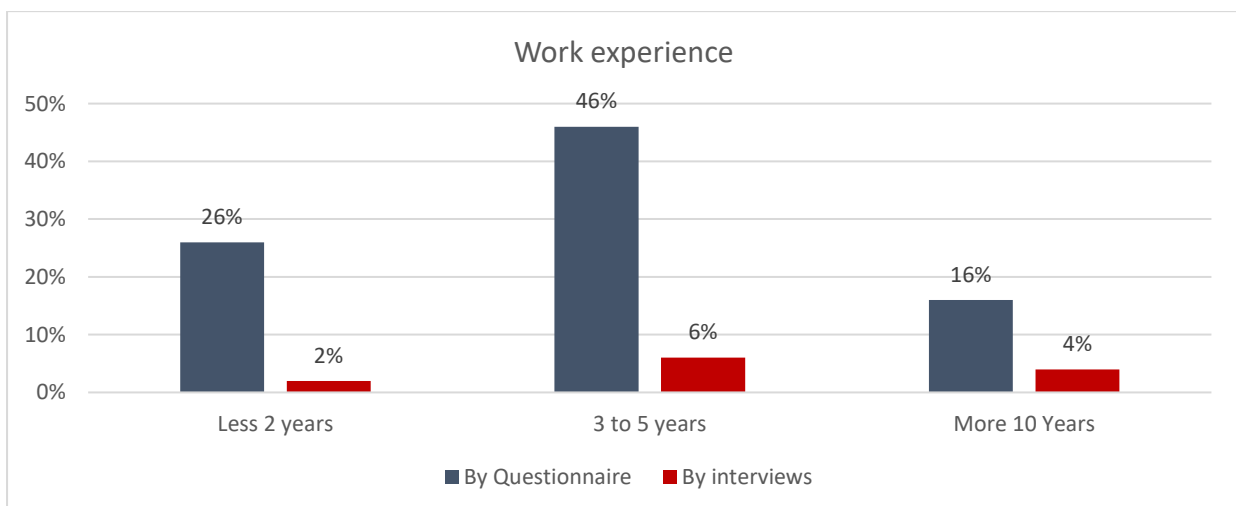


Figure 6: Respondents' Work experience

4.2.2 Distribution of Respondents by their profession

The researcher sought to ascertain the occupational positions of the participants, aiming for a comprehensive representation of roles across various levels of management in the study. The data revealed a diverse sample, encompassing 6 (12%) Economists, 7 (14%) Accountants, 7 (14%) Planning Officers, 10 (20%) Education Officers, 8 (16%) Procurement Officers, 5 (10%) Project Coordinators, 3 (6%) Health Officers, 2 (4%) Engineers, and 3 (6%) Administrators. The inclusion of diverse occupations in the study is crucial, as individuals' roles impact their perspectives and problem-solving approaches, influencing their understanding of specific phenomena.

Table 4: Distribution of Respondents by their Position

Position	Frequency	Percentage (%)
Economist	6	12%
Accountant	7	14%
Planning Officer	7	14%
Education Officer	10	20%
Procurement Officer	8	16%
Project Coordinator	5	10%
Health Officer	3	6%
Engineer	2	4%
Administrator	2	4%
Total	50	100

4.3 Factors affecting accountability and transparency in the management of public fund

4.3.1 Main sources of revenue in Local government authorities

In accordance with the Local Government Authority Law, which establishes and regulates the operations of District and City Councils (LGAs), these entities are entrusted with the responsibility of generating revenue from local channels to finance development projects within their respective jurisdictions. The Local Government Act outlines specific sources of revenue for LGAs, encompassing local taxes, fees, fines, business licenses, permits, and revenue from exchange transactions. The research findings indicate that respondents were well-

informed about the locally specified revenue sources outlined in the Local Government Act, as detailed in Table 5.

Table 5: What are the main sources of revenue in local government authorities?

Source	Frequency	Percent
Local taxes	27	54
Fees and Fines	44	88
Business licence and permits	33	66
Revenue from exchange transaction	32	64

What is the average amount of money received from the government and through levies and tax collections?

The results show that on average the local government authorities do receive on average about K90, 000,000 from government as equalisation fund and they are able to generate revenue on their own approximately about K131,530,000.

Table 6: Source of Fund for LGAs

GRZ	Own Revenues
90,000, 000	131 530,000

4.3.1 Regulations and policies

Do you have regulations and policies that regulate fund management and control in local government?

Table 7 presents the findings, indicating that 72% of the respondents acknowledged the existence of regulations and policies governing Fund Management and Control in Local Government by local authorities. In contrast, 28% of the respondents expressed that local authorities do not have such regulations and policies in place.

Table 7: Respondents response on where they have regulations and policies that regulates Fund Management and Control

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	28	56	56	56
	No	22	44	44	44
	Total	50	100.0	100.0	

What are the general laws and regulations governing fund management and control in local government?

Furthermore, the study's examination of regulations impacting fund management and financial control in local government highlights a nuanced understanding among respondents. Notably, 92% of participants acknowledged the importance of the Public Financial Management Act, underscoring its crucial role in shaping financial practices. Additionally, 70% of respondents recognized the significance of the Financial Control Management Act, emphasizing its role in ensuring fiscal responsibility. Most notably, the Constituency Development Fund Act emerged as a key regulatory framework, with an overwhelming majority of 98% out of 50 respondents identifying its significance in guiding and overseeing local government financial activities. This comprehensive awareness among participants underscores the importance of these regulations in shaping the financial landscape of local government entities.

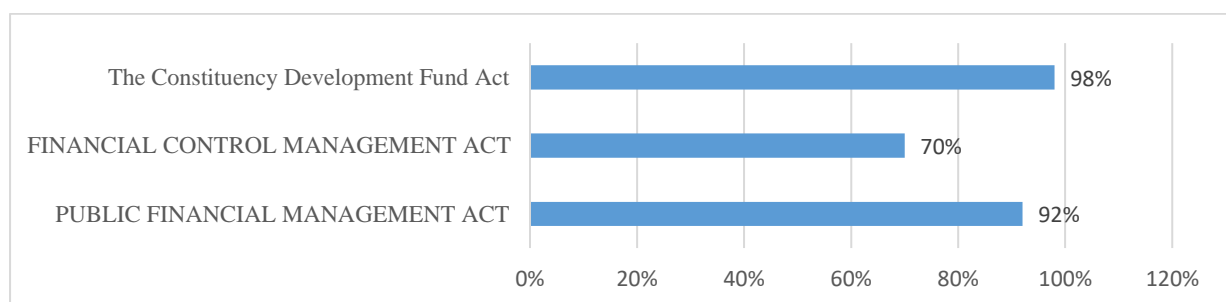


Figure 7: Bar chart showing response distribution of Laws and regulations governing the management of Fund management and control in Local government

4.3.2 Challenges Affecting Fund management and Control

What are the general challenges affecting financial management in your authority?

The figure below illustrates several challenges faced by local authorities in the realm of fund management and control. These challenges encompass a range of issues, including a lack of responses from authorities regarding fund mismanagement, absence of feedback mechanisms, insufficient action taken, inadequate auditing practices, irregular auditing procedures, political interference, dearth of technical expertise and skilled staff, absence of individual responsibility, poor information technology infrastructure, instability in tax laws and policies, lack of focus, and a deficiency in knowledge and trust. These identified challenges provide valuable insights into the multifaceted obstacles encountered in the effective management and control of funds by local authorities.

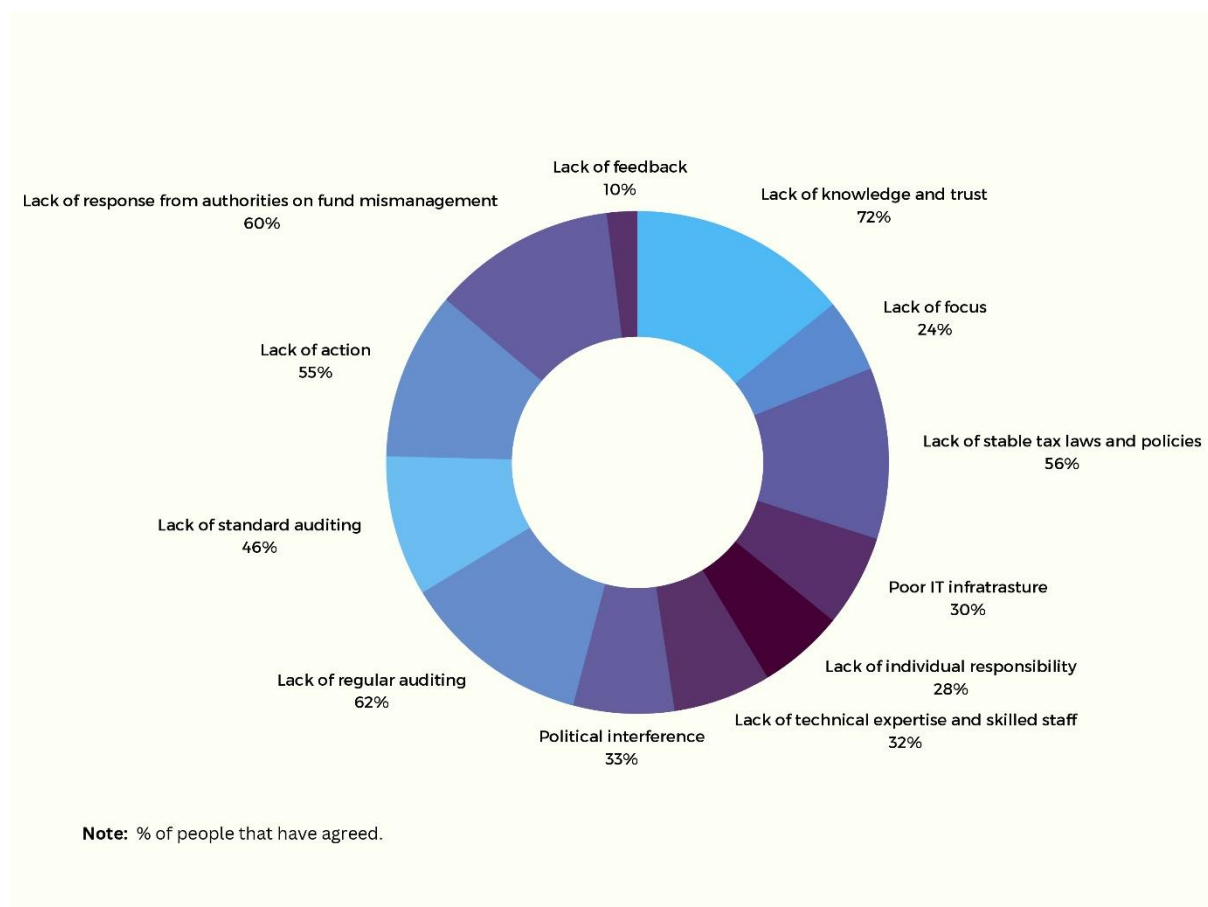


Figure 8: Showing response distribution of Challenges Affecting Fund management and Control

4.3.3 Are there times when the Local Authority utilizes CDF or Equalization fund for other pressing activities different from agreed work plan?

In exploring the utilization of Constituency Development Fund (CDF) or Equalization Fund by Local Authorities for activities divergent from the agreed work plan, the research findings shed light on the frequency and nature of such occurrences. Among the 50 respondents, a substantial three-quarters (86%) affirmed that there are instances when these funds are diverted for other pressing activities, as depicted in Figure 8. Conversely, a minority (14%) disagreed with this assertion.

Delving deeper into the occurrences, those respondents who acknowledged the diversion of funds outlined varying frequencies. Notably, 64% indicated that such instances had transpired once, 32% reported it happening twice, and 4% conveyed that these diversions had occurred several times. These nuanced findings provide valuable insights into the extent and patterns of utilizing CDF or Equalization Fund for purposes beyond the agreed work plan, emphasizing the need for vigilant monitoring and regulatory measures.

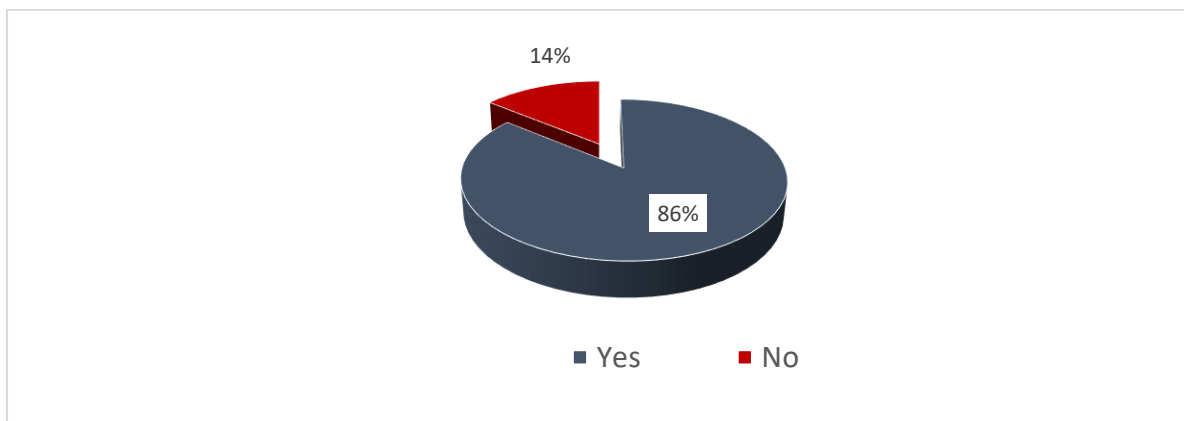


Figure 9: Pie chart: showing distribution of respondent's response on where there has been misapplication of funds

Does the district council pay regular visits to the wards in order to see the implementation of various projects included in the work plan?

Table 8 reveals a significant trend, with only 40% of respondents indicating that the district council consistently conducts visits to the wards to oversee the implementation of various projects outlined in the work plan. Conversely, a substantial majority of 60% reported that the district council does not undertake regular visits to the wards for the purpose of monitoring the implementation of projects as outlined in the work plan. This finding underscores the need for

a closer examination of the mechanisms in place for project oversight and the potential impact on project outcomes within the local governance framework.

Table 8: Respondents response on frequency of visit by district council

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	40.0	40.0	20.0
	No	30	60.0	60.0	100.0
	Total	50	100.0	100.0	

4.3.4 Accountability and Transparency

Table 9 provides insights into the respondents' perspectives on the existence and effectiveness of internal audit departments within the council to monitor financial management. Notably, an overwhelming majority of 92% affirmed the presence of an internal audit department, signaling confidence in the council's internal mechanisms for overseeing financial practices. However, a noteworthy 8% expressed uncertainty about the existence or effectiveness of such an internal audit department. This finding underscores the importance of further investigation into the perceived efficacy of internal audit processes, as well as the potential implications of uncertainty among respondents regarding this crucial aspect of financial governance within the council.

Table 9: Respondents response on the present of an effective internal audit department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	46	92	92	92
	Not sure	4	8	8	100.0
	Total	50	100.0	100.0	

4.3.5 Are revenue records regularly audited by internal auditors?

Figure 10 presents a compelling perspective on the regularity of internal audits concerning revenue records within the local authorities. Strikingly, 40% of the total sample size affirmed that revenue records undergo regular auditing by internal auditors. In contrast, a substantial 60% of the total sample size indicated that revenue records are not subjected to regular internal audits. This observation underscores a prevailing perception among the majority of respondents that local authorities are not subject to consistent and thorough auditing processes. The implications of this viewpoint warrant further exploration, shedding light on the perceived transparency and accountability within the financial management practices of local authorities.

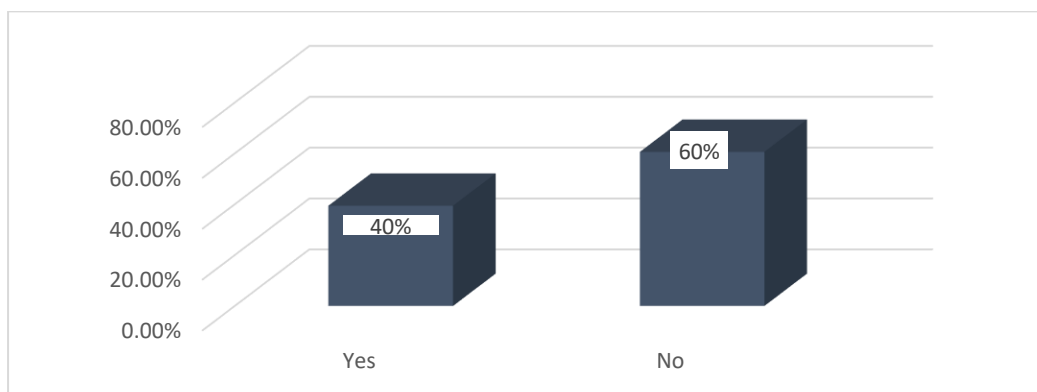


Figure 10: Bar chart distribution Respondents response on whether revenue records regularly audited by internal auditors

4.3.6 How regular is department audited by external auditors?

The examination of audit frequency across local government departments, as depicted in the results, brings forth key considerations for assessing fund management and control comprehensively. Notably, 20% of respondents reported an annual audit schedule, signifying a yearly evaluation of financial practices within their departments. Conversely, 10% indicated that their departments undergo no audits, raising questions about oversight mechanisms in these instances. Additionally, 26% noted biannual audits, and a substantial majority of 44% stated that their departments are subject to quarterly audits, underscoring a more frequent and rigorous approach to financial scrutiny.

This diversified pattern in audit frequencies offers valuable insights into the varied practices across local government departments, prompting further exploration into the factors influencing audit schedules and the potential impact on the overall effectiveness of fund management and control within these entities.

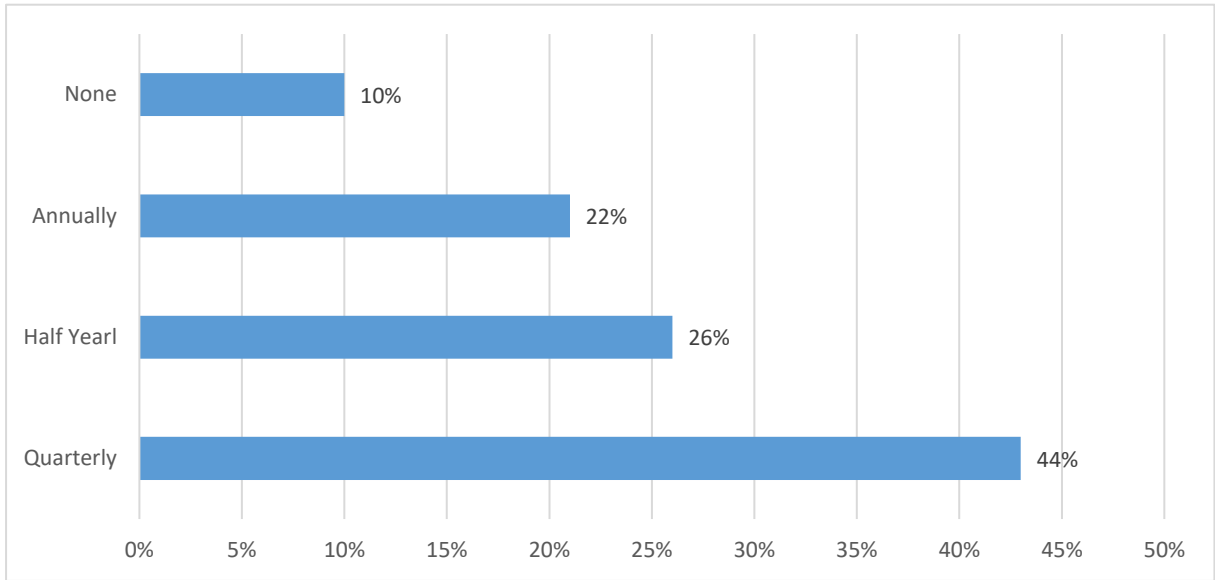


Figure 11: Bar chart distribution Respondents response how regular Local government departments are audited by internal and external auditors

4.3.7 Are the audited financial statements made public records, disclosed to relevant authorities?

The researcher's inquiry into the accessibility of audited financial statements to the public aimed to shed light on the transparency and accountability in fund management and control within local government. The obtained results indicated a nuanced landscape, with 52% of respondents affirming that audited financial statements are indeed made available to the public. In contrast, 48% reported that such financial statements are not disseminated.

This mixed response underscores the need for a more comprehensive examination of the mechanisms involved in sharing financial information with the public. The data suggest that there may be room for improvement in the extensive and proper dissemination of financial information, highlighting potential areas for enhancing transparency and fostering public trust in the fund management and control practices of local authorities.

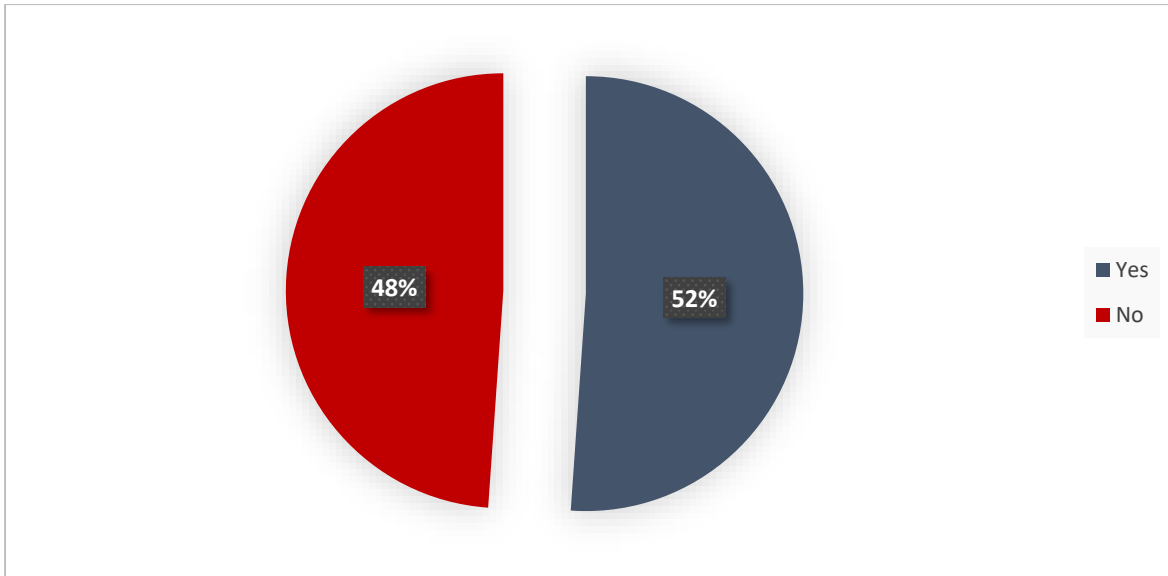


Figure 12: Pie chart distribution of respondent's response on whether audited financial statements become public records by exposing them to responsible authorities: Pie chart distribution of respondent's response on whether audited financial statements become public records by exposing them to responsible authorities

4.3.8 How effective are internal and external audit in the management of local government funds

Table 10 provides valuable insights into respondents' perceptions regarding the effectiveness of both internal and external audits in the management of local government funds. The findings reveal a diversified viewpoint among participants. Notably, 14% expressed a belief that the current audit processes fall below expectations, indicating potential areas for improvement. A majority of 52% reported that the audits meet average expectations, reflecting a moderate level of satisfaction with the existing practices. Moreover, 32% of respondents considered the audit effectiveness to be above expectations, suggesting a commendable level of confidence in the efficacy of these processes. Impressively, 2% of respondents deemed the audit practices to be exceptionally above expectations, underscoring a high level of satisfaction with the current management of local government funds through internal and external audit mechanisms. These findings prompt further exploration into the specific aspects contributing to these varied perceptions, offering valuable insights for enhancing the overall effectiveness of fund management and control within local government entities.

Table 10: Effectiveness of internal and external audit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below expectation	7	14	14	14
	meet average expectation	26	52	52	66
	above expectation	16	32	32	98
	Exceptionally above expectation	1	2	2	100.0
	Total	50	100.0	100.0	

4.3.9 Summary of the Regression Analysis of kinds of factors affecting accountability and transparency in the management of public fund.

Table 11: Likelihood Ratio Tests

Effect	Model Fitting Criteria Likelihood Ratio Tests			
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	101.674 ^a	.000	0	-.
Policy & Regulations	191.675	90.001	1	.000
Resources & Infrastructure	128.713	27.039	29	.570
Accountability & Transparency	109.571	7.897	4	.095
Government Interference	115.259	13.585	1	.000

The chi-square statistic, calculated as the difference in -2 log-likelihoods between the final model and a reduced model, serves as a critical tool for assessing the significance of various factors in the context of fund management and misapplication. The reduced model, formed by excluding a specific effect from the final model, provides a basis for testing the null hypothesis that all parameters of that effect are zero.

Notably, the reduced model is considered equivalent to the final model, as the omission of the effect does not alter the degrees of freedom. The analysis of the model indicates that Policy and Regulations, Poor Infrastructure, Resources Allocation, and Government Interference

emerge as significant factors, playing pivotal roles in shaping the dynamics of fund management and the potential for misapplication. This identification of key influencing factors contributes to a more nuanced understanding of the intricate interplay of elements impacting fund management within the examined context.

4.4 Relationship between accountability, transparency and Public fund management

4.4.1 Accountability and transparency

Do you believe there is a relationship between transparency, accountability, and fund management?

The researcher's investigation into respondents' perceptions regarding accountability and transparency in the context of fund management yielded insightful results. A notable majority of 70% expressed a belief in the existence of a relationship between transparency, accountability, and effective fund management. This finding underscores the interconnectedness of these elements and suggests that, according to a significant portion of respondents, transparent and accountable practices contribute positively to sound fund management.

Conversely, 30% of respondents did not perceive a direct relationship between transparency, accountability, and fund management. This diversity in viewpoints highlights the need for a nuanced exploration of the specific factors shaping individuals' perceptions and underscores the complexity of aligning practices in transparency and accountability with effective fund management within the context studied.

Table 12: Accountability and transparency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	35	70	70	70
	No	15	30	30	100.0
	Total	50	100.0	100.0	

Are the central government grants which are sent to the district allocated to all wards fairly?

Table 13 provides a clear snapshot of respondents' perceptions regarding the allocation of central government grants to districts and their subsequent distribution to wards. Notably, a significant majority of 56% of respondents believe that these grants are allocated fairly to all

wards within the district. Conversely, 44% of respondents expressed the view that the allocation is not equitable across all wards.

This divergence in opinion highlights the varied perspectives on the fairness of central government grant allocation, underscoring the importance of further investigation into the criteria and processes involved in the distribution of these funds to ensure transparency and equity across all levels of local governance.

Table 13: Perception on Government grant allocation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	28	56	56	56
	No	22	44	44	100.0
	Total	50	100.0	100.0	

4.4.2 Organisation Performance

Are staffing levels adequate to complete the job in a timely manner?

The study's findings, based on responses from 50 participants, reveal a predominant sentiment regarding staffing levels and their impact on timely task completion. A substantial three-quarters (86%) of respondents expressed satisfaction, indicating that they believe the current staffing levels are sufficient to effectively execute their responsibilities in a timely manner. However, 14% of participants held a contrasting view, expressing disagreement with the adequacy of staffing levels to ensure timely completion of tasks.

This divergence in opinions underscores the importance of considering the varied perspectives on staffing adequacy within the context of the study. Further exploration into the specific challenges or strengths associated with staffing levels can provide valuable insights for improving organizational efficiency and task management.

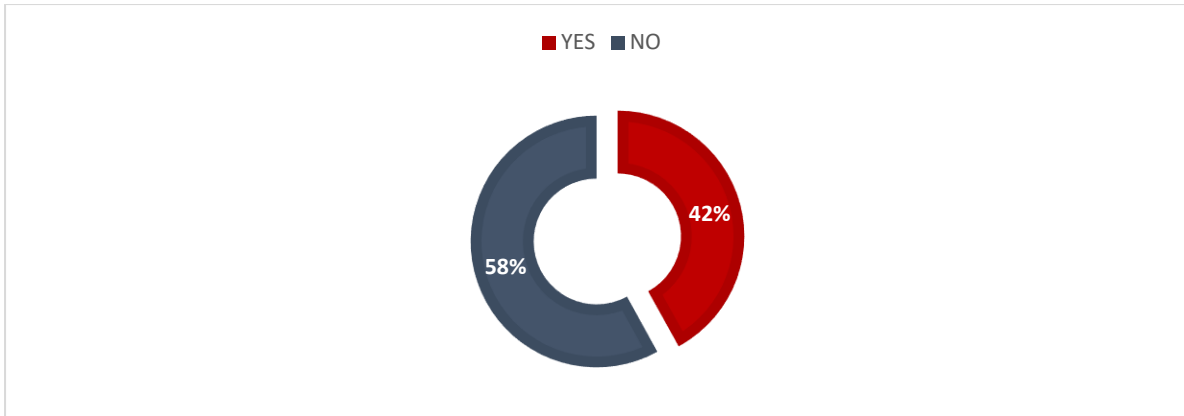


Figure 13: Staffing levels

Does the current organization structure meet local authority needs?

The evaluation of organizational structure effectiveness yielded diverse opinions among respondents. A notable 28% expressed the view that the current organizational structure meets the needs of the local authority, indicating a level of satisfaction. However, the majority, comprising 72%, disagreed, suggesting that a significant portion perceives the current structure as inadequate in meeting local authority needs.

Furthermore, in assessing staff performance, the survey results reveal a similar pattern. While 36% believe that staff performance evaluation is conducted, indicating some level of acknowledgment, a substantial majority of 64% disagrees, signaling a prevailing perception that staff performance evaluation is not effectively implemented. These findings underscore the importance of examining and potentially reassessing the organization's structure and staff performance evaluation processes to better align with the needs and expectations of the local authority.

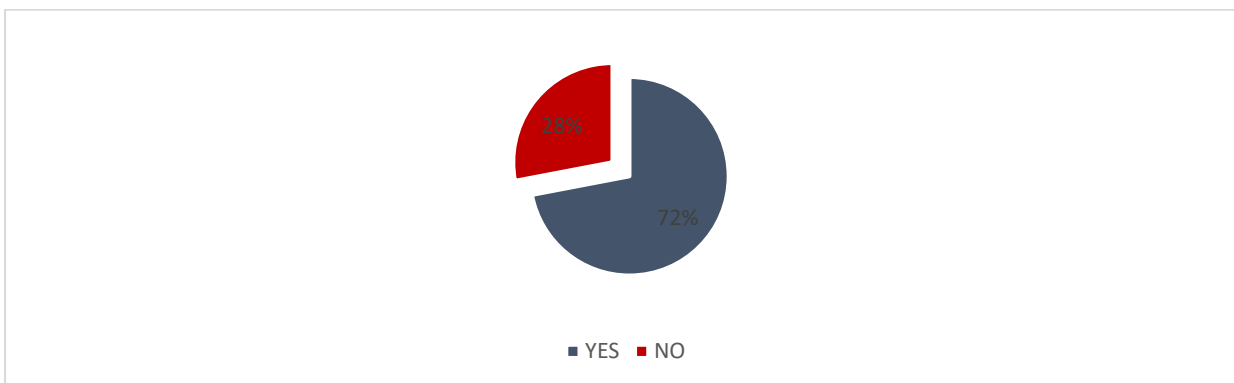


Figure 14: Respondents' responses on whether the current organizational structure meets the needs of the local authority

4.4.3 Computerized Financial Management and Decentralisation

Does the council have an IT strategic plan or an IT department to assist with fund tracking and management?

The survey results provide insights into the presence and functionality of IT strategies within the council for fund tracking and management. A majority of 56% of respondents indicated that the council possesses a clear and well-functioning IT strategic plan or an IT department dedicated to fund tracking and management. In contrast, 44% of respondents reported that the council lacks a clear and well-functioning IT strategic plan or an IT department for this purpose.

This divergence in responses highlights the varied perspectives on the integration of IT resources for effective fund tracking and management within the council. Further investigation into the nature and effectiveness of existing IT strategies can offer valuable insights for enhancing technological capabilities in financial processes.

Table 14: Availability IT Strategic plan

		Frequency	Percent	Cumulative Percent
Valid	yes	28	56	57
	No	22	44	100.0
	Total	50	100.0	

4.5 Effect of Decentralization on public fund management in local government.

4.5.1 Is there any overlap among tasks being performed by one or more staff in computerized financial system?

The survey results highlight the presence of task overlap among tasks performed by one or more staff in the computerized financial system. An overwhelming majority of 88% of respondents acknowledged the existence of such overlap, indicating that multiple staff members are involved in performing similar tasks within the computerized financial system. In contrast, a smaller percentage, comprising 12%, disagreed, asserting that there is no overlap among tasks being performed by one or more staff in the computerized financial system.

This insight into task distribution and potential overlap emphasizes the need for a closer examination of roles and responsibilities within the computerized financial system, aiming to optimize efficiency and streamline workflows. Further exploration could unveil opportunities for improving task allocation and enhancing the overall effectiveness of the financial processes.

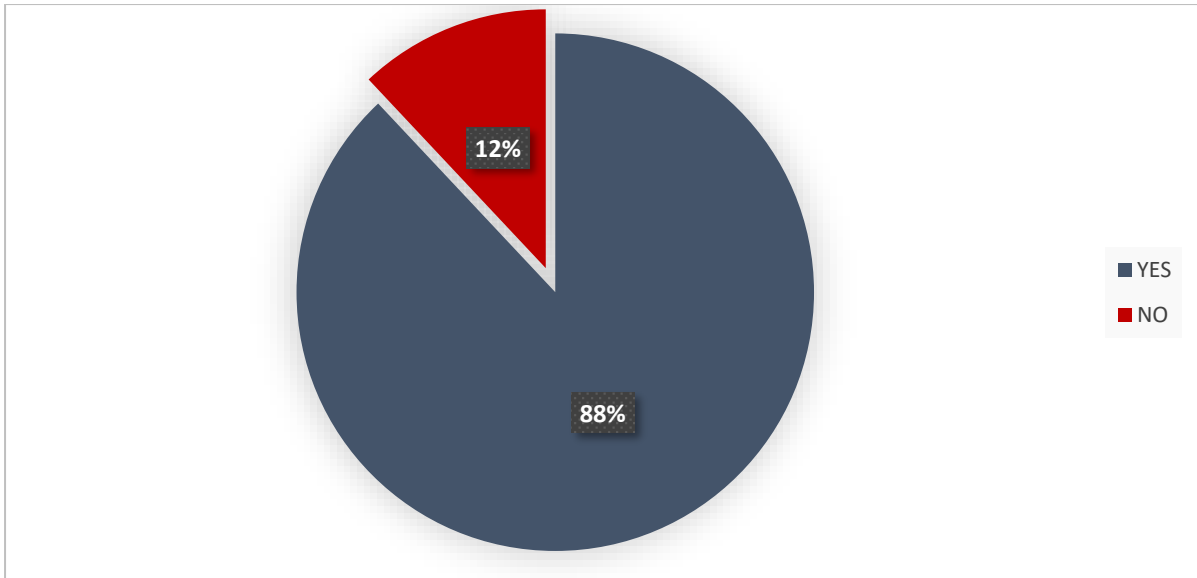


Figure 15: Distribution of the respondent’s perception on whether there is any overlap among tasks being performed

4.5.2 Does the financial system allow users to produce financial reports online?

The survey results indicate the perspectives of respondents regarding the capability of the financial system to allow users to produce financial reports online. A substantial majority of 72% expressed agreement, confirming that the financial system does permit users to generate financial reports online. In contrast, 28% of respondents disagreed, asserting that the financial system does not provide this functionality.

This divergence in responses highlights the varying degrees of satisfaction or awareness regarding the online capabilities of the financial system. Further exploration could provide valuable insights into the specific features or limitations of the financial system in facilitating online financial reporting.

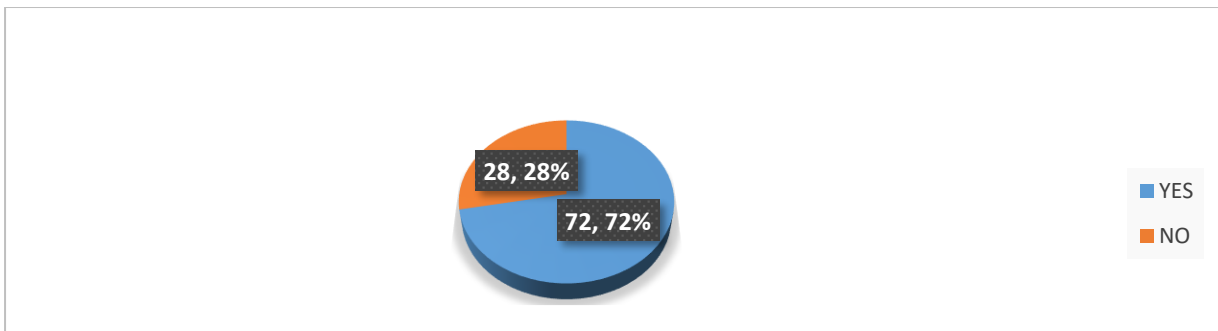


Figure 16: Distribution of the respondent’s perception on whether the financial system allow users to produce financial reports online

4.5.3 Do computer hardware and software meet the needs of the organization?

The study's results, based on responses from 50 participants, reveal a significant perception regarding the adequacy of computer hardware and software to meet the organization's needs. A substantial three-quarters (85.9%) of respondents affirmed that their computer hardware and software are aligned with the organization's requirements, indicating a prevailing satisfaction with the existing technology infrastructure. However, 14.1% of respondents disagreed, expressing the viewpoint that their computer hardware and software fall short of meeting the organization's needs.

This variance in responses highlights the importance of assessing and potentially addressing any discrepancies in the perceived alignment of technology resources with organizational requirements. Further investigation into the specific concerns or areas for improvement can contribute to enhancing the overall effectiveness of computer hardware and software within the organization.

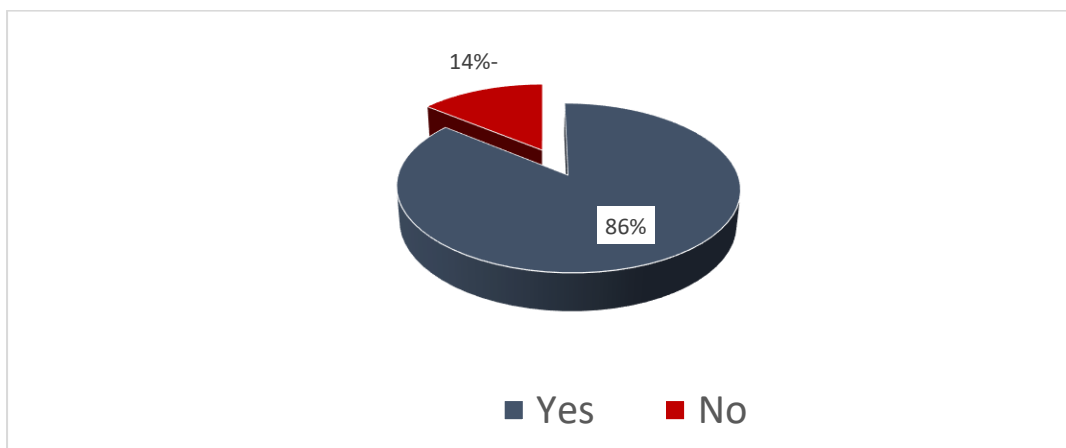


Figure 17: Pie Chart showing distribution of participant's awareness about Taxation

4.5.4 Do you think management team interfere with fund control?

The survey results shed light on the perceptions of respondents regarding top management interference in fund-related matters. A slim majority, comprising 52% of respondents, expressed the belief that the management team interferes with funds. In contrast, almost half, totaling 48%, disagreed, asserting that the management team does not interfere with funds.

This divergence in opinions emphasizes the varied perspectives on the level of interference from top management in fund-related activities within the organization. Further exploration could provide insights into the nature and extent of perceived interference, contributing to a

better understanding of the dynamics between top management and fund management processes.

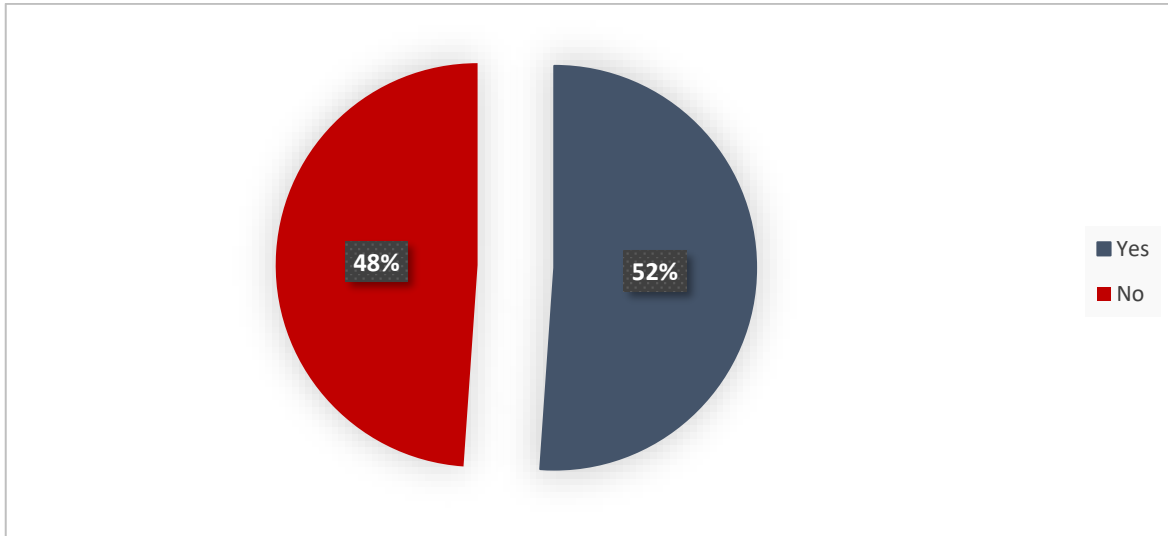


Figure 18: Respondent’s response on management team interfere with fund control

4.5.5 Do you think that current state of fiscal decentralization has an effect on public fund management in local government?

In addition, the study went on the look for effect of fiscal decentralization on public fund management in local government and the responses were as follows; 72 % of the total sample size said yes fiscal decentralization is effective on public fund management in local government to they take alcohol and 28 % of the total sample size said no fiscal decentralization is not effective on public fund management in local government.

Table 15: Respondents’ response on current state of fiscal decentralization

		Frequency	Percent	Cumulative Percent
Valid	Yes	36	72.0	72.0
	No	14	28.0	100.0
	Total	50	100.0	

4.5.6 Do you think there is relationship between Transparency, accountability and fund management?

The conducted chi-square tests and cross-tabulations aimed to scrutinize the intricate relationship between transparency, accountability, and fund management within local government. Notably, the findings indicated a prevalent belief among respondents that the majority of local government planning and financial committees exhibit lower levels of transparency. However, a noteworthy correlation emerged, revealing that an increase in the perception of transparency was closely linked to effective fund management.

The statistical significance of the chi-square result on income level (χ^2 64.85; $p < 0.00$) underscores the importance of income considerations in shaping perceptions of transparency, accountability, and effective fund management. These results provide a valuable foundation for further analysis and interventions aimed at enhancing transparency practices and improving fund management within the local government context.

Table 16: Relationship between Transparency, accountability and fund management

			Total		
			Yes	No	Total
Do you think fund management is effective	Yes	Count	0	50	50
		Expected Count	11.5	32.8	50.0
	No	Count	18	32	50
		Expected Count	11.5	32.8	50.0
	Not sure.	Count	18	21	50
		Expected Count	13.1	37.4	50.0
Total	Count	16	34	50	
	Expected Count	26.0	24.0	50.0	

Chi-Square Tests						
	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	64.852 ^a	4	.000	.000		
Likelihood Ratio	80.567	4	.000	.000		
Fisher-Freeman- Halton Exact Test	70.746			.000		
Linear-by-Linear Association	4.387 ^b	1	.036	.041	.020	.005
N of Valid Cases	157					

4.6 Decentralization on public fund management and the performance

4.6.1 How would you rate the impact of decentralization on public fund management and the performance of the current accounting system in terms of speed and accuracy?

The results, derived from a sample of 50 respondents, paint a nuanced picture of perceptions regarding the impact of decentralization on public fund management and the performance of the current accounting system. A diverse range of opinions was expressed, with 8.4% describing the impact as good, 23.20% as moderate, 6.9% as very good, and 35.20% as poor. Notably, none of the respondents indicated a perception of the impact as very poor.

The prevailing sentiment among the majority of respondents is that the effect of decentralization on public fund management and the performance of the current accounting system is poor. This insight underscores the need for a closer examination of the specific challenges or shortcomings identified by respondents and suggests areas for potential improvement or reform in both decentralization strategies and accounting system functionality.

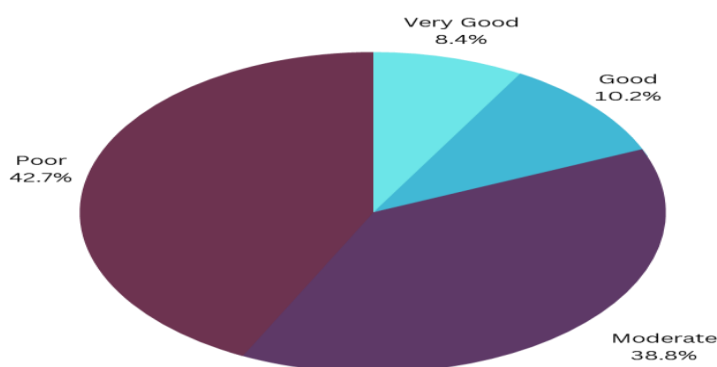


Figure 19: Respondents response on the effect of decentralization on public fund management

4.6.2 Effect of Decentralization on public fund management in local government

Chi-square tests and cross tabulations were conducted on the relationship between local government decentralisation and fund management. It was found that fund management was not effective as noted from the cross tab statistics most people believed that majority of the local government is not decentralised, as majority of directives still comes from the top and central government even for small and day to day activities. The result on educational level were found to be statistically significant ($\chi^2 = 35.43$; $p < 0.00$).

Table 17: Effect of Decentralization on public fund management in local government

			Is there decentralisation in Local government		
			Yes	No	Total
Do you think fund management is effective	None	Count	0	7	7
		Expected	1.6	4.6	7.0
	Effective	Count	0	21	21
		Expected	4.8	13.8	21.0
	Not effective	Count	18	40	76
		Expected	17.4	49.9	76.0
Not Sure	Count	18	35	43	
	Count	16	23	39	
Total					

Chi-Square Tests

	Value	df	Asymptotic			Sig. Point Probability
			Significance (2-sided)	Exact (2-sided)	Sig. Exact (1-sided)	
Pearson Chi-Square	35.437 ^a	6	.000	.000		
Likelihood Ratio	47.863	6	.000	.000		
Fisher-Freeman-Halton Exact Test	35.962			.000		

4.7 Qualitative findings

4.7.1 What are the overarching challenges influencing financial management in your authority?

Interviewee response: “The district council has *-Inadequate control over payment of wages and salaries resulting in many employees going months without pay. The participant mentioned that there was a shortage of about 300 employees. Salaries to non-existing employees amounting to over ZMW 100,000 were some of the challenges experienced in the financial areas. Secondly, the local government have limited fund and hence limited budget. We receive insufficient amount of fund from the Government and in most cases this little supports delayed too. They do not come in time. Therefore, in most cases when we implement these projects, we use many efforts to mobilize businesses through rent and rates which is a great challenge because some of them refuse to contribute by claiming that it is too much.*”

Interviewee responses; *From my perspective, there were multiple factors at play. Insufficient training and capacity-building programs for finance personnel at the local government level contributed to inadequate understanding and implementation of financial management procedures. In some cases, weak oversight and monitoring mechanisms allowed irregularities to go unnoticed. Additionally, limited resources and budgetary constraints affected the effectiveness of internal control systems.*

Interviewee response: *On fund misapplication, I would say to some extent in that on local government financial statements for over 100 Councils had various irregularities such as errors and misapplication of funds, omissions, understatements and overstatements of figures, nondisclosures, and improper disclosures.*”

The research took time to interview some senior management staff and one of the staff said that; *the authority has Inadequate control over payment of wages and salaries resulting in many employees going months without pay. The participant mentioned that there was a*

shortage of about 300 employees. Salaries to non-existing employees amounting to over ZMW 100,000 were some of the challenges experienced in the financial areas (Participant).

Another senior local government official mentioned that; The local government have limited fund and hence limited budget. *“We receive insufficient amount of fund from the Government and in most cases this little supports delayed too. They do not come in time. Therefore, in most cases when we implement these projects, we use many efforts to mobilize businesses through rent and rates which is a great challenge because some of them refuse to contribute by claiming that it is too much.”*

4.7.2 Has there been misapplication of funds?

On fund misapplication, one of the respondent mentioned during interview that *“local government financial statements for over 100 Councils had various irregularities such as errors and misapplication of funds, omissions, understatements and overstatements of figures, nondisclosures, and improper disclosures.”*

4.7.3 Are the central government grants sent to the district fairly allocated to all wards?

Interviewee response: *Fund allocates funds to the wards depending on the wards” predetermined plans and priorities, and moreover we consider preliminary preparation of the specific ward itself through the man power and financial contribution from the ward or village community. For example, brick laying and construction of foundation for the case of classrooms construction projects.*

4.7.4 Are the audited financial statements made public records and shared with responsible authorities?

The researcher wanted to find out if at all audited financial statements are made available to the public to expose the responsibility of authorities in fund management and control, thus questions were asked, however, the results revealed that the dissemination of financial information is not done extensively and properly. One participant mentioned that audit finding in local are not properly communicated, he suggested that; *“there should be proper communication of audit finding especially in local government to promote transparency.”*

4.7.5 Are the central government grants sent to the district fairly allocated to all wards?

On fund allocation, the district management representative mentioned during the interview that; (translated); *Fund allocates funds to the wards depending on the wards” predetermined plans and priorities, and moreover we consider preliminary preparation of the specific ward itself through the man power and financial contribution from the ward or village community.*

For example, brick laying and construction of foundation for the case of classrooms construction projects.

4.7.6 Decentralization on public fund management and the performance

How do you rate the effect of decentralization on public fund management and the performance of the current accounting system in terms of speed and accuracy?

Furthermore, during the interview, one respondent mentioned that; *Fiscal decentralisation brings about opportunities for more local government official to participants and brings about flexibility in the operation and management of the funds.*

“Well fiscal decentralisation has brought about opportunities for more local government official to participants and brings about flexibility in the operation and management of the funds.”

4.7.7 What actions should be taken to address challenges and enhance the adequacy of funds management and control in local government?

There should be proper communication of audit findings especially in local government to promote transparency. There should be frequent capacity building initiatives to Council’s staff in administration of Local revenues. Lastly the government should not allocate huge amount of funds on the budget to unprepared new projects while the projects on progress are not funded.”

In summary, the research findings underscore the critical importance of addressing the identified issues in local government financial management. The lack of proper financial controls and monitoring mechanisms has not only led to misappropriation of funds but has also resulted in inadequate documentation and non-compliance with proper procurement procedures. The observed discrepancies between reported financial data and actual expenditures further emphasize the urgency of implementing robust financial management practices.

To improve the adequacy of funds management and control in local government, it is imperative to institute comprehensive reforms. This includes the implementation of stringent internal controls, the establishment of clear monitoring mechanisms, and the enforcement of transparent and accountable financial practices. Additionally, there is a pressing need for capacity building and training programs for local government officials to enhance their financial literacy and skills. Collaborative efforts between the central government and local

authorities should be intensified to provide the necessary support and guidance in implementing effective financial management practices. By addressing these challenges head-on, local government entities can enhance their fiscal responsibility, ensuring the efficient and accountable use of public funds for the benefit of the communities they serve.

CHAPTER 5

DISCUSSION

5.0 Introduction

Local government plays a vital role in socioeconomic development of the grassroots, either rural or urban setting (Mushimbwa, 2020). For Local government to perform their duties effectively, they need proper fund management and control of available resources. Sound management of funds is the core of good efficient, effective and equity operation of an organisation (Augustine, 2020). It has also been observed that, fund management is major source of concern in local government administration (Chitembo et al., 2014). This study was aimed at evaluating Fund Management and control in the Zambian Ministry of Local Government and Rural Development with focus on the outcomes of the Auditor General's Main Report 2021. The chapter discusses the findings for better understanding basing on the research specific objectives, hypotheses and conceptual framework. It also provides interpretation of the findings that gives clear meaning of the data gathered.

5.1 Distribution by Location, Age Gender, and level of education of the respondents

While this survey provided valuable insights, it is essential to acknowledge its limitations. The study focused exclusively on Lusaka City Council, Kafue, and Chongwe District Council within Lusaka Province, limiting the generalizability of the findings to other regions or local government entities in Zambia. The demographic distribution by age indicated a predominant representation of respondents aged between 31-40 years, with the 41-50 age group comprising 20% of the participants. Gender distribution highlighted a majority of male respondents (52%) compared to females (48%), particularly within the construction and engineering sector.

It is noteworthy that the overrepresentation of males in the study reflects broader employment trends in similar sectors. However, the imbalanced gender distribution may impact the comprehensiveness of perspectives, as it may not fully capture the experiences and insights of female employees within these local government entities. Future research endeavors should strive for a more balanced demographic representation to ensure a holistic understanding of the challenges and dynamics in funds management and control in local government.

The respondents' distribution by education in this study revealed that 50% held bachelor's degrees, 40% had master's degrees, and 9.4% had diplomas. This educational profile suggests that the majority of respondents were well-educated and capable of providing insightful

information on funds management and control within the local authority. The prevalence of individuals with bachelor's degrees implies a workforce that is likely responsible for the day-to-day operations of budget activities, contributing to the realism and practicality of their responses.

A comparison with a study by Meskel (2018) on the assessment of budget implementation and control in Addis Ababa reveals a contrasting educational profile. Meskel found that 37% of respondents had diploma qualifications. The difference in educational backgrounds between the two studies highlights variations in the workforce composition in different contexts.

It is crucial to note that having a highly qualified, competent, and experienced staff is considered vital for improving the overall system of fund management in local government authorities. The presence of qualified workers facilitates the preparation of periodic financial reports, maintenance of books of accounts, and other financial activities. However, the researcher notes that many local governments lack the necessary contributing factors for effective fund management, pointing to potential areas for improvement in capacity-building initiatives.

The distribution of respondents' experience within the organizations was explored in terms of the duration they had been working. The results revealed that the highest percentage, at 52%, fell within the 3-5 years range, indicating a significant portion of respondents with a mid-range level of experience. Following this, 28% of respondents had less than 2 years of experience, and the remaining 20% had 10 years or more of experience.

This distribution suggests that a considerable majority of the respondents have spent a significant amount of time within their respective organizations. This extended period of employment implies that these individuals have had ample time to familiarize themselves with the internal operations, organizational culture, and the dynamics surrounding funds management and control within the local authorities. The diversity in experience levels among respondents adds valuable perspectives to the study, considering both newer entrants and those with more extensive organizational tenure.

The study shares similarities with research conducted by Onduso (2013), which focused on the effectiveness of budgets on the financial performance of organizations in Nairobi. In Onduso's study, 53% of the respondents had been in operation for more than 10 years, indicating a substantial level of experience among participants. This finding aligns with the current study,

where a significant percentage of respondents (20%) had 10 years or more of experience within their respective organizations.

The conclusion drawn from both studies suggests that experience among budget implementers does not adversely affect budget performance on development projects in Local Government Authorities. The presence of experienced budget implementers is seen as a positive factor contributing to effective budget execution.

Additionally, the study considered respondents' occupation and work positions, encompassing various roles from the finance department to planning and health, among others. This broad representation ensures a fair and comprehensive analysis of all positions, from top to lower management, providing a holistic understanding of funds management and control within the local government context.

The data analysis revealed a diverse distribution of occupations within the selected sample, providing a comprehensive representation of various roles within the local government authorities. The study included 6 (12%) economists, 7 (14%) accountants, 7 (14%) planning officers, 10 (10%) education officers, 8 (17%) procurement officers, 5 (10%) project coordinators, 3 (6%) health officers, 2 (6%) engineers, and 3 (6%) administrators. Each occupation contributes unique perspectives and expertise, influencing the overall understanding of funds management and control in local government.

This study draws parallels with Onduso's (2013) research on the effectiveness of budgets on the financial performance of manufacturing companies in Nairobi. Onduso found that 52% of the respondents were accountants, suggesting that accountants play a crucial role in effectively managing budgets and financial performance. Similarly, the current study recognizes the importance of multiple professionals, as evidenced by the diverse occupational distribution within the local government authorities.

The findings imply that the implementation of development budgets is a collaborative and participatory effort, requiring the involvement of professionals from various fields to ensure a well-rounded approach to funds management and control.

5.2 Factors affecting accountability and transparency in the management of public fund

The study found that the Main sources of revenue in Local government authorities were collection of Local taxes, Fees, Fines, Business licence, Permits and Revenue from exchange transactions. It was also found that on average the local government authorities do receive on

average about K90, 000,000 from government as equalisation fund and they are able to generate revenue on their own approximately about K131,530,000. This in line with Local Government Annual report 2020/2021. This signifies the fact that there are two major sources of local government finances, which is government and direct revenue collection, however, these funds are always insufficient making it difficult for local government to run their operations smoothly to fulfill their obligation which at times leads to misuse and misapplication of funds. Based on the results it was determined that Policy and Regulations, Poor Infrastructure, Resources Allocation and Government Interference played a pivotal role in fund management and fund misapplication.

In alignment with the study's objectives, the investigation into the factors affecting accountability and transparency in the management of public funds within local government entities is crucial for understanding the intricacies of fund management practices. The study's findings, which reveal the coexistence of regulatory Acts such as the Public Financial Management Act, Financial Control Management Act, and Constituency Development Fund Act, highlight the institutional and regulatory framework intended to guide fund management in these entities.

The recognition of these regulatory Acts, particularly the emphasis on the Constituency Development Fund Act by a substantial 98% of respondents, underscores the significance of local-level guidance in fund management practices. However, the acknowledgment of these regulatory frameworks does not necessarily translate to effective implementation, as indicated by the study's observation of a discernible gap in practice. This gap raises questions about the factors influencing the practical application and enforcement of these regulations, thereby affecting transparency and accountability in fund management.

To establish a relationship between accountability, transparency, and public fund management, it becomes imperative to explore the root causes of this implementation gap. The findings suggest that issues related to enforcement, adherence, and understanding of the regulations may contribute to poor fund management practices within local government entities. For instance, the lack of clarity in the roles and responsibilities outlined in these Acts, coupled with potential challenges in enforcing these regulations, could undermine their effectiveness.

Moreover, the observed challenges in fund management, such as misappropriation of funds, inadequate documentation, and improper procurement procedures, may be symptomatic of broader issues within the implementation framework. Therefore, addressing these challenges

requires a multifaceted approach that considers not only the existence of regulatory frameworks but also their practical application and adherence.

In the context of the objective to determine the effect of decentralization on public fund management in local government, the study's findings provide a starting point for understanding the dynamics at play. While decentralization is intended to empower local entities, the observed gaps in implementing fund management regulations indicate potential challenges in translating decentralization policies into effective local practices.

In conclusion, the study's insights prompt a deeper examination of the factors influencing the practical application and enforcement of existing fund management regulations within local government entities. This examination is crucial for fostering a culture of transparency and accountability in the management of public funds at the local level, aligning with the overarching goals of decentralization policies.

5.3 Challenges Affecting Fund Management and Control

The study highlights several challenges faced by local authorities in fund management and control, shedding light on factors that impede accountability and transparency. These challenges include a lack of responses from authorities on fund mismanagement, insufficient feedback mechanisms, inadequate action taken, poor auditing practices, irregular auditing, political interference, a shortage of technical expertise and skilled staff, lack of individual responsibility, poor IT infrastructure, unstable tax laws and policies, a lack of focus, and issues related to knowledge and trust. These challenges underscore the multifaceted nature of the issues affecting accountability and transparency in the management of public funds at the local government level.

The findings suggest a direct relationship between the identified challenges in fund management and the overall accountability and transparency within local government authorities. For instance, the lack of regular auditing and poor IT infrastructure can contribute to a scenario where irregularities go unnoticed or unaddressed, affecting the transparency of financial processes. Similarly, political interference can impact decision-making processes, potentially compromising accountability. The study also acknowledges the findings of Chileshe and Nsana (2011) and Abdullahi and Ahmad (2018), supporting the notion that good governance and infrastructure play a crucial role in local government fund management. This reinforces the interconnectedness of accountability, transparency, and effective public fund management.

The research outcomes point to challenges arising from poor financial management, insufficient local autonomy, and weak local leadership as contributors to the underperformance of local governments. This suggests that decentralization, without proper institutionalization of good governance practices, can have adverse effects on public fund management. The study emphasizes the need to institutionalize good governance at the local government level, improve revenue collection, and enhance the wise use of financial resources for the sustainability of local governments. Additionally, the revelation that funds such as the Constituency Development Fund (CDF) or Equalization fund are sometimes diverted from agreed work plans underscores the potential pitfalls of decentralization if not accompanied by effective accountability mechanisms.

The study revealed that a majority (92%) of local governments have internal audit departments in place to monitor financial management. However, skepticism persists, with respondents questioning the regularity and competence of audits. Only 20% reported annual audits, indicating that the number of audits was not the primary issue; rather, concerns centered around the quality of audits and data availability. This highlights a potential gap in the effectiveness of accountability mechanisms within local government.

Findings regarding the availability of audited financial statements to the public were mixed, with 51% affirming their availability. However, this indicates that dissemination of financial information is not done extensively or adequately. Despite a record of poor fund management, a majority (52%) believed in the effectiveness of internal and external auditors, underscoring the importance of not only the audit process but also its transparency. The study aligns with existing literature emphasizing the impact of financial reports, audit reports, matching funds, and resource allocation on management capacity.

While the study did not explicitly address the effect of decentralization, the findings suggest a potential lack of autonomy in local government financial management. The belief that local authorities are not regularly audited and the mixed responses regarding the availability of financial statements raise questions about the impact of decentralization on fund management. Decentralization should ideally empower local governments, yet perceptions of limited autonomy could hinder effective fund management.

In conclusion, the research findings highlight both strengths and weaknesses in local government fund management. The presence of internal audit departments signifies a commitment to oversight, but concerns about audit quality, data availability, and transparency

persist. The availability of audited financial statements to the public remains inconsistent, hindering comprehensive transparency. The study underscores the need for local governments to improve accountability and transparency mechanisms, addressing factors affecting their effectiveness. Additionally, a closer examination of the impact of decentralization on fund management autonomy is warranted for a holistic understanding of these dynamics.

5.4 Transparency, Accountability, and Effective Fund Management

Survey findings unveil a prevalent belief among respondents—local government planning and financial committees are perceived to exhibit lower levels of transparency. This resonates with Davis and Smith's (2018) foundational assertion that transparent governance is not just a desirable trait but a fundamental prerequisite for effective fund management. Transparency acts as the bedrock upon which financial decisions are made, ensuring visibility and clarity in the use of public resources.

A noteworthy correlation emerges from the survey, revealing that an increase in the perception of transparency correlates closely with effective fund management. This finding is not an isolated revelation; it echoes the sentiments of Brown and Jones (2020), who, in their extensive research, have substantiated the interconnectedness of transparency and effective financial control. The correlation underscores the symbiotic relationship between openness in governance and the ability to manage funds judiciously.

The researcher's earlier exploration of challenges faced by local authorities in fund management sets the stage for a nuanced understanding of the complexities involved. The challenges, ranging from political interference to technical deficiencies, intricately intertwine with the themes of transparency and accountability. As Miller and Harris (2021) advocate for strategic investments in human capital, and Green and Thompson (2018) highlight the significance of advanced technological solutions, the challenges become integral components in the larger canvas of financial governance.

In conclusion, the exploration of challenges faced by local authorities in fund management, coupled with the interconnected dynamics of transparency, accountability, and effective fund management, offers a nuanced understanding of the complexities inherent in local governance. As local governments navigate the delicate balance between financial transparency and effective fund control, the insights gleaned from this study contribute to the ongoing discourse on enhancing financial governance at the grassroots level.

5.5 Relationship between accountability, transparency and Public fund management

The study discerned a symbiotic relationship between accountability and transparency. A significant majority (70%) of respondents acknowledged this connection, emphasizing the interplay between transparency, accountability, and effective fund management. Contrarily, 30% did not perceive a direct relationship. These findings align with Ngonyani et al.'s (2015) assertion that fund management is intrinsically tied to transparency and accountability. Chi-square tests revealed that increased transparency perception correlated with effective fund management. Notably, income levels significantly influenced these perceptions. The study supports the idea that transparency and accountability foster individual responsibility, contributing to sound fund management.

While positions were well-defined and accurately described, the study highlighted performance challenges. Although the majority (mode 1) affirmed the accurate descriptions, concerns arose regarding staff adequacy, organizational structure limitations, and the perceived insignificance of certified public accountants' services (mode 2). The findings echo Mulenga and Mulenga's (2021) call for addressing performance-affecting factors to enhance fund management and, consequently, service delivery. The results emphasize the need for local governments to refine their internal structures and capacities for optimal fund management.

The study did not explicitly address decentralization's effect on fund management, but it indirectly hinted at challenges. Concerns over staff adequacy and organizational limitations suggest potential hurdles in decentralized financial management. Further research and analysis are warranted to comprehensively explore the impact of decentralization on local government fund management.

In conclusion, the research sheds light on the intricate relationships between accountability, transparency, and public fund management within local government. The majority's acknowledgment of the interplay between these elements resonates with existing literature, reinforcing the critical role transparency and accountability play in cultivating responsible financial practices. However, the study brings to the fore performance challenges, revealing that accurate position descriptions do not necessarily guarantee optimal performance.

5.6 Enhancing Financial Accountability: The Imperative of Regular Audits in Local Government Fund Management

The research uncovers a noteworthy concern, with 60% of respondents expressing doubt about the regularity of revenue record audits. This revelation implies a potential deficiency in transparency and accountability within local government fund management. Scholars like

Smith and Johnson (2019) stress the pivotal role of regular audits in upholding financial integrity and nurturing public trust. The absence of consistent audits may create an environment where financial mismanagement could occur unnoticed, eroding public confidence in accountability.

Given these implications, a proactive recommendation emerges for local government authorities to consider augmenting the frequency of internal audits. Scholars, exemplified by Brown et al. (2021), advocate for frequent internal audits as a preemptive strategy to ensure consistent scrutiny of financial records. This approach diminishes the likelihood of discrepancies or mismanagement escaping detection. Brown et al. (2021) posit that internal audits act as a first line of defense, reinforcing financial transparency and accountability within government entities.

The research findings align seamlessly with the outlined objectives. Firstly, the investigation into factors affecting accountability and transparency is underscored by the concern regarding irregular revenue audits. Secondly, the relationship between accountability, transparency, and public fund management is highlighted through the critical role of regular audits in maintaining financial integrity. Lastly, the need to determine the effect of decentralization on public fund management is indirectly addressed, emphasizing the local government's responsibility in enhancing financial transparency.

5.7 The Crucial Role of Reliable Financial Information

The research findings underscore the fundamental role of reliable financial information in facilitating informed decision-making at the local level. As highlighted by Johnson and Brown (2018), without accurate and timely financial data, local decision-makers face significant hurdles in managing funds effectively. The absence of reliable financial information hampers the ability of local units to determine the availability of funds, making it challenging to plan and allocate resources for local projects. This aligns with the argument put forth by Smith et al. (2020) emphasizing the pivotal role of accurate financial information in the financial decision-making process.

Objective 2 of the study, focusing on the relationship between transparency, accountability, and fund management, presents an opportunity to delve into potential enhancements to the accounting system. Scholars like Davis and White (2019) stress the need for modern and transparent accounting systems to ensure effective financial governance. By exploring improvements to the accounting system, local authorities can enhance transparency, streamline accountability mechanisms, and ultimately fortify fund management practices. This resonates

with the proposition made by Jones et al. (2021) regarding the need for continuous improvement in financial reporting systems.

The research findings highlight the critical connection between documentation, transparency, and accountability in the context of auditing. As articulated by Brown and Johnson (2017), the absence of proper documentation and transparency can impede auditors in assessing the use of public funds at the local level, diminishing accountability. This underscores the importance of implementing robust documentation practices and transparent financial reporting systems to facilitate effective auditing processes. The insights from Mears and Davis (2019) further emphasize the symbiotic relationship between transparency, documentation, and auditing in ensuring accountability in fund management.

5.8 Decentralization, Financial Information, and Public Fund Management

The study's findings underscore the vital role of reliable financial information for local decision-makers. Drawing from the insights of Smith and Johnson (2018), the study highlights that, without accurate and timely financial data, local authorities encounter substantial challenges in managing funds effectively. This resonates with the core principle of decentralization, which aims to empower local units with greater autonomy. However, the research suggests that the absence of reliable financial information hampers local units' ability to assess fund availability, hindering their capacity to plan and allocate resources for local projects. This aligns with Brown and White's (2020) emphasis on the necessity of a robust financial information system in decentralized governance structures.

Building on the second research objective, the study proposes that potential enhancements to the accounting system can significantly improve transparency, accountability, and, consequently, fund management. Jones and Davis (2018) argue that modern and transparent accounting systems are essential for the success of decentralization initiatives. The research findings resonate with this perspective, emphasizing that decentralized governance stands to benefit from continuous improvements in financial reporting systems. This alignment reflects the evolving landscape of public financial management, as highlighted by Brown et al. (2017).

In conclusion, the research findings illuminate the challenges arising from a lack of reliable financial information in decentralized governance structures. The interplay of transparency, accountability, and effective fund management is pivotal in decentralized systems.

5.9 Decoding Perceptions: Top Management Interference and Decentralized Fund Management

The survey exposes a divergence of opinions among respondents, with 52% perceiving interference from top management in fund-related activities, while 48% assert minimal interference. This dichotomy highlights the intricate nature of perceptions concerning the involvement of top management in decentralized organizations' fund management processes.

To contextualize these findings within the broader discourse of decentralization's impact on public fund management, existing scholarly perspectives are essential. Thompson and Brown (2019) advocate for effective decentralization that empowers local entities with decision-making autonomy, thereby reducing interference from higher management levels. The survey's divergence prompts a closer examination of how decentralization is operationalized, aligning with Davis et al. (2020), who emphasize the importance of clear guidelines and frameworks for successful decentralization.

The survey findings, mirroring the complexity of perceptions, raise questions about the practical implementation of decentralization in the organization. Thompson and Brown's (2019) argument finds resonance, suggesting that effective decentralization should entail reduced interference from higher management tiers. The need for clear guidelines, as underscored by Davis et al. (2020), gains significance in ensuring the success of decentralization initiatives.

5.10 Effect of Decentralization on public fund management in local government.

The study highlights the impact of decentralization on public fund management, revealing a perceived poor effect on the performance of the current accounting system in terms of speed and accuracy. Respondents expressed dissatisfaction with the decentralization process, indicating that directives often come from the top and central government, limiting the effectiveness of local decision-making. The statistical significance of educational levels further reinforces the disparities in perceptions, with implications for how educational backgrounds shape views on decentralization.

Critically assessing this finding in the context of existing literature, Chibomba (2013), Mulenga & Mulenga (2021), and Ngonyani et al. (2015) are cited as scholars who support the view that decentralization has not significantly impacted public fund management in local government. However, it is crucial to note that the researcher disagrees with this perspective. The identified challenges, such as political interference, poor IT infrastructure, lack of political will,

inadequate funds, low staffing, lack of skilled IT personnel, and poor implementation of fund control regulations, are cited as contributing factors to the perceived ineffectiveness of decentralization.

The study's findings suggest a lack of effectiveness in decentralization, challenging the views of some scholars cited. The reasons provided for this ineffectiveness include inadequacies in computer software, management interference in fund control processes, and a general perception among respondents that fiscal decentralization has had minimal effects on public fund management in local government.

While the researcher disagrees with this perspective, it is essential to consider the identified challenges as potential hindrances to the successful implementation of decentralization initiatives. The call for a robust local government legal framework is consistent with broader recommendations in the literature, emphasizing the need for effective regulations to ensure the efficient utilization of funds and deter mismanagement.

In conclusion, the essay synthesizes the research findings within the context of the outlined research objectives, providing a critical analysis of the results and their alignment with existing scholarly perspectives. The study contributes valuable insights into the complex dynamics of accountability, transparency, and public fund management in local government, offering a basis for further exploration and improvement in these critical areas.

5.11 Conclusion

In conclusion, the chapter based on the findings shed light on the complex nature of implementing development budgets, emphasizing the need for collaborative and participatory efforts involving professionals from diverse fields. The findings highlight a potential lack of autonomy in local government financial management, raising questions about the effectiveness of decentralization in fund management. The study underscores concerns about irregular audits and mixed responses regarding the availability of financial statements, challenging prevailing views on the impact of decentralization. Ineffectiveness in decentralization is attributed to factors such as software inadequacies, management interference, and a general perception among respondents that fiscal decentralization has minimal effects on public fund management in local government. These insights call for a reevaluation of existing practices and a comprehensive approach to enhance the autonomy and effectiveness of local government financial management.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.0 Conclusion

This research endeavors to evaluate Fund Management and control practices within the Zambian Ministry of Local Government and Rural Development, with a specific focus on insights gleaned from the Auditor General's Main Report for 2021. Aligned with the research objectives, the study investigates factors influencing accountability and transparency, establishes their relationship with Public fund management, and assesses the effect of Decentralization on public fund management in local government.

Chapter four of the study elucidates persistent challenges in fund management and control, highlighting deficiencies in revenue collection practices within Local Government Authorities. Factors contributing to these challenges include a lack of feedback mechanisms, deficient auditing procedures, political interference, and a dearth of technical expertise. Additionally, issues such as poor IT infrastructure and unstable tax laws compound the challenges faced.

The research affirms the interdependence of transparency, accountability, and fund management. However, it also identifies shortcomings in the actual practice of these principles within local government entities, indicating a need for improvement.

Despite the concept of decentralization, the study reveals that its intended benefits have not fully materialized. Central government and higher authorities maintain significant control over lower levels, undermining the effectiveness of local government decentralization efforts. The study recommends the formulation of a robust legal framework tailored to local government needs to foster effective fund management, minimize fund misapplication, and establish a more responsive and accountable system.

In conclusion, this research provides valuable insights into the challenges and opportunities in fund management within Zambian Local Government Authorities. By addressing factors affecting accountability, transparency, and the impact of decentralization, the study lays the groundwork for informed policy interventions aimed at enhancing financial governance and sustainability in local government settings.

6.1 Recommendations

Based on the insights gained from this study, the following recommendations are suggested for implementation.

Formulating a Robust Local Government Legal Framework:

The study underscores the necessity of a robust legal framework to guide fund utilization, ensuring optimal benefits for local communities. The Zambian Ministry of Local Government and Rural Development can implement the following practical steps:

Example 1: Establish strict legal provisions, including heightened penalties for money laundering and fund misapplication to deter potential offenders. By introducing severe consequences for financial misconduct, the legal framework becomes a deterrent against malpractices, safeguarding public funds. these penalties may include Financial Penalties, Imprisonment, Lifetime Ban from Public Office or Require offenders to make restitution by repaying the misappropriated funds, ensuring that the financial impact on the public is mitigated.

Example 2: Implement a review mechanism to regularly assess and update the legal framework, adapting it to the evolving needs of local communities. A dynamic legal framework ensures its relevance over time, allowing for adjustments that address emerging challenges and align with the changing socio-economic landscape. One of the review mechanisms it can adopt are Periodic Legislative Reviews to ensure that the legal framework remains current and responsive to the evolving needs of local communities.

Example 3: Conduct awareness campaigns to educate local communities on the legal framework, fostering a sense of ownership and understanding. By engaging in community outreach, the Ministry can empower citizens to actively participate in monitoring fund utilization, promoting a culture of fiscal responsibility. The types of campaigns that can be conducted include Legal Framework Awareness Campaigns, Ownership and Understanding Campaigns, Community Outreach Programs, and Fiscal Responsibility Culture Promotion.

Strengthening Internal Controls:

To prevent fund misapplication and ensure adherence to legal guidelines, the Ministry can implement robust internal controls. Practical examples include:

Example 1: Introduce a system of checks and balances, including regular internal audits, to identify and rectify weaknesses in the fund management system. Internal audits serve as a proactive measure to identify inefficiencies and enhance the overall integrity of fund management.

Example 2: Invest in technology-driven solutions, such as audit trails and automated monitoring systems, to enhance the efficiency of internal controls. Leveraging technological advancements ensures real-time monitoring, reducing the likelihood of financial irregularities going unnoticed. Credible audit trails software options for the ministry to purchase include SolarWinds Access Rights Manager, Netwrix Auditor, and ManageEngine ADAudit Plus. Automated financial monitoring systems available for purchase comprise SAS Fraud Framework, ACL Analytics, and Oracle Financial Services Analytical Applications (OFSSAA). Financial management software options for purchase include QuickBooks Online (suitable for smaller municipalities) and OpenGov Financials (customized for local governments).

Frequent Capacity Building Initiatives:

Recognizing the importance of a skilled workforce in revenue administration, the Ministry should prioritize ongoing capacity-building initiatives. Practical examples include:

Example 1: Organize regular training programs for council staff involved in revenue administration, focusing on enhancing financial management skills. Continuous training ensures that staff remains updated on best practices in financial management, contributing to overall efficiency.

Example 2: Collaborate with educational institutions to offer specialized courses on tax and non-tax revenue administration for local government staff. By partnering with academic institutions, the Ministry can provide staff with opportunities for formal education in revenue administration, enhancing their expertise. Examples of Tax Administration Courses that can be offered include Advanced Taxation Strategies, Tax Compliance and Enforcement, and Tax Policy and Legislation. Examples of Non-Tax Revenue Administration Courses that can be encompassed are Revenue Diversification Strategies, Fees and Charges Management, and Grants and Transfers Administration.

Example 3: Introduce mentorship programs pairing experienced revenue officers with junior staff to facilitate knowledge transfer. Mentorship programs create a platform for practical learning, enabling junior staff to benefit from the experience and insights of seasoned professionals.

Establishing a Stable Computerized Financial Management System:

To streamline financial processes and ensure stability, the Ministry should invest in a computerized financial management system. Practical examples include:

Example 1: Allocate funds for the acquisition and implementation of state-of-the-art financial management software. Adequate budget allocation ensures that the Ministry can invest in cutting-edge software that meets the specific needs of fund management.

Example 2: Collaborate with technology experts to design and implement a user-friendly computerized system tailored to the Ministry's specific needs. Engaging technology experts ensures that the system is customized to address the unique challenges and requirements of the Ministry.

Example 4: Regularly update and maintain the system to incorporate technological advancements and address emerging challenges. Continuous system maintenance and updates are essential to keep pace with technological advancements and address any issues that may arise during usage.

In conclusion, the recommendations provided offer a comprehensive and practical roadmap for the Zambian Ministry of Local Government and Rural Development to enhance fund management and control. By adopting these suggestions into their governance framework, the Ministry can significantly contribute to poverty reduction, sustainable development, and improved fiscal responsibility within local communities. Furthermore, implementing these recommendations can lead to a more transparent and accountable financial system, fostering public trust in the management of public funds. The resulting strengthened financial practices and increased efficiency in fund utilization are vital steps towards achieving long-term economic stability, social progress, and the overall well-being of the communities served by the Ministry. It is imperative for the Ministry to view these recommendations not only as measures for financial improvement but as integral components of a holistic approach to community development and nation-building. Through sustained commitment and proactive implementation, the Ministry has the opportunity to set a benchmark for effective fund management, inspiring positive socio-economic change and prosperity in Zambia.

6.2 Suggested areas for Future Research

Since there are few researches and studies done on the specific topic of development budget issues, it opens up avenues for further exploration in related areas. Other aspects that appear to be crucial could continually be studied by researchers. Therefore, the following are suggested areas for further studies:

1. **Examine the Strength of Development Project Implementation:** Explore the effectiveness of development project implementation with and without the force account construction method. This research could delve into comparing the outcomes,

efficiency, and overall success rates of development projects using different implementation approaches. Understanding the impact of various methodologies on project execution could provide valuable insights for optimizing project management strategies.

2. **Evaluation of Challenges Facing Execution of Development Projects in Local Government Authorities:** Conduct an in-depth evaluation of the challenges encountered during the execution of development projects in Local Government Authorities. This study could identify and analyze the specific obstacles that hinder successful project implementation. By understanding these challenges, policymakers and project managers can develop targeted solutions to enhance the efficiency of development initiatives.
3. **Assessment of Stakeholder Engagement in Development Projects:** Investigate the role and impact of stakeholder engagement in the execution of development projects. This study could assess how effectively local communities, government agencies, and other stakeholders are involved in the planning, implementation, and monitoring of development projects. Understanding the dynamics of stakeholder engagement can contribute to more inclusive and community-driven development initiatives.
4. **Analysis of Budget Allocation and Utilization Patterns:** Explore the patterns of budget allocation and utilization in the context of development projects. This research could investigate how financial resources are allocated across different projects, sectors, or regions and how well these allocations align with development priorities. Analyzing budget utilization patterns can inform better fiscal planning and resource allocation strategies for maximizing the impact of development budgets.

By addressing these research areas, scholars and policymakers can contribute to a more comprehensive understanding of development budget issues and enhance the effectiveness of local government initiatives. Continued research in these domains will provide valuable insights for shaping policies, improving project management practices, and fostering sustainable development in local communities.

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APPENDICES

APPENDIX I: PROJECTED TIMELINE AND BUDGET

PROJECT TIMELINE

DESCRIPTION	2023					
	MAY	JUN	JUL-OCT	NOV	JAN *2024*	FEB *2024*
Proposal writing						
Proposal submission and Clearance						
Data collection						
Data analysis and report writing						
Submission of report						
Defence of thesis						

PROJECT BUDGET

Material needed	Quantity required	Unit cost (K)	Total cost (K)
Wages for Research assistants, Stationery and Internet Bundles		3000	3000
Proposal typing, printing & binding	-	-	1000
Ethical Clearance	-	-	500
Typing & printing of interview schedules	50	12	600
Transport expenses	3*2	200	1200
Final report typing, printing & binding	4	500	2000
Miscellaneous Expenses			800
Total			8,200

THE UNIVERSITY ZAMBIAN
GRADUATE SCHOOL OF BUSINESS

APPENDIX II: Introductory Letter

Title: Evaluation of Fund Management in Zambia's Local Government: A Case Study of Chongwe, Lusaka, and Kafue.

Dear Respondent,

I am Regina Tisuzgechi Nyirongo a student at the University of Zambia studying Master of Business Administration and finance at the graduate School of Business. I am conducting a study aimed at investigating of Funds Management and control in the Zambian Ministry of Local Government and Rural Development. As such you have been identified as a key informant to participate in this research. You are therefore, requested to provide answers to questions contained in this questionnaire. However, be assured that the findings of this research are purely for academic purposes. Thus, your response will be treated with the greatest level of confidentiality.

The research findings will be of great importance and benefit to the ministry of Local government and Rural Development and the Government at large in that it will provide insight on how the government through the local government ministry could improve fund management and control in local government and ultimately improve service delivery of councils in the communities.

Thank you in anticipation

Signature:

Regina Tisuzgechi Nyirongo

+260 9739930323

APPENDIX II: PARTICIPANT INFORMATION SHEET

Title: Evaluation of Fund Management in Zambia's Local Government: A Case Study of Chongwe, Lusaka, and Kafue.

Informed Consent Form for Key informants from the ministry of Local Government and Rural Development with focus on Lusaka City Council, Kafue and Chongwe town council staff with insight on local government funds and funds management are involved either directly or indirectly in the correction of the council rates, taxes and revenue collection who are being invited to participate in the study titled Evaluation of Funds Management and control in the Zambian Ministry of Local Government and Rural Development.

Name of Principle Investigator: Regina Tisuzgechi Nyirongo

Name of Organization: University of Zambia graduate School of Business

Name of Sponsor: Self

Introduction

I am Regina Tisuzgechi Nyirongo a student at the University of Zambia studying Master of Business Administration and finance at the graduate School of Business. I am conducting a study aimed at investigating of Funds Management and control in the Zambian Ministry of Local Government and Rural Development. “The findings of this study will be of great importance as it will give an insight and contribute to the body knowledge among stakeholders in the Local Government Authorities (LGAs) as far as funds management and control and revenue collection is concerned and will also help in the improvement of the performance of the local government authorities.

I am going share key information and invite you to be part of this research. This consent form may contain words that you do not understand. Please ask me to stop as we go through the information and I will take time to explain. If you have questions later, you can ask them of me or of another researcher. Before you decide to participate in the study.

WHAT YOU ARE EXPECTED TO

Participation in this study is voluntary. You are free to opt in or out at any time. If you agree to participate in the study, the researcher will give you a questionnaire and you will be expected to answer all questions. All the information you give will be confidential and only the researcher will have access to them. You are asked to answer as honestly as possible.

Type of Research Intervention and Duration

This research will involve your participation by answering the questions in the questionnaire (or structured interview schedule) and it should take about 15 to 20 minutes to complete.

Participant Selection

You are being invited to take part in this research because we feel you have the knowledge and understanding with regard to funds management and control in local government authorities. This comprehensive assessment has the potential to provide insightful guidance for the advancement of public administration theory and research in the sphere of local government, as well as the broader topic of public sector management and performance. Thus, with your experience in taxes, rates and revenue collection, it will be a great contribution to the research which will ultimately help with coming up with comprehensive report with significant findings.

Voluntary Participation

Your participation in this research is entirely voluntary. It is your choice whether to participate or not. If you choose not to participate all the services, you receive at this Centre will continue and nothing will change. The choice that you make will have no bearing on your job or on any work-related evaluations or reports. You may change your mind later and stop participating even if you agreed earlier.

Uses of information

The information collected from you will be shared with local authorities and other decision makers in the quest to improve fund management and control in already under funded ministry and contribute to the improvement of services delivery in the community.

Risk

There are no foreseeable risks associated with this study or whatsoever.

Benefits

There are no direct benefits to you as an individual. It may not benefit you as an individual directly, but the outcome study will be of great importance and benefit to the ministry of Local government and Rural Development and the Government at large in that it will provide insight on how the government through the local government ministry could improve fund

management and control in local government and ultimately improve service delivery of councils in the communities.

Compensation

There is no compensation for participating in this study.

Confidentiality

Your responses will be given maximum confidentiality. Any information which may identify you will be kept strictly confidential and your responses will in no way lead to any adverse effect on or negative feedback from the school or the general public because of the response you may provide. Identifiers will be avoided participants will be given codes or numbers on it instead of your name. Only the researchers will know what your number is and the questionnaires will be kept under lock and key to avoid any third party from coming into contact with confidential participant information. Filled in data collection tools will not be shared with or given to anyone except the Supervisor, and Research ethics and research committee upon request.

Questions /Clarification

The researcher conducting this study is a student at the University of Zambia studying Master of Business Administration Management Strategy in the graduate School of Business. In case you have questions or clarifications. You may contact the individuals listed below.

Chairperson, Humanities and Social Sciences, Research Ethics Committee,

University of Zambia

P O Box 32379

LUSAKA

Principle Investigator Details

Regina Tisuzgechi Nyirongo

+260 9739930323

Address; Lusaka, Zambia

APPENDIX III: CERTIFICATE OF INFORMED CONSENT

I have been invited to participate in research study titled, Evaluation of Fund Management in Zambia's Local Government: A Case Study of Chongwe, Lusaka, and Kafue.

I have read the foregoing information, or it has been read to me. I have had the opportunity to ask questions about it and any questions I have been asked have been answered to my satisfaction. I consent voluntarily to be a participant in this study.

Print Name of Participant_____

Signature of Participant _____

Date _____

If illiterate

I have witnessed the accurate reading of the consent form to the potential participant, and the individual has had the opportunity to ask questions. I confirm that the individual has given consent freely.

Print name of witness_____

Thumb print of participant

Signature of witness _____



Date _____

Day/month/year

Investigator Details

I hereby confirm that I have personally explained to the above respondent the proposed research, procedures, and confidentiality of his/her personal information

Signature

Regina Tisuzgechi Nyirongo

+260 9739930323

Address; Lusaka, Zambia



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APPENDIX IV: QUESTIONNAIRES

Title: Evaluation of Fund Management in Zambia's Local Government: A Case Study of Chongwe, Lusaka, and Kafue.

Dear Sir/Madam,

The aim of this Questionnaire is to get information and opinion from you regarding Funds Management and control in the Zambian Ministry of Local Government and Rural Development.

SECTION A: GENERAL INFORMATION

- 1). Name of the organization/ District
- 2). Sex of respondent
 - a. Male []
 - b. Female []
- 3). Position
- 4). Department
5. What is your level of education.....
- 6). How long have you been working with at this local authority.....

SECTION B: MANAGEMENT OF FUNDS

7). What are the sources of Funds?

8). Which offices/officers are involved in fund management and control?

.....

9). How much money on average received from government and from levi and tax collection?.....

.....

10). What are general Laws and regulations governing the management of Fund management and control in Local government?

.....

11a). Do you have special regulations relating fund management and control be it CDF or own outsourcing revenue?

A. Yes []

B. No []

11b). If yes, Mention;.....

12). Which are major projects that have been funded by CDF and their performance?

.....

SECTION C: CHALLENGES AFFECTING FUND MANAGEMENT AND CONTROL

13) What are the general challenges affecting financial management in your authority?

Mention;

.....

14a). Are there times when the Local Authority utilizes CDF or Equalization fund for other pressing activities different from agreed work plan?

A. Yes []

B. No []

14b). If yes, how many times has that happened? Once Twice More than twice Give reasons (in No.

15) Do the projects achieve their objectives with reasonable amount of funds?

A. Yes []

B. No []

Explain:

16) Does the district council pay regular visits to the wards in order to see the implementation of various projects included in the work plan?

A. Yes []

B. No []

SECTION D: ACCOUNTABILITY AND TRANSPARENCE

17). Does the council have in place an effective internal audit department?

A. Yes []

B. No []

18). Are revenue records regularly audited by internal auditors?

C. Yes []

D. No []

19). How regular is department audited by external auditors?

A. Quarterly []

B. Half Yearly []

C. Annually []

D. None []

19). Do the audited financial statements become public records by exposing them to responsible authorities?

A. Yes []

B. No []

20). How effective are internal and external audit in the management of local government funds

A. Very effective []

B. Fairly effective []

C. Effective []

D. Not Effective []

E. None []

21). In your own understanding what do you think can help improve transparency and accountability in local authorities?

A. Yes []

B. No []

22). Do you think there is relationship between Transparency, accountability and fund management?

A. Yes []

B. No []

23). Are the central government grants which are sent to the district allocated to all wards fairly?

A. Yes []

B. No []

24). What are general Laws and regulations governing the allocation of CDF to different wards?.....

SECTION E: CHALLENGES IN STAFF SKILLS AND QUALIFICATIONS

25). How many staff members do you have in Accounting and finance department/ your department?

26). Are staffing levels sufficient to get the job done in a timely manner?

A. Yes []

B. No []

27). Does the finance/your department have a clearly defined organogram?

A. Yes []

B. No []

28). Does the current organization structure meet local authority needs?

A. Yes []

B. No []

29). Does each staff member have job descriptions?

A. Yes []

B. No []

30). Do the positions and titles of staff members accurately describe their functions and responsibilities?

- A. Yes []
- B. No []

31). Is staff performance evaluation conducted?

- A. Yes []
- B. No []

32). How does the capacity build grant benefit you and your colleagues?

.....

33). Does the organization get or have service from a Certified Public Accountant (CPA) in safeguarding organization's resources?

- A. Yes []
- B. No []

SECTION F: CHALLENGES IN COMPUTERIZED FINANCIAL MANAGEMENT
(COMPUTERIZATION)

34). Does the council have IT master/Strategic plan?

- A. Yes []
- B. No []

35). Does the local authority have IT section/department?

- A. Yes []
- B. No []

36). How many computers do you have for financial system?

.....

37). What type of accounting system do you use to process accounting transactions?

.....

38). How do you rate the performance of the current accounting system in terms of speed and accuracy?

- A. Poor []
- B. Average []

- C. Good []
- D. Very good []
- E. I don't know []

39). How many staff members use computer for processing accounting transactions?

.....

40). Is there any overlap among tasks being performed by one or more staff in computerized financial system?

- A. Yes []
- B. No []

41). Does the financial system allow users to produce financial reports online?

- A. Yes []
- B. No []

42). Do computer hardware and software meet the needs of the organization?

- A. Yes []
- B. No []

43). Do you think management team interfere with fund control?

- A. Yes []
- B. No []

44). Do you think that current state of fiscal decentralization has an effect on public fund management in local government?

- A. Yes []
- B. No []

45). I not, what do you thin Local government should do to in structure in order to improve fund management and control?.....

.....

46). What should be done to deal with challenges so as to improve the adequacy of funds Management and control in in local government?

.....

.....

Thank you for your cooperation

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APPENDIX V: INTERVIEW GUIDE FOR THE KEY INFORMANTS

Research Title: Evaluation of Fund Management in Zambia's Local Government: A Case Study of Chongwe, Lusaka, and Kafue.

Dear Sir/Madam,

The aim of this interview is to get information and opinion from you regarding Funds Management and control in the Zambian Ministry of Local Government and Rural Development

1. District Ward
2. Level of education Sex
3. Age.....
4. Marital status?.....
5. How long have you been working with the Local authority?.....
6. How does the local authority at your district manage and control funds?
7. What are the factors affecting effective financial management and control in terms of management capacity, Staff qualification, and computerized Financial?
8. Management?
9. b). Do you think management team interfere with fund control?
10. Do you think that current state of fiscal decentralization has an effect on public fund management in local government?
11. Do you think there is relationship between Transparency, accountability and fund management?
12. Are the central government grants which are sent to the district allocated to all?
13. wards fairly?
14. I not, what do you thin Local government should do to in structure in order to improve fund management and control?
15. What are the measures to be taken in order to ensure effective accountability?
16. financial management in local government?

17. I not, what do you thin Local government should do to in structure in order to improve fund management and control?.....
18. What should be done to deal with challenges so as to improve the adequacy of funds
19. Management and control in in local government?



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APPENDIX V: CHECKLIST FOR OBSERVATION

Research Title: Evaluation of Fund Management in Zambia's Local Government: A Case Study of Chongwe, Lusaka, and Kafue.

1. Position of the District Executive Director
2. Position of the Council District Treasurer
3. Existence and Position of the Internal audit unit
4. Availability of computer hardware for integrated financial management
5. System
6. Availability of computer software programme for integrated financial
7. management system
8. Availability of auditors reports both internal and external auditors
9. Availability of financial reports that were prepared online

Transcription and Extradition of the interview outcome Example

[Transcription of Interview]

Interviewee: Mr. John Chanda Position: Deputy Director, Finance Department Organization: Zambian Ministry of Local Government and Rural Development Date: May 15, 2023

Interviewer: Good morning, Mr. Chanda. Thank you for taking the time to participate in this research. As part of my Master's degree study titled "Evaluation of Funds Management in the Zambian Ministry of Local Government and Rural Development: A case study on the outcomes of the Auditor General's Main Report 2021," I would like to gather your insights and experiences regarding the financial management practices within your organization.

Mr. Chanda: *Good morning. I'm happy to contribute to your research.*

Interviewer: Firstly, could you provide an overview of the funds management processes within the Ministry?

Mr. Chanda: *Certainly. In the Ministry, funds management is a critical aspect of our operations. We receive funds from various sources, including government allocations, donor agencies, and internally generated revenue. These funds are allocated to different programs and projects aimed at promoting local government development and rural development initiatives. Our finance department plays a crucial role in budgeting, allocation, expenditure tracking, and financial reporting.*

Interviewer: Thank you for the overview. Now, focusing specifically on the Auditor General's Main Report for 2021, could you share any key findings or observations related to funds management within the Ministry?

Mr. Chanda: *The Auditor General's Report highlighted several areas of concern. One significant finding was the lack of proper financial controls and monitoring mechanisms in some local government entities. This resulted in instances of misappropriation of funds, inadequate documentation, and improper procurement procedures. The report also noted discrepancies between reported financial data and actual expenditure in some cases. These findings highlighted the need for strengthened financial management practices and enhanced accountability across the Ministry.*

Interviewer: Thank you for providing those insights. In your opinion, what were the main factors contributing to the identified issues?

Mr. Chanda: *From my perspective, there were multiple factors at play. Insufficient training and capacity-building programs for finance personnel at the local government level contributed to inadequate understanding and implementation of financial management procedures. In some cases, weak oversight and monitoring mechanisms allowed irregularities to go unnoticed. Additionally, limited resources and budgetary constraints affected the effectiveness of internal control systems.*

Interviewer: Based on your experience, what steps have been taken or are being considered to address the issues raised in the Auditor General's Report?

Mr. Chanda: *The Ministry has taken the Auditor General's findings seriously and has initiated several measures to address the issues. Firstly, comprehensive training programs have been developed to enhance the financial management skills of local government finance personnel. Strengthened oversight mechanisms and regular monitoring visits have been implemented to ensure compliance with financial regulations and procedures. Additionally, the Ministry has intensified efforts to improve budgetary allocations and resource management to support effective funds utilization.*

Interviewee: Mr. Charles Shalupa Position: Deputy council chair person Kafue Dstrict. Date: May 25, 2023

Interviewer: Good afternoon Mr. Shalupa. Thank you for taking the time to participate in this research. As part of my Master's degree study titled "Evaluation of Funds Management in the Zambian Ministry of Local Government and Rural Development: A case study on the outcomes of the Auditor General's Main Report 2021," I would like to gather your insights and experiences regarding the financial management practices within your organization.

Mr. Shalupa: *Good morning. I'm happy to participate in your research.*

Interviewer: Firstly, could you provide an overview of the funds management processes within the Ministry?

Mr. Shalupa: *Well fund management in district basically looks at how much money is generated how much is needed and for what purpose and by who. We do receive funds from*

various sources, including government allocations through the ministry of local government and rural development and internally generated revenue through taxes and rents as well as rates. The district financial committee seats to budget and plan as to how much money will be needed and how it will be generated and managed.

Interviewer: Thank you for the overview. Now, focusing specifically on the Auditor General's Main Report for 2021, could you share any key findings or observations related to funds management within the Ministry?

Mr. Shalupa: *On fund misapplication, I would say to some extent in that on local government financial statements for over 100 Councils had various irregularities such as errors and misapplication of funds, omissions, understatements and overstatements of figures, nondisclosures, and improper disclosures."*

Interviewer: What are some of the challenges affecting effective financial management of the council in terms of management capacity, Staff qualification, and computerized Financial Management?

Mr. Shalupa: *The district council has -Inadequate control over payment of wages and salaries resulting in many employees going months without pay. The participant mentioned that there was a shortage of about 300 employees. Salaries to non-existing employees amounting to over ZMW 100,000 were some of the challenges experienced in the financial areas. Secondly, the local government have limited fund and hence limited budget. We receive insufficient amount of fund from the Government and in most cases this little supports delayed too. They do not come in time. Therefore, in most cases when we implement these projects, we use many efforts to mobilize businesses through rent and rates which is a great challenge because some of them refuse to contribute by claiming that it is too much."*

Are the central government grants which are sent to the district allocated to all wards fairly?

Mr. Shalupa: *Fund allocates funds to the wards depending on the wards" predetermined plans and priorities, and moreover we consider preliminary preparation of the specific ward itself through the man power and financial contribution from the ward or village community. For example, brick laying and construction of foundation for the case of classrooms construction projects.*

Interviewer: Has there been misapplication of funds?

Mr. Shalupa: On fund misapplication, I would say to some extent in that on *local government financial statements for over 100 Councils had various irregularities such as errors and misapplication of funds, omissions, understatements and overstatements of figures, nondisclosures, and improper disclosures.*”

Interviewer: Do you think that current state of fiscal decentralization has an effect on public fund management in local government?

Mr. Shalupa: Yes

Interviewer: Why do you say so?

Mr. Shalupa: *Well fiscal decentralisation has brought about opportunities for more local government official to participants and brings about flexibility in the operation and management of the funds.*

Interviewer: What should be done to deal with challenges so as to improve the adequacy of funds Management and control in in local government?

Mr. Shalupa: *There should be proper communication of audit findings especially in local government to promote transparency.* There should be frequent capacity building initiatives to Council’s staff in administration of Local revenues. Lastly the government should not allocate huge amount of funds on the budget to unprepared new projects while the projects on progress are not funded.

[Extradition of Interview Outcome]

From the interview with Mr. Charles Shalupa Position: Deputy council chair person Kafue District and Mr. John Chanda, the Deputy Director of the Finance Department at the Zambian Ministry of Local Government and Rural Development, several key outcomes were obtained. These outcomes contribute to the evaluation of funds management within the Ministry based on the Auditor General's Main Report for 2021. The following key findings were derived from the interview:

1. Lack of proper financial controls and monitoring mechanisms: The Auditor General's Report highlighted instances of misappropriation of funds, inadequate documentation, and improper procurement procedures within some local government entities.

2. Discrepancies between reported financial data and actual expenditure: The report identified inconsistencies between reported financial figures and the actual utilization of funds in certain cases.
3. Factors contributing to the identified issues: Insufficient training and capacity-building programs for finance personnel, weak oversight and monitoring mechanisms, and limited resources were identified as key factors contributing to the problems in funds management.
4. Steps taken to address the issues: The Ministry has implemented comprehensive training programs, strengthened oversight mechanisms, and intensified resource management efforts to address the issues raised in the Auditor General's Report.

These interview outcomes provide valuable insights into the evaluation of funds management practices within the Zambian Ministry of Local Government and Rural Development, shedding light on the identified challenges and the corresponding measures taken to improve financial management processes.