

Assessment on Influence of the Controller and Audit General Reports on Financial Accountability in Tanzania: A Case Study of Mwanza City Council

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ABSTRACT

The responsibilities of public sectors undertakings in providing the basic transparent to society requires strong financial management. The efficient and effective utilization of available resources in Local Government Authorities (LGA) has been a topic of high interest worldwide including Tanzania. The study assessed the influence of the Controller Audit General (CAG) audit report on financial accountability in Mwanza City Council (MCC). The study has been motivated by the efforts exerted by public sector stakeholders worldwide to properly utilize public resources in local governments. To achieve this objective, the study employed both primary and secondary data. The secondary data were mainly compiled from the CAG general reports of Tanzanian local government, while primary data were collected by using structured questionnaire distributed to MCC accountants, internal auditors, procurements, planning officers, council director and ward councilors that made a total of eighty (80) respondents

The study employed statistical techniques to address the subject matter of the research problem. Among other things the study found that quality of financial reporting is very significant in enhancing financial reporting and financial accountability of MCC. Also it was found that the adoptions of IPSASs accrual basis of accounting of MCC will improve decision making, transparency, and accountability. The MCC management is urged to continue improving the proper utilization of CAG finance auditing report to ensure financial accountability and enhancing quality provision of social services to the citizen.

Keywords: Financial accountability, Financial reporting CAG, and MCC

INTRODUCTION

The management of public financial resources is the topical issue in both international and national levels. This has become crucial after the transfer of financial responsibilities from national government to local governments while aiming to improve financial management and accountability that will lead to improvements in social services provision. Financial reporting is a crucial step towards improving operational accountability and performance in local governments in Tanzania. The need for strong management of public resources at local government has been accelerated by the fiscal decentralization which grants semi autonomy to local governments in Tanzania in both revenues and expenditures (Faridi & Nazar, 2013). Also Setiyawati (2013) argues that one of the main roles of internal control is to ensure reliability of the local government accounting and financial information which leads to quality of financial management hence accountability.

According to Bukemya (2014) financial information embraces key aspects such as relevance, reliability,

understandability, accuracy and timeless. These qualities of financial information have significant contribution on the quality of the financial reporting. Reliable and relevant financial information improve control mechanism in a fiscal decentralized environment. Precise financial information has significant contribution on decision making and resources allocation (ACCA, 2014). Financial reporting is mainly considered as the key instrument of assessing accountability by using financial reporting. Public sectors accountability is very important in local government operations. According to John and Maneno (2016), proper financial reporting plays major roles in enhancing and demonstrating accountability for easy assessment of operating performance of an organization. Also Hutagalung and Hum (2016) argue that financial reporting contributes strongly on enhancing public accountability and transparency. Accountability and transparency are the key factors for the successful operations of public sector towards sustainable uses of the local government funds.

In a fiscal decentralization environment where fiscal full or semi autonomy for revenues and expenditures responsibilities are granted, transparent operation is very important to secure accountability mechanism. Transparency operation helps to improve quality of financial reporting and accountability mechanisms. Chalam and Ng'eni (2017) investigated the relationship between financial accountability and financial reporting in a decentralized environment in Tanzania local government authorities. The quality of financial reporting was significant in enhancing financial accountability.

In Tanzania, public financial reporting is governed by Local Government Act of 2020 revised edition which requires local government to prepare annual accounts for audit purposes. Also, as an important aspect of financial reporting conveys information of the process of accountability in which general public are informed about economic events which occurred in the local government (Derris, 2014). It helps to assess the general performance and operations of the local government authorities by pointing out key areas of improvements and other areas which require more attention. Apart from financial reporting, the success of financial accountability depends also on sound management system and effective institutional arrangement (Aboud, 2021). Thus, the strong move of enforcing financial accountability in local governments requires effective organizational arrangements to ensure favorable working environment for both local officials and citizens

Based on the above grounds, the relevance of quality of financial reporting on financial accountability is an irrefutable fact and a good conduct too. The importance and crucial roles played by quality of financial reporting has necessitated this study to examine the influence of CAG financial reporting in enhancing financial accountability in Tanzania and local governments like MCC. This study is expected to add knowledge on the academic work platforms on financial reporting and financial accountability. Also, the study is very important to decision makers, scholars, researchers, stakeholders and other development partners of local government authorities.

LITERATURE REVIEW

Review of the literature is presented as follows

Role of Cag Reporting in Financial Accountability

It is an undeniable fact that local government financial reporting is very important and contribute significantly to the success of financial accountability. The foremost objective of CAG reporting is to facilitate public expenditure control by demonstrating accountability for compliance with approval budget (Hinga, 2020). CAG report assures the operational transparency which is mostly demanded by tax payers and other stakeholders to build confidence on the sustainable use of collected public finances. According to Adeoula and David (2012) the successful operation of financial accountability requires good financial reporting, strong management system and effective organization arrangement. The improvement of financial

accountability demands also strong institutional arrangement to enable apparent working environment in local government dealings. Thus, all internal stakeholders of local governments have strong contribution to the success of financial accountability. John (2021) shows that the relevance of strong mechanism of financial reporting in enhancing financial reporting is enforced by demanding accountability on what local government have done with public finances. Financial accountability helps to control misuse of public resources by focusing on those entrusted with public funds in order to facilitate smooth provision of public services.

The published CAG report are the hub of public accountability because they draw attention for stakeholders to discuss the public expenditure (Hussein, 2018). Good financial reporting helps local government to control efficiency and economic use of public resources towards sustainable use of revenues. Also it helps in improvements of public administration (Omacho, 2017) argues that government financial accountability and transparency contribute significantly on the performance of public administration. The main focus of financial accountability is not only to control public resources but also to stabilize good governance at the local government and public sector in general. Therefore, the efforts of improving financial accountability should also correspond with the enhancement of good government at local government.

The financial reporting is very important in the public sector financial management and also it is considered as the best indicator of accountability (Ombeni, 2019). Local government financial reporting facilitates provision of information on financial position and operating performance. Ibrahim et al 2016) point out that financial reporting in local authorities needs to be relevant and reliable in order to enable general public to measure performance in terms of efficiency and effectiveness in using public resources. Local government can achieve reliability of financial reporting by ensuring that financial statements are free from material errors and misstatements. Such reports facilitate decision making, transparency, and enable discharging accountability.

In any achievements there are always challenges, which slow the efforts of reaching the intended goals. The main challenge of financial accountability in local government is the understanding of the roles and responsibilities for the responsible organs for holding accountable those entrusted with public resources (Omacho, 2017). Also level of education to many citizens, more efforts need to be directed on educating citizens and other stakeholders about the importance of financial reporting in decision making and assessing accountability in local government operations.

General Aspects of Financial Accountability

The word 'financial' represents money and other economic resources; however in financial reporting accountability is originate from the word 'accounting' which involves the recording, analyze, verify and reporting financial transactions to the user of such information (Bilihanyuma, 2019). Accountability which is the base of financial accountability is termed as multidimensional theme, so we can agree that financial accountability is also multidimensional theme, meaning that it cannot be measured by a single item, it is measured by a number of variables together. There is no clear measure of financial accountability, as different authors try to come up with different variables that can represent financial accountability in public sectors.

In assessing the financial accountability the Kenya Government Public Organizations, Mathare (2017) employed various factors related to four key areas of financial accountability. The four keys proposed are, financial internal control mechanism, budgeting framework and practices, financial reporting and external audit and oversight. The author considered these four variables to assess the financial accountability and finally he found that there is improvement in public sector financial accountability due to strengthened public financial management. Also, in assessing country's public expenditure, procurement and financial accountability. Lane (2018) employed four variables; comprehensive and transparency, budget framework

and practice, accounting records and reporting and external scrutiny and audit. It is believed that public expenditure tracking, procurement and financial accountability are very important aspects of public financial management which facilitates achievement of the value for money in development projects.

Also, the IMF manual on fiscal transparency and the code of good practices on fiscal transparency, section 166 states that 'the core component of government auditing is the regularity audit. It covers attestation of financial accountability of the government as a whole; and audit of financial systems and transactions, and of internal control and auditing functions including an evaluation of compliance with regulations and states' IMF (2001). In addition to that, the World Bank (2001) assessed the effectiveness of public accountability in ten East Asia Countries. In making assessment, World Bank employed nine elements of a sound public financial accountability system. These elements can be grouped into four: budgeting framework, financial reporting issues, external auditing and procurement and internal control system.

In summary, it can now be agreed that key measures of public financial accountability as explained above are budgeting framework, and practices, public financial reporting, mechanism of internal financial controls and public external audit. All these variables contribute to the success of public financial management and financial accountability in particular. However, the most important variables of public financial management are internal control mechanism and financial reporting. Adekundu (2018) asserts that internal control is very important instrument of financial accountability and helps to solidify financial reporting mechanisms. Also, internal auditing as an important elements of internal control system plays an important role in ensuring quality of financial reporting and financial management.

Financial Control and Accountability in Local Government

According to Mugendi (2017), financial control is among the significant roles of the local government as mechanism of enforcing implementation of financial policies and ensures effective use of public financial resources. Financial management has significant role in the efficient use of public resources at local government. This implies that, public financial management is very in improving the quality of public service products (ACCA, 2010). Benchika (2019) expounded that strong financial management systems are very efficient instruments for averting, discovering and facilitating the punishment for misusing public resources and corruption. In general, funds of the local government by key officers of the respective councils (Milago, 2017). In this respective power of local officials, financial management is required to institute strong mechanism of accountability to enforcing local officials to abide with stipulated financial rules and regulations. Moreover in order to enable local governments to work efficiently and effectively, there should be a proper financial management and accountability for all available resources (Asukile, 2019). Also, it should be noted that control mechanism have positive significant impact on the effectiveness of financial management (Mhelele, 2017).

The decentralized local operations need some degree of fiscal discipline and favorable institutional relationships to enhance transparency and accountability mechanism in reporting local government in a good manner (Mongella, 2017). It should be remembered that fiscal decentralized entails fiscal autonomy in mobilizing internal revenue and spending them. So in this era of fiscal autonomy, local governments need apparent mechanism of financial reporting like this of CAG to safeguarding these resources and direct them to public social services.

Accountability can be an unstructured concept to define. It is multidimensional in nature and entails more goals than simply democratic responsiveness (Nasir, 2015). However, it can be explored in a good manner we linked with decentralization particularly fiscal decentralization. In broad sense, accountability is a state whereby the act of performing defined functions by an individual or body is subject to another's enquiry for oversight, direction and demands the former to justify the course of their action (Mwombeki, 2014). The concept of accountability encompasses two key features which are answerability and enforcement.

Answerability refers to the obligation of the government, its agencies and public officials to justify decisions they make and the resulting actions (Briken, 2019). This implies that accountability mechanism enforces that accountability mechanism enforces public officials to provide justifications to the enforcement agency for oversight. Control mechanism suggest that public or oversight institutions can sanction the entrusted party and seek a remedy for underperformance or abuse of public finances. This aims to strengthened accountability and financial discipline towards proper management of public resources.

The objective of government accountability is to ensure that actions, resulting from decisions made by public officials are subject to oversight by independent party. This is done so as to guarantee that government initiatives meet their stated objectives and eventually benefit the citizens who are the objective of all government functions and responsibilities (Rwekaza, 2014). Also accountability is believed to improve public service delivery by being answerable to performance (Mwitente, 2015).

Accountability does not consider only scrutinizing, blaming and punishment but also to help to organization to perform better in providing quality social services (Munukiza, 2017). Also in order to ensure value for money is achieved, fiscal decentralization needs to be linked with strong mechanism of accountability (Akudugu, 2014). Accountability is very crucial in identifying penalizing malfeasance or maladministration and also serves as a mechanism of securing sustainable improvements in the whole system of public financial management (Hedelgado, 2015). Fiscal decentralization is believed to create strong mechanism of accountability through fiscal autonomy and fiscal transparency. Clearly, this system can help to enforce those entrusted with public funds to spend them economically, efficiently and effectively towards citizens' needs. Full understanding of accountability system enables to provide impartial and targeted support to improve capability in safeguarding and utilizing public resources as stipulated in the budget guidelines (OECD, 2014)

Financial Reporting Framework in Tanzania Local Government Authority Context

The main organ of assessing quality of financial reporting in Tanzania local government is National Audit Office of the Tanzania (NAOT) under the leadership of controller and Audit General (CAG). The functions of the CAG are mandated in the constitutional of the United Republic of Tanzania. Constitution of the United Republic of Tanzania (1977) section 143 (2) state clearly the audit mandate and responsibilities of CAG in controlling and auditing public resources. Also, Local Government Finance Act of 1982 states clearly that the external auditor for all local government shall be Controller and Auditor General.

As an external auditor, CAG is required to audit all financial statements of the local governments and issue audit opinion accordingly. Audit opinions are grouped into four categories, namely, unqualified opinion, qualified opinion, adverse opinion and disclaimer of opinion. Each audit qualification is issued after considering material facts relating to the opinion concerned. For example unqualified opinion (clean) is issues to the local government after being confirmed that financial statements have been prepared by using applicable accounting policies, legislation and accounting standard. The main idea of conducting audit of financing statements is to secure financial accountability in order to ensure proper use of public resources. Thus, financial reporting contributes significantly to the quality provision of public social services by securing financial discipline in public finance.

In order to ensure this reporting mechanism in Tanzania Local Government Finance Act (LGFA) (1982) section 45 (4) requires council's accounting officer to prepare final accounts and submit to the controller and audit general for auditing purposes. In this case, final accounts (financial statements) include statement of financial position (balance sheet), statement of income and expenditure and statement of cash flows. Financial statements help stakeholders to assess assets and liabilities of the council and also to examine operating performance together with cash inflows and outflows of the local government. It is evidently that financial reporting and auditing are very significant in the successful operation of the fiscal decentralized

local governments including management of the public finances entrusted to local official (agents).

Also, in a bid of improving quality of financial reporting, LGFA (1982) section 45 (1) requires accounts of local government to be audited internally by internal auditor employed by the authority concerned, through the final assessment of the local governments' final account is done by the controller and auditor general as an external auditor for Tanzanian local government authority. Also order 11 through 14 of Local Government Financial Management 2009 requires all LGAs to establish proper internal controls to ensure preparation of financial statements which are relevant and reliable. Reliable financial statements are ones which are free from material misstatements. Thus, it is the responsibility of the local government management to ensure that financial statements are relevant and reliable to enable users and other stakeholders to make social economic decisions.

The quality of financial reporting is very significant in the whole process of financial accountability and financial management in general. To ensure financial reporting framework, local government's management and other responsible organs have been working tirelessly to improve reporting framework. In this endeavor local governments adopted International Public Sector Accounting Standards (IPSASs) accrual basis of accounting effectively from July 2009 in order to improve transparency and accountability; giving a grace period of five years to ensure full compliance. Accrual basis of accounting recognizes both cash paid and accrued transactions to enable faithful representation of financial statements. The grace period for full compliance of IPSASs ended in 2014 which means that the local governments' financial statements prepared were for the financial year 2014/15.

The adoption of IPSASs is another achievement that resulted from local government financial management reform which aimed to enhance transparency and accountability in local governments' operations. The full adoption of IPSASs is expected to improve local accountability. According to IPSASs 1, a complete set of financial statements includes statement of financial position, statements of financial performance a statement of comparison of budget versus actual amount by function and notes to the financial statements. The full set of financial statements enable various stakeholders to assess financial performance and cash flows of the local government.

REVIEW OF RELATED EMPIRICAL LITERATURE

Traditionally reporting is used to save as a means of assessing stewardship between agents (managers) and principals (suppliers of funds). Also in public sector, CAG reports saves the same purpose by considering two parts; those entrusted with public finances and the general public (owner of the public funds). However, of recent the purpose of financial reporting has changed to incorporate the elements of accountability as an important part of financial control in public sector. In this findings, Hassan (2017) reveals that CAG report is very important in the whole operations of local government and contributes significantly on good governance. Quality of financial reporting enables local government stakeholders to debate on operating performance. Due to the relevance of the CAG reporting, it is responsible of the local government management to create favorable environment for the enhancement of financial reporting. Also, Garret, Hoitash and Prawit (2014) find significant association between trust and quality of financial reporting in a sense of ownership and hence improve trust amongst local government officials which leads to the improvement of financial accountability.

Proper keeping financial records, also has strong influence on the financial performance of organization. Bukenya (2017) documents significant positive association between quality of accounting information and financial performance. These findings remind public sector management and policy makers to be very keen in improving accounting information. The improvement of financial reporting in local government is also

influenced by some factors such as competences, information technology and internal control. In their study,

Aman and John (2016) found that quality of CAG report is positively contributed by apparatus competence, information technology and internal control. The importance of quality of CAG report as an important instrument for discharging accountability in local government is an irrefutable fact. Thus, strong effort should be dedicated to improve reporting environment and management information system to enable easy availability of reliable and relevant accounting information.

In their study, Aman and John (2017) reveal that CAG reporting quality has significant positive effect on the financial accountability. Given the fact that financial reporting is a hub of control and accountability mechanism at a local governments, more efforts needed to be dedicated to enhancing transparency and reporting framework. Proper presentation of financial statements plays significant role as a means of discharging accountability in public sector financial management. Moreover, apart from being an instrument of discharging accounting, financial reporting is used for decision making purposes. Hussein (2016) documented that municipal financial reporting is very useful in decision making regarding social economic issues in Jordan. Also Tayib, Combs and Ameen (2017) revealed that taxpayers require more disclosure of financial information in order to raise confidence on paying taxes. Nevertheless, usefulness of CAG reporting can be enhanced by disclosing more information including non-financial information to aid internal decision making.

The prior studies on quality of financial reporting in public sector focused on relevance, contributing factors, disclosure of financial information and its key role on improving financial controls. All previous studies noted the importance of financial reporting in enhancing local government accountability mechanism and internal decision making in social economic stance. In this case, the only truth to unveil is that whether the same role are played similarly in local authorities in Tanzania like MCC. Thus the current study tries to assess the influence of the controller and audit General report on financial accountability in Tanzania and our case study here is Mwanza City Council. The current studies is expected to widen stock of literature on how CAG report influences financial accountability in local government and public sector at large.

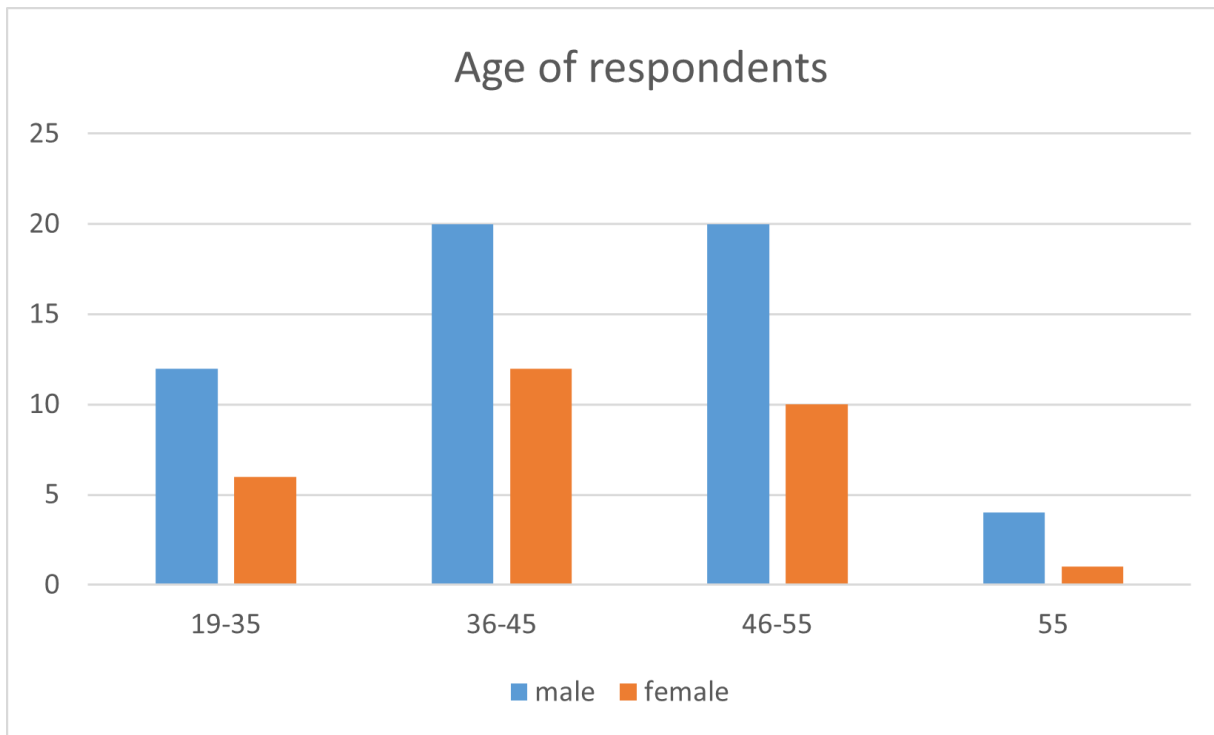
Methodology of the Study

The main objective of the study has been achieved by considering secondary and primary data collected using structured questionnaires from eighty (80) sample size out of one hundred and twenty (120) population. The study established in one of the council from CAG report on Tanzania local government authorities 2020/2021. We employed stratified sampling, strata based technique was used on MCC. The MCC was grouped into four strata, and then employed simple random sampling to arrive to the appropriate sample by using proportional number in each stratum. Respondents were drawn MCC that represents 30% of the MCC employees, key respondents were accountants, internal auditors, planning officers, procurement staffs and ward councilors. Also the author reviewed controller and audit general reports, performance reports of council and other documents which in one way or another contribute to the success of the quality of CAG report mechanism in local government.

DISCUSSION OF FINDINGS, ANALYSIS AND INTERPRITATION

We start analysis of primary data by considering demographic factors, such as gender of the respondents, age, education level, working experience and category of the respondents' professional wise. The details of the demographic factor have been summarized and presented on the various tabled and figures below in terms of frequency and percent for each.

Demographic Factors



Source: Field study

In this analysis authors have analyzed age of respondents against sex of the respondents as shown on figure 1 above. The analysis indicates that, most respondents fall in the age group of 36-45 years with a total number of eighty (80) sample size in which male are sixty (60) and female are twenty (20). For the age groups 19-35 years and 36-45 years the number of male and female is almost proportional compared to age groups of 46-55 years and above 55 years in which number of male and female is far apart.

Table 1 Education level of the respondents

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Secondary education	9	11.2	11.2	11.2
	Certificate/diploma	21	26.2	26.2	37.4
	Degree/ advance diploma	47	58.7	58.7	96.1
	Masters level	3	3.7	3.7	100
	Total	80	100	100	

Source: Field study

Table 1 portrays education levels of the respondents working in MCC. The analysis shows that majority of the respondents hold degree/advanced diploma which makes a total of forty seven (47) equivalent to 58.7% of the total respondents. Masters level and certificates together represents 3.7% of the respondents. Broadly speaking MCC have skilled working force with full competences to enable smooth running of the day to day activities. This major achievement might have been attributed by the local governments reforms through decentralization which aimed to ensure that local government are fully equipped with skilled and professional staffs with strong qualifications.

Table 2 composition of respondents in department level

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Accounts	7	18.9	18.9	18.9
	Internal auditors	5	13.5	13.5	32.4
	Policy and planning	4	10.8	10.8	43.2
	Procurement	7	18.9	18.9	62.1
	Ward councilors	14	37.8	37.8	100
	Total	37	100	100	

Source: Field Study

The composition of the respondents department wise was also another factor which was considered by the authors in analyzing primary data. The profile of the respondent’s departmental wise comprises accounts, internal auditors, policy and planning, procurement and ward councilors. The respondents involved in this study were from department of accounts with the highest number of 7 (18.9 %). Internal auditors 5 (13.5 %), policy and planning 4(10.8 %), procurements 7(18.9%) and the last category of respondents was of ward councilors 14(37.8%). The composition of respondents was thought to be enough to provide reliable inputs in regarding with financial reporting and financial accountability in local government authorities.

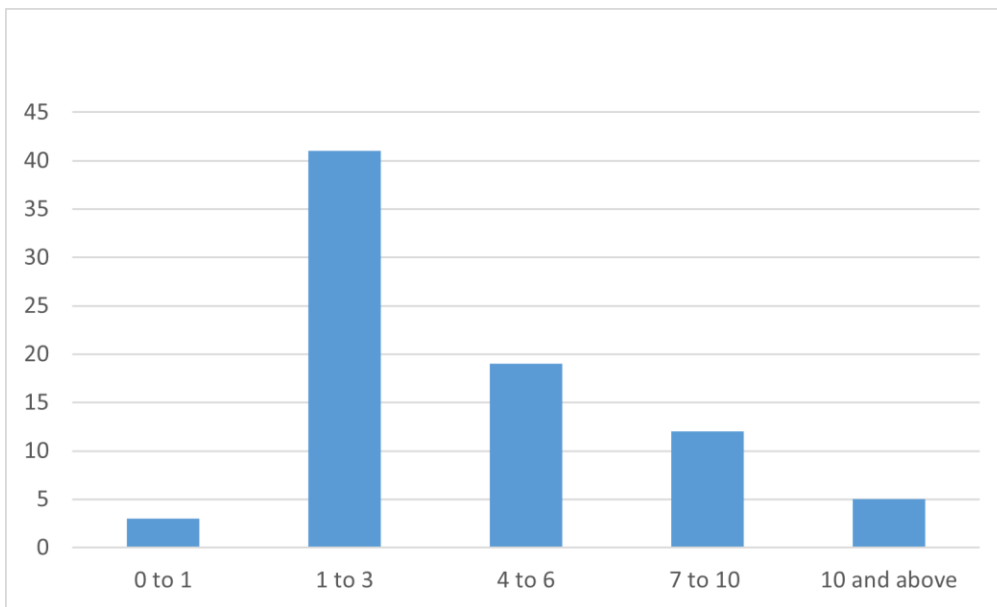


Figure 2 working experience of the respondents

Source: Field study

Working experience of the respondents was characterized into five groups, ranging from less than one year to more than ten years. Majority of the respondents have working experience of 1-3 years which is equivalent to 51.2% and minority of the respondents have experience of less than one year which is 3.7 % of the total respondents. Moreover,39.1% of the respondents have experience grater or equal to four (4) years while 6% of the respondents have experience of less or equal to ten (10) years.

Relevance of CAG Report and the Financial Accountability

CAG and auditing is an important element of financial accountability which plays multiple roles in an

organization operational efficiency. Apart from being an instrument of assessing stewardship also CAG report convey significant information to the stakeholders of the local government. CAG report communicate important information for decision making such as financial position of an organization, operating performance and capitalization of the organization. One of the rights of the local citizens is to get information about the revenue collection and how collected revenue is spent in relation with public social services delivery.

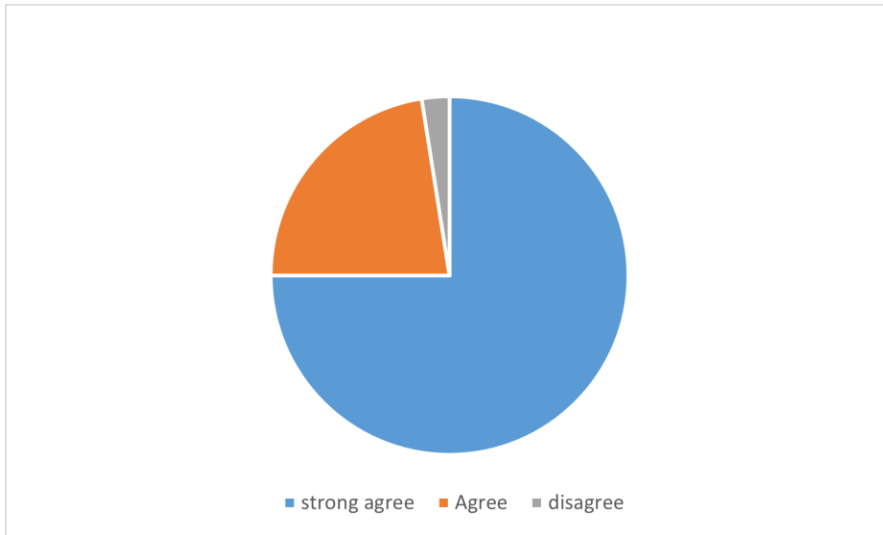


Figure 3 Improvement of financial accountability and financial practice

Source: Field study

Figure 3 shows the respondents opinions on the enhancement of financial accountability and audit practices. The majority of the respondents indicate that there is improvements in financial management as the results of the CAG report in MCC. Specifically, a total of sixty (60) equivalents to 75 % of the total respondents strongly agree that CAG report had led to better financial management. Moreover, eighteen (18) respondents which represents 22.5 % agree on the fact that MCC officers have improve their performance due to CAG report. Despite of the majority having positive opinion, 2.5 % have negative opinion on the issue of financial management due to CAG report.

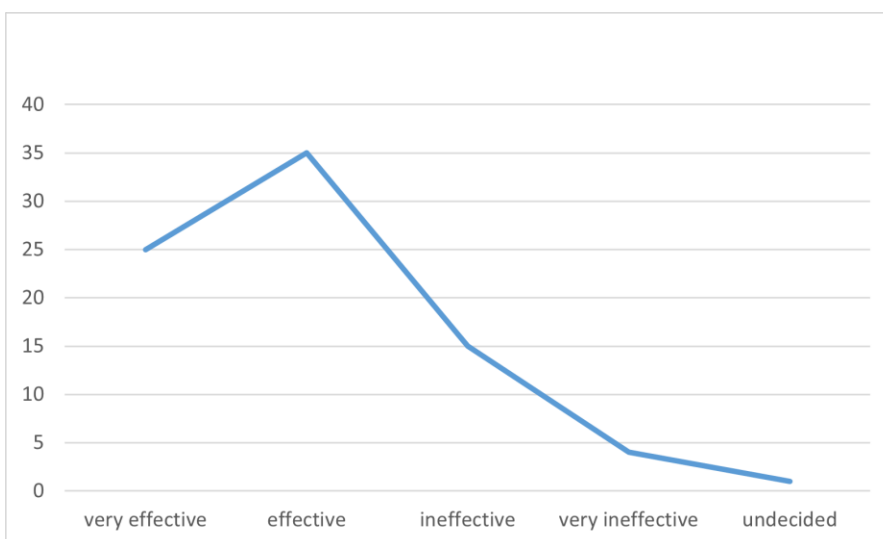


Figure 4 Effectiveness of the External Auditing in Financial Accountability at MCC

Source: Field study

The public audit is thus critical for effective financial accountability mechanism regarding implementation of public budget and in ensuring value for money. As we can see from figure 4 above that majority of the respondents recognized the role of external auditing in promoting financial accountability. In particular, a total of one fifty seven (25) equivalents to 31.2 % of the total respondents indicate that external CAG external auditing is very effective in enhancing financial accountability. Moreover, a total of thirty five (35) which represents 47. 7% show that external auditing is effective in ensuring financial accountability at MCC. In contrast, about 18.7 % of the total respondents indicate that auditing is not effective in improving accountability mechanism at MCC.

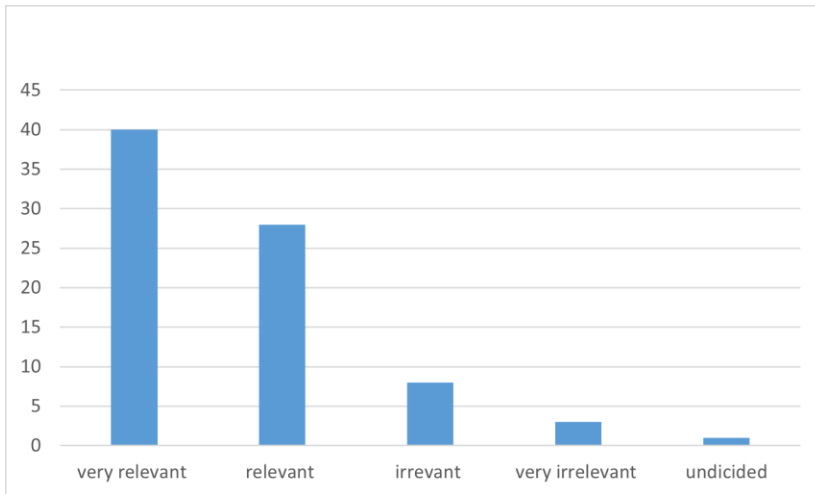


Figure 5 Relevance of Quality Financial Reporting in Reducing Audit Queries

Source: Field study

As we can see from figure-5 that majority of the respondents indicate that CAG report is significant in reducing audit queries concerning MCC financial transactions. In particular, a total of forty (40) equivalent to 50 % of the total respondents shows that CAG reporting is very relevant in reducing audit queries at the MCC. Furthermore, a total twenty eight (28) respondents indicate that CAG report is relevant in controlling and reducing audit queries. On the other hand, this study indicate that 1% of the total respondents have no idea on whether CAG report is relevant or irrelevant in managing MCC audit queries.

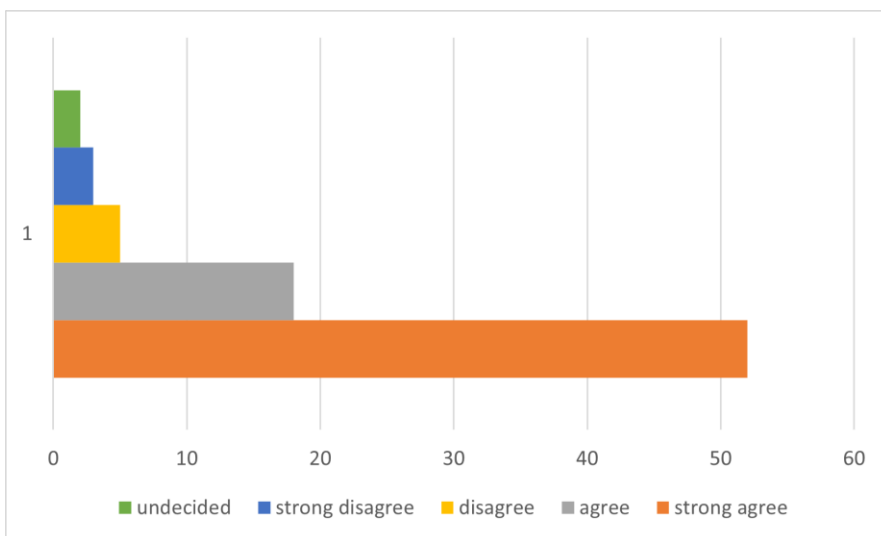


Figure 6 MCC show positive financial transparency from CAG report

Source: CAG Report 2021/2022

The respondents' responses prove that there is improvements on financial transparency which has been contributed by CAG report. In particular, a total of sixty two (52) equivalent to 65 % of the total respondents strongly agree on the increase transparent on the uses of the financial resources at MCC as the outcome of the CAG report. On the same basis, a total of eighteen (18) respondents which represents 22.5 % of the total respondent agree that there is encouraging transparency on financial management as the results of the CAG report at MCC.

Summary of the Findings

The trend analysis of audit opinions indicate there is robust decrease of unqualified (clean) report from 2019-20 to 20221-22, however there is marginal decreasing trend for the financial year 2019-20 to 2012-22. Also, the figure above indicates appealing positive trend from 2018- 19to 2020-22 and again the number of unqualified opinions dropped and MCC received clean report in 2020-21 to 2021-22 consecutively. In the financial year 2020-21, MCC recorded the highest number of qualified audit opinions. Also, trend analysis for audit opinions indicates no fluctuations of number of qualified audit opinions for MCC financial statements. Generally, there is decreasing trend of qualified audit opinion despite remarkable increase of previous reports in the financial year 2017-19. Further analysis indicates that from 2019-21 to 2022-23 there is an average increase rate of 15% for qualified audit opinions have been increasing by an average rate of 1% in mostly local government authority in Tanzania including MCC. Also, adverse opinion and disclaimer of opinion are very marginal in this analysis because they represent only 1% of the total opinions for all seven financial years under consideration.

CONCLUSION

The main objective of this study was to assess the influence of the CAG report (financial reporting) in financial accountability in Tanzania particularly MCC. The study considered significant contribution of financial accountability in facilitating smooth provision of public services in Mwanza MCC. The study achieved the objective by considering both primary and secondary data. Primary data were collected from MCC official using structured questionnaires while secondary data were compiled from CAG general report on MCC and other local government in Tanzania. The CAG report is the hub of the local government and MCC to be specific in financial accountability to ensure proper use of public resources. It is unquestionable that local government operations needs strong mechanism of financial reporting to enable stakeholders to assess the performance and also to enable local community to debate on the general operation.

The quality of the CAG auditing report create confidence to tax payers and central government that public money is spent appropriately to enhance provision of the public services. The combination of both primary and secondary data corroborate that CAG audit report is very important component of financial accountability which contributes to the proper use of public finances. Also, the adoptions of IPSASs accrual basis of accounting will continue to improve decision making, transparency and accountability mechanism in local governments. The findings from this study call for more auditing report on local government and MCC particular. The significant role played by financial reporting in securing accountability mechanism enforces author to advise MCC, local government and central government authority to direct effort on improving financial reporting. It is undeniably fact that the quality of the CAG audit report improve transparency and accountability for MCC officials.

Recommendations of the Study

To ensure full accountability on the public resources it is crucial for MCC to increase monitoring and evaluation of the public funds to ensure that they are indeed being used effectively by regular check of the MCC financial reports. To ensure the accuracy and reliability of financial statements, internal control, and

use of public fund, by utilizing the financial reporting and statements will enable internal auditing unit to reduce and clear errors from daily activities inside MCC. Also enable and equipment of the internal auditing system, MCC needs to invest more both in human and technological resources this will increase accountability and transparency in utilizing public funds that allocated to MCC which aiming to improve the availability of the socio services in MCC

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APPENDIX 1: QUESTIONNAIRES

Assessment on Influence of the Controller and Audit General Reports on Financial Accountability in Tanzania: A Case Study of Mwanza City Council

Dear Respondent,

This questionnaire seeks your opinion on assessment of the controller and auditing reports on financial accountability in Tanzania; case study of the Mwanza City Council purposes only.

Thank you in advance for your participation in filling the questionnaire.

Section A: Personal Information

1. Age

19 – 35 years

36 – 45 years

46-55 years

55 and above

2. Gender

Male

Female

3. Education

Primary

Secondary

College

University

4. Marital Status

Single

Married

Divorced

Widowed

Section B: The Assessment of the CAG Report

5. Using the following key (1=Highly dissatisfied; 2=Dissatisfied; 3=Neutral; 4=Satisfied; 5=Highly satisfied). How are you satisfied with the following CAG report

Monetary Factors	1	2	3	4	5
Wages and salaries					
Medical/health facilities					
Transport allowance					
Meals/Ration allowance					
Retirement benefits					
House/Rent allowance					
Paid leave					
Overtime allowance					
Investigation allowance					
Professional allowance					
Responsibility allowance					

Section C: The Effects of CAG Report on Financial Accountability

6. Using the following key (1=highly dissatisfied; 2=Dissatisfied; 3=Neutral; 4=Satisfied; 5=Highly satisfied). How are you satisfied with the following on accountability

Non- monetary Factors	1	2	3	4	5
Working conditions					
Praise and appreciation for better performance					
Involvement in decision making process					
Promotional opportunities					
Availability of transport support to carry out the work					
Job security					

Section D: The Influence of CAG Report on the Financial Transparency

7. Using the following key (1=Highly dissatisfied; 2=Dissatisfied; 3=Neutral; 4=Satisfied; 5=highly satisfied). How are you satisfied with the following aspects in relation to perceived fairness on CAG report?

Perceived Fairness Aspects	1	2	3	4	5
Fair and equity treatment					
Freedom to use public funds					
Comfortable to express personal opinion					
Support and guidance from internal audit					
Proximity					
Application of reasonable expenditures					
Recognition and appreciation					
Pay and benefits are equitable in relation to other organizations					
Fair and transparent handling of promotions					
Fair performance evaluation					

Section E: Internal Auditing Influence on Clean Report

8. Using the following key (1= Very poor; 2=Poor; 3=Neutral; 4=Good; 5=Very good). With complete sincerity, how do you rate the following aspects in relation to your own performance?

Employee Performance Aspects	1	2	3	4	5
Presence of job descriptions					
Standard quality of work					
Job efficiency and effectiveness					
Timely output					
Team work					
Use of new equipment/facilities					
Innovative and creative ideas					
Customer service					